

City of Seal Beach

AU-C 260 Communication With Those Charge With Governance
For the Year Ended June 30, 2024

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Required Communications (AU-C 260)

Required Communications (AU-C 260)

- **Our Responsibility in Accordance with Professional Standards**
 - Form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America
 - Plan and perform the audit to obtain “reasonable” assurance (not “absolute” assurance) about whether the financial statements are free of material misstatements
 - Consider internal control over financial reporting. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control
 - Conclude there are no conditions or events that raise substantial doubt about the City’s ability to continue as a going concern.
 - Communicate with those charged with governance

Required Communications (AU-C 260)

- **Ethics and Independence**
 - Complied with ALL relevant ethical requirements regarding independence
- **Significant Accounting Policies**
 - The City of Seal Beach disclosed all significant accounting policies in Note 1 to the financial statements.
 - Implementation of GASB 100 - Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62
- **Significant Estimates**
 - Investment Fair Value
 - Depreciation and amortization on Capital Assets
 - Net Pension Liability
 - Net OPEB Liability

Required Communications (AU-C 260)

- **Sensitive Disclosures**
 - Note 1 – Summary of Significant Accounting Policies
 - Note 9 – Defined Benefit Pension Plans
 - Note 10 – Other Postemployment Benefits (“OPEB”) Plan
 - Note 14 – Individual Fund Disclosure
 - Note 15 – Prior Period Adjustments
- **Misstatements**
 - No material uncorrected misstatement

Required Communications (AU-C 260)

- **Consultation with Other Accountants**
 - Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.
- **Significant Difficulties**
 - We encountered no significant difficulties in dealing with management.
- **Disagreement with Management**
 - We did not have any disagreement with management in terms of accounting treatments nor audit procedures performed.

OVERVIEW OF THE FINANCIAL STATEMENTS

City of Seal Beach Government-Wide Summary As of June 30, 2024 and 2023

	2024	2023 (as restated)	Change
Net Position:			
Governmental-Activities	\$ 100,459,000	\$ 95,310,000	\$ 5,149,000
Business-type Activities	43,533,000	44,901,000	(1,368,000)
Total Net Position	143,992,000	140,211,000	3,781,000

City of Seal Beach

Government-Wide Summary (Continued)

For the Year Ended June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Program Expenses	\$ 49,498,000	\$ 10,481,000	\$ 59,979,000
Program Revenues	13,499,000	8,712,000	22,211,000
Net Cost of Services	(35,999,000)	(1,769,000)	(37,768,000)
General Revenues	41,148,000	401,000	41,549,000
Change in Net Position	<u>\$ 5,149,000</u>	<u>\$ (1,368,000)</u>	<u>\$ 3,781,000</u>

City of Seal Beach General Fund Summary For the Year Ended June 30, 2024

Revenue	\$ 50,338,000
Expenditures	<u>44,151,000</u>
Revenue over Expenditures	6,187,000
Net Transfers	<u>(4,305,000)</u>
Net Change in Fund Balance	1,882,000
Fund Balance at July 1, 2023, as restated	<u>37,587,000</u>
Fund Balance at June 30, 2024	<u><u>\$ 39,469,000</u></u>

City of Seal Beach CalPERS Pension Plan

	2024			2023
	Misc	Safety	Total	
Total Pension Liability	\$ 57,305,000	\$ 108,684,000	\$ 165,989,000	\$ 159,733,000
Fiduciary Net Position	39,480,000	74,040,000	113,520,000	110,428,000
Net Pension Liability	<u>\$ 17,825,000</u>	<u>\$ 34,644,000</u>	<u>\$ 52,469,000</u>	<u>\$ 49,305,000</u>
Funding Ratio	<u>68.89%</u>	<u>68.12%</u>	<u>68.39%</u>	<u>69.13%</u>
Contribution Made	<u>\$ 1,782,000</u>	<u>\$ 4,296,000</u>	<u>\$ 6,078,000</u>	<u>\$ 5,647,000</u>

City of Seal Beach **Other Postemployment Benefits (“OPEB”)**

	2024	2023
Total OPEB Liability	\$ 11,553,000	\$ 13,421,000
Fiduciary Net Position	7,834,000	7,130,000
Net OPEB Liability	<u>\$ 3,719,000</u>	<u>\$ 6,291,000</u>
Funding Ratio	<u>67.81%</u>	<u>53.13%</u>
Contribution Made	<u>\$ 965,000</u>	<u>\$ 981,000</u>

AUDIT RESULTS

Audit Results

- **Financial Statements**
 - Unmodified opinion
 - Financial Statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- **AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit***
 - None Reported



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