



## Agenda

### CITY OF MANHATTAN BEACH

Meeting of the Finance Subcommittee

December 12, 2023 – 3:00pm

City Managers Conference Room

1400 Highland Avenue

Manhattan Beach CA 90266

1. Public Comments
2. Approval of Minutes from September 28, 2023 Finance Subcommittee Meeting  
*Recommended Action: Approve*
3. Review of Results of Fiscal Year 2022-2023 Financial Audit  
*Recommended Action: Receive and File*
4. CalPERS Annual Update - Fiscal Year 2022-2023  
*Recommended Action: Receive and File*
5. Investment Portfolio for the Month Ending October 31, 2023  
*Recommended Action: Receive and File*
6. Fiscal Year 2023-2024 Monthly Schedule of Transient Occupancy Tax, Lease Payments and Miscellaneous Accounts Receivables  
*Recommended Action: Receive and File*
7. April 1, 2023 through June 30, 2023, Bad Debt Write Offs for Miscellaneous Accounts Receivables, Utility Billing and Ambulance Transports Referred to Collections  
*Recommended Action: Receive and File*

Adjourn

## **Finance Subcommittee Meeting DRAFT Action Minutes**

Meeting Date: September 28, 2:30 p.m.  
Location: City Manager's Conference Room – City Hall  
Recording Secretary: Libby Bretthauer, Financial Services Manager

In Attendance: Tim Lilligren, Treasurer  
Richard Montgomery, Mayor  
Steve Napolitano, Council Member  
Bruce Moe, City Manager  
George Gabriel, Assistant to the City Manager  
Steve S. Charelian, Finance Director  
Julie Bondarchuk, Financial Controller  
Amira Khodari, Accounting Supervisor  
Libby Bretthauer, Financial Services Manager  
Emy-Rose Hanna, Revenue Services Supervisor

Called to Order: 2:30 p.m. by Tim Lilligren, Treasurer

### **Agenda Item #1 – Public Comments**

None.

### **Agenda Item #2 - Approval of Minutes from June 26, 2023 Finance Subcommittee Meeting**

The Finance Subcommittee approved the minutes of June 26, 2023.

### **Agenda Item #3 - Annual Review of Investment Policy**

Finance Department staff informed the Finance Subcommittee (FSC) that the City's Investment Policy was reviewed by staff and the City's investment brokers, which recommended updating the Policy to revise *Section 9. Investment Instruments* in accordance with a revised State statute prohibiting purchases with a forward settlement date exceeding 45 days from the time of investment.

The Finance Subcommittee approved the Investment Policy.

### **Agenda Item #4 - Investment Portfolio for August 2023**

The Finance Subcommittee received and filed the report.

### **Agenda Item #5 – Month End Financials for August 2023**

The Finance Subcommittee received and filed the report.

### **Agenda Item #6 – Fiscal Year 2023-2024 Monthly Schedule of Transient Occupancy Tax, Lease Payments and Miscellaneous Accounts Receivables**

Finance Department staff informed the Finance Subcommittee (FSC) that the Short-term Rental Program continues to grow each month with an increase in total operators that are doing business in Manhattan Beach, resulting in an increase in TOT revenues from short-term rentals.

Additionally, Finance Department staff provided an update on the COVID-19 Business Loans that were issued to fourteen (14) businesses during the pandemic. Of the fourteen (14) businesses, three (3) have remained non-responsive in despite repeated attempts to collect their loan repayments.

The Finance Subcommittee received and filed the report.

**Agenda Item #7 – January 1, 2023 through March 31, 2023 Bad Debt Write Offs for Miscellaneous Accounts Receivables, Utility Billing and Ambulance Transports Referred to Collections**

The Finance Subcommittee received and filed the report.

**Agenda Item #8 – Update on Status of the Proposed Increase to Stormwater Assessments**

Finance Department staff informed the Finance Subcommittee (FSC) that the Proposition 218 Protest Notices regarding the Stormwater Assessment rate increase were recently mailed to all property owners to allow an opportunity to submit a protest ballot prior to the November 7, 2023, Public Hearing. Staff also provided an update to FSC on the progress of the mailings and status of the Proposition 218 process.

**Agenda Item #9 – Adjournment**

The meeting adjourned at 2:57 p.m.



## CITY OF MANHATTAN BEACH FINANCE SUBCOMMITTEE STAFF REPORT

**TO:** Members of the Finance Subcommittee

**THROUGH:** Steve S. Charelian, Finance Director

**FROM:** Julie Bondarchuk, Financial Controller  
Amira Khodari, Accounting and Payroll Supervisor

**SUBJECT:** Review of the Financial Audit Results for FY 2022-2023

**DATE:** December 12, 2023

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### **RECOMMENDATION:**

Staff recommends that the Finance Subcommittee discuss the FY 2022-2023 audit results, and receive and file this report.

### **FISCAL IMPLICATION:**

There are no fiscal implications associated with the recommended action.

### **BACKGROUND:**

The City's audit preparation and financial reporting process takes a full year to complete. The first phase of the audit began on the week of April 10, 2023, where our auditors (Lance, Soll, & Lunghard, LLP or LSL) conducted the interim audit. The interim audit typically focuses on the City's internal controls. Our auditors commenced the City's final audit the week of September 25, 2023. The final audit is typically focused on the City's financial statements. Based on the results of the audit, staff foresees no issue with obtaining an unmodified opinion, which means the City's financial statements are fairly presented in all material respects. A report will be prepared and presented to the City Council with the results.

### **DISCUSSION:**

Effective FY 2022-23, the City implemented Governmental Accounting Standards Board (GASB) issued Statement No. 96 – Subscription Based IT Arrangements (SBITA). This modified the way the

City accounts for software subscriptions in that the City would recognize a liability should the lease meet certain criteria as defined by the accounting standard.

Due to the timing of the completion of the FY 2022-2023 audit, staff has attached the financial statements and footnotes from the draft Annual Comprehensive Financial Report (ACFR). The final ACFR, Letter of Transmittal, Management Discussion and Analysis, and Statistical Section are in production, and will be included with the final report provided to the full City Council on January 16, 2024. Ms. Kelly Telford, partner with the audit firm of Lance, Soll and Lunghard, LLP, is present to answer questions.

Attachment: FY 2022-2023 ACFR Draft (Financial Statements with Footnotes)

CITY OF MANHATTAN BEACH, CALIFORNIA

Annual Comprehensive Financial Report  
For The Fiscal Year Ended June 30, 2023



Prepared by the Finance Department

Steve S. Charelian, Finance Director

CITY OF MANHATTAN BEACH  
Annual Comprehensive Financial Report  
For The Fiscal Year Ended June 30, 2023

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***CITY OF MANHATTAN BEACH***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**CITY OF MANHATTAN BEACH**  
**Statement of Net Position**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 94,550,760	\$ 37,363,746	\$ 131,914,506
Receivables:			
Accounts	1,082,647	1,298,327	2,380,974
Taxes	4,196,594	-	4,196,594
Accrued interest	822,356	-	822,356
Due from other governments	3,320,926	-	3,320,926
Grants	1,387,339	-	1,387,339
Notes and loans	98,321	-	98,321
Leases	23,843,400	-	23,843,400
Restricted assets:			
Cash and investments	2,859,803	-	2,859,803
Cash with fiscal agent	1,337,736	133,381	1,471,117
Due from OPEB Trust Fund	726,360	-	726,360
Inventories	92,751	844,321	937,072
Prepaid costs	7,291	-	7,291
Capital assets (not being depreciated)	51,522,462	51,031,558	102,554,020
Capital assets (net of accumulated depreciation/amortization)	83,189,157	45,286,683	128,475,840
<b>Total assets</b>	<b>269,037,903</b>	<b>135,958,016</b>	<b>404,995,919</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	273,595	-	273,595
Pension-related	64,359,227	1,020,839	65,380,066
OPEB-related	8,078,421	328,159	8,406,580
<b>Total deferred outflows of resources</b>	<b>72,711,243</b>	<b>1,348,998</b>	<b>74,060,241</b>
<b>LIABILITIES</b>			
Accounts payable	5,691,628	2,732,864	8,424,492
Accrued liabilities	2,311,661	626,950	2,938,611
Accrued payroll	1,198,611	-	1,198,611
Accrued interest	239,442	123,768	363,210
Deposits payable	4,490,543	126,592	4,617,135
Unearned revenue	2,380,852	-	2,380,852
Noncurrent liabilities:			
Due within one year: bonds, notes, leases, SBITAs, claims, and compensated absences	17,464,751	769,617	18,234,368
Due in more than one year:			
Net pension liability	15,195,585	574,646	15,770,231
Net OPEB liability	6,913,991	280,860	7,194,851
Bonds, notes, leases, SBITA, claims and compensated absences	108,147,812	7,615,204	115,763,016
<b>Total liabilities</b>	<b>164,034,876</b>	<b>12,850,501</b>	<b>176,885,377</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related	31,140,510	90,586	31,231,096
OPEB-related	1,841,973	74,825	1,916,798
Lease-related	23,463,957	-	23,463,957
<b>Total deferred inflows of resources</b>	<b>56,446,440</b>	<b>165,411</b>	<b>56,611,851</b>
<b>NET POSITION</b>			
Net investment in capital assets	114,823,240	89,903,527	204,726,767
Restricted:			
Public safety	548,830	-	548,830
Recreation	906,241	-	906,241
Public works	238,036	-	238,036
Pension benefits	1,721,763	-	1,721,763
Debt service	1,102,123	-	1,102,123
Business improvement districts	-	373,149	373,149
Unrestricted	1,927,597	34,014,426	35,942,023
<b>Total net position</b>	<b>\$ 121,267,830</b>	<b>\$ 124,291,102</b>	<b>\$ 245,558,932</b>

CITY OF MANHATTAN BEACH  
Statement of Activities  
For the Year Ended June 30, 2023

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs:</b>				
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 18,744,766	\$ 4,739,490	\$ 3,961,729	\$ -
Public safety	93,202,238	4,479,503	218,103	-
Culture and recreation	10,217,475	4,510,778	-	-
Public works	16,195,201	6,384,078	598,316	3,280,173
Interest on long-term debt	2,613,946	-	-	-
<b>Total governmental activities</b>	<b>140,973,626</b>	<b>20,113,849</b>	<b>4,778,148</b>	<b>3,280,173</b>
<b>Business-type activities:</b>				
Water	11,392,584	14,376,165	-	-
Stormwater	1,396,743	765,627	-	-
Wastewater	2,358,251	3,274,511	-	-
Parking	2,354,616	4,301,517	-	-
County Parking Lot	701,660	1,058,319	-	-
State Pier and Parking Lot	464,623	837,120	-	-
<b>Total business-type activities</b>	<b>18,668,477</b>	<b>24,613,259</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 159,642,103</b>	<b>\$ 44,727,108</b>	<b>\$ 4,778,148</b>	<b>\$ 3,280,173</b>

**General revenues and transfers**

- General revenues:
  - Property taxes
  - Sales taxes
  - Transient occupancy taxes
  - Franchise taxes
  - Business licenses taxes
  - Other taxes
  - Use of money and property
  - Miscellaneous income
  - Gain on sale of capital asset
- Transfers

**Total general revenues and transfers**

**Change in net position**

- Net position-beginning
- Restatement of Net Position

**Net position-ending**

**Net (Expenses) Revenues and Changes in Net Position**  
**Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (10,043,547)	\$ -	\$ (10,043,547)
(88,504,632)	-	(88,504,632)
(5,706,697)	-	(5,706,697)
(5,932,634)	-	(5,932,634)
(2,613,946)	-	(2,613,946)
<b>(112,801,456)</b>	<b>-</b>	<b>(112,801,456)</b>
-	2,983,581	2,983,581
-	(631,116)	(631,116)
-	916,260	916,260
-	1,946,901	1,946,901
-	356,659	356,659
-	372,497	372,497
-	<b>5,944,782</b>	<b>5,944,782</b>
<b>(112,801,456)</b>	<b>5,944,782</b>	<b>(106,856,674)</b>
41,836,587	-	41,836,587
14,267,013	-	14,267,013
7,584,021	-	7,584,021
1,296,708	-	1,296,708
4,935,627	-	4,935,627
1,167,944	-	1,167,944
4,830,041	406,776	5,236,817
1,119,260	-	1,119,260
45,573	-	45,573
(547,908)	547,908	-
<b>76,534,866</b>	<b>954,684</b>	<b>77,489,550</b>
<b>(36,266,590)</b>	<b>6,899,466</b>	<b>(29,367,124)</b>
156,437,394	117,279,862	273,717,256
1,097,026	111,774	1,208,800
<b>\$ 121,267,830</b>	<b>\$ 124,291,102</b>	<b>\$ 245,558,932</b>

**CITY OF MANHATTAN BEACH**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

		<u>Capital Projects Funds</u>		
	<u>General</u>	<u>Capital Improvement</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 39,671,169	\$ 12,854,553	\$ 17,805,550	\$ 70,331,272
Receivables (net of allowance for uncollectible):				
Accounts	1,073,238	-	9,409	1,082,647
Taxes	4,115,521	81,073	-	4,196,594
Accrued interest	822,356	-	-	822,356
Due from other governments	538,236	865,584	1,917,106	3,320,926
Grants	-	-	1,387,339	1,387,339
Notes and loans	98,321	-	-	98,321
Leases	23,843,400	-	-	23,843,400
Due from OPEB Trust Fund	726,360	-	-	726,360
Inventories	3,510	-	-	3,510
Prepaid costs	7,291	-	-	7,291
Restricted assets:				
Cash and investments	2,859,803	-	-	2,859,803
Cash and investments with fiscal agents	1,102,123	235,613	-	1,337,736
<b>Total assets</b>	<b>\$ 74,861,328</b>	<b>\$ 14,036,823</b>	<b>\$ 21,119,404</b>	<b>\$ 110,017,555</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,399,970	\$ 635,692	\$ 1,470,905	\$ 5,506,567
Accrued liabilities	1,694,537	87,166	529,958	2,311,661
Accrued payroll	1,198,611	-	-	1,198,611
Deposits payable	4,488,802	-	1,741	4,490,543
Unearned revenues	1,507,309	-	873,543	2,380,852
Interest payable	-	233,693	-	233,693
<b>Total liabilities</b>	<b>12,289,229</b>	<b>956,551</b>	<b>2,876,147</b>	<b>16,121,927</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	365,420	865,584	2,642,641	3,873,645
Lease-related	23,463,957	-	-	23,463,957
<b>Total deferred inflows of resources</b>	<b>23,829,377</b>	<b>865,584</b>	<b>2,642,641</b>	<b>27,337,602</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	392,743	-	-	392,743
Restricted	2,823,886	-	13,729,606	16,553,492
Committed	-	12,214,688	1,871,010	14,085,698
Assigned	58,120	-	-	58,120
Unassigned	35,467,973	-	-	35,467,973
<b>Total fund balances (deficits)</b>	<b>38,742,722</b>	<b>12,214,688</b>	<b>15,600,616</b>	<b>66,558,026</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 74,861,328</b>	<b>\$ 14,036,823</b>	<b>\$ 21,119,404</b>	<b>\$ 110,017,555</b>

**CITY OF MANHATTAN BEACH**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2023**

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		\$ 66,558,026
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds		130,384,799
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	62,758,395	
Deferred outflows-OPEB related	7,534,221	
Deferred inflows-pension related	(30,996,789)	
Deferred inflows-OPEB related	<u>(1,717,889)</u>	
Total deferred outflows and inflows related to postemployment benefits		37,577,938
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Long-term receivables	<u>3,873,645</u>	
Total other long-term assets		3,873,645
Internal service funds are used by management charge the cost of certain activities, such as equipment management and self-insurance, to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in		7,390,862
Accrued interest payable for the current portion of interest due on leases and subscriptions not reported in governmental funds.	<u>(4,084)</u>	(4,084)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Pension Obligation Bonds	(79,655,211)	
COPS Payable	(16,815,000)	
Leases and SBITA payable	(1,504,067)	
Compensated absences	(4,422,604)	
Net pension liability	(14,283,868)	
Net OPEB liability	<u>(6,448,233)</u>	
Total long-term liabilities		(123,128,983)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Deferred amount on refunding	273,595	
Bond premiums	<u>(1,657,968)</u>	
Total premiums, discounts, and deferred items		<u>(1,384,373)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 121,267,830</u></b>



**CITY OF MANHATTAN BEACH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Capital Projects Funds Improvement</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 66,225,824	\$ 895,413	\$ 3,694,747	\$ 70,815,984
Licenses and permits	3,880,050	35,624	-	3,915,674
Intergovernmental	453,018	97,601	5,080,220	5,630,839
Charges for services	12,051,059	549,704	3,040	12,603,803
Use of money and property	4,846,538	1,920	(18,417)	4,830,041
Fines and forfeitures	2,612,258	97,904	-	2,710,162
Contributions	-	2,137,630	-	2,137,630
Miscellaneous	1,451,967	-	3,340	1,455,307
<b>Total revenues</b>	<b>91,520,714</b>	<b>3,815,796</b>	<b>8,762,930</b>	<b>104,099,440</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,379,649	-	-	16,379,649
Public safety	44,939,777	-	201,862	45,141,639
Culture and recreation	7,656,724	-	670,111	8,326,835
Public works	8,974,132	259,419	1,097,815	10,331,366
Capital outlay	539,119	3,355,838	9,511,737	13,406,694
Debt service:				
Principal	4,560,850	685,000	20,283	5,266,133
Interest and fiscal charges	2,093,270	480,825	11,199	2,585,294
Trustee fees and bond issuance cost	1,600	3,650	-	5,250
<b>Total expenditures</b>	<b>85,145,121</b>	<b>4,784,732</b>	<b>11,513,007</b>	<b>101,442,860</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>6,375,593</b>	<b>(968,936)</b>	<b>(2,750,077)</b>	<b>2,656,580</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	490,571	7,310,788	149,024	7,950,383
Transfers out	(8,475,088)	-	(23,203)	(8,498,291)
Lease and subscription financing	534,169	-	-	534,169
<b>Total other financing sources (uses)</b>	<b>(7,450,348)</b>	<b>7,310,788</b>	<b>125,821</b>	<b>(13,739)</b>
<b>Net change in fund balances</b>	<b>(1,074,755)</b>	<b>6,341,852</b>	<b>(2,624,256)</b>	<b>2,642,841</b>
Fund balances-beginning	39,817,477	5,872,836	18,224,872	63,915,185
<b>Fund balances (deficit)-ending</b>	<b>\$ 38,742,722</b>	<b>\$ 12,214,688</b>	<b>\$ 15,600,616</b>	<b>\$ 66,558,026</b>

**CITY OF MANHATTAN BEACH**  
**Reconciliation of the Statement of Revenues, Expenses and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2023**

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$ 2,642,841
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.</p>	
Capital outlay	10,344,095
Loss on disposition of capital assets	(2,302)
Depreciation/amortization expense	<u>(4,570,573)</u>
Total adjustment	5,764,155
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Earned but unavailable grant revenues	1,109,931
<p>Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.</p>	
	(4,085)
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Amortization of bond premiums and discounts	94,151
Amortization of deferred amounts on refunding	(32,187)
New subscriptions	(534,169)
Principal payments on leases	936,807
Principal payments on subscriptions	63,236
Principal payments on pension obligation bonds	3,246,090
Principal payments on certificates of participation	<u>1,020,000</u>
Total adjustment	4,793,928
<p>The internal service funds are used by management to charge certain activities, such as equipment management and self insurance, to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	(783,999)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	229,944
Changes in pension liabilities and related deferred outflows and inflows of resources	(49,205,969)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(813,336)</u>
Total adjustment	<u>(49,789,361)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ (36,266,590)</u></b>

**CITY OF MANHATTAN BEACH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>Business-Type Activities</b>		
	<b>Water</b>	<b>Wastewater</b>	<b>Parking</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 11,566,530	\$ 16,168,185	\$ 3,237,986
Receivables:			
Accounts	941,076	258,243	975
Inventories	844,321	-	-
Restricted:			
Cash with fiscal agent	11,562	5,688	116,131
Total current assets	<u>13,363,489</u>	<u>16,432,116</u>	<u>3,355,092</u>
Noncurrent:			
Advances to other funds	-	-	900,000
Capital assets, net	63,712,215	11,025,340	18,028,725
Total noncurrent assets	<u>63,712,215</u>	<u>11,025,340</u>	<u>18,928,725</u>
<b>Total assets</b>	<b><u>77,075,704</u></b>	<b><u>27,457,456</u></b>	<b><u>22,283,817</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related	640,991	206,959	75,309
OPEB-related	149,040	94,347	34,181
<b>Total deferred outflows of resources</b>	<b><u>790,031</u></b>	<b><u>301,306</u></b>	<b><u>109,490</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,971,731	65,066	37,662
Accrued liabilities	620,582	160	1,295
Accrued interest	10,598	5,522	107,648
Deposits payable	25	-	410
Worker's compensation claims	-	-	-
Compensated absences	45,195	-	-
Claims and judgments	-	-	-
Leases	-	-	-
Subscriptions	-	12,792	-
Bonds	185,707	88,043	430,784
Total current liabilities	<u>2,833,838</u>	<u>171,583</u>	<u>577,799</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	174,909	-	-
Worker's compensation claims	-	-	-
Claims and judgments	-	-	-
Leases	-	-	-
Subscriptions	-	13,054	-
Bonds	1,337,310	580,143	5,343,513
Net pension liability	365,663	111,260	40,638
Net OPEB liability	127,558	80,748	29,254
Total noncurrent liabilities	<u>2,005,440</u>	<u>785,205</u>	<u>5,413,405</u>
<b>Total liabilities</b>	<b><u>4,839,278</u></b>	<b><u>956,788</u></b>	<b><u>5,991,204</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related	57,642	17,539	6,406
OPEB-related	33,983	21,512	7,794
<b>Total deferred inflows of resources</b>	<b><u>91,625</u></b>	<b><u>39,051</u></b>	<b><u>14,200</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	63,205,589	10,750,249	12,395,728
Restricted for business improvement district	-	-	373,149
Unrestricted	9,729,243	16,012,674	3,619,026
<b>Total net position</b>	<b><u>\$ 72,934,832</u></b>	<b><u>\$ 26,762,923</u></b>	<b><u>\$ 16,387,903</u></b>

See accompanying notes to financial statements.

**CITY OF MANHATTAN BEACH**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<u>Business-Type Activities</u>		<u>Governmental Activities</u>
	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 6,391,045	\$ 37,363,746	\$ 24,219,488
Receivables:			
Accounts	98,033	1,298,327	-
Inventories	-	844,321	89,241
Restricted:			
Cash with fiscal agent	-	133,381	-
Total current assets	<u>6,489,078</u>	<u>39,639,775</u>	<u>24,308,729</u>
Noncurrent:			
Advances to other funds	-	900,000	-
Capital assets, net	3,551,961	96,318,241	4,326,820
Total noncurrent assets	<u>3,551,961</u>	<u>97,218,241</u>	<u>4,326,820</u>
<b>Total assets</b>	<b><u>10,041,039</u></b>	<b><u>136,858,016</u></b>	<b><u>28,635,549</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related	97,580	1,020,839	1,600,832
OPEB-related	50,591	328,159	544,200
<b>Total deferred outflows of resources</b>	<b><u>148,171</u></b>	<b><u>1,348,998</u></b>	<b><u>2,145,032</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	658,405	2,732,864	185,061
Accrued liabilities	4,913	626,950	-
Accrued interest	-	123,768	1,665
Deposits payable	126,157	126,592	-
Worker's compensation claims	-	-	8,859,930
Compensated absences	-	45,195	-
Claims and judgments	-	-	2,062,555
Leases	-	-	48,976
Subscriptions	-	12,792	40,615
Bonds	7,096	711,630	133,224
Total current liabilities	<u>796,571</u>	<u>4,379,791</u>	<u>11,332,026</u>
Noncurrent liabilities:			
Advances from other funds	900,000	900,000	-
Compensated absences	-	174,909	-
Worker's compensation claims	-	-	6,495,000
Claims and judgments	-	-	709,500
Leases	-	-	22,974
Subscriptions	-	13,054	63,374
Bonds	166,275	7,427,241	3,121,565
Net pension liability	57,085	574,646	911,717
Net OPEB liability	43,300	280,860	465,758
Total noncurrent liabilities	<u>1,166,660</u>	<u>9,370,710</u>	<u>11,789,888</u>
<b>Total liabilities</b>	<b><u>1,963,231</u></b>	<b><u>13,750,501</u></b>	<b><u>23,121,914</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related	8,999	90,586	143,721
OPEB-related	11,536	74,825	124,084
<b>Total deferred inflows of resources</b>	<b><u>20,535</u></b>	<b><u>165,411</u></b>	<b><u>267,805</u></b>
<b>NET POSITION</b>			
Net investment in capital assets	3,551,961	89,903,527	4,151,741
Restricted for business improvement district	-	373,149	-
Unrestricted	4,653,483	34,014,426	3,239,121
<b>Total net position</b>	<b><u>\$ 8,205,444</u></b>	<b><u>\$ 124,291,102</u></b>	<b><u>\$ 7,390,862</u></b>

**CITY OF MANHATTAN BEACH**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

**Business-Type Activities**

	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 14,358,977	\$ 3,264,171	\$ 4,283,938
Interdepartmental charges for services	-	-	-
Miscellaneous	17,188	10,340	17,579
<b>Total operating revenues</b>	<b>14,376,165</b>	<b>3,274,511</b>	<b>4,301,517</b>
<b>OPERATING EXPENSES</b>			
Salaries	1,140,883	485,934	155,520
Employee benefits	513,497	176,074	62,231
Contract for professional services	6,366,380	114,404	538,389
Materials and services	1,019,346	361,365	498,372
Utilities	214,434	163,561	101,837
Administrative service charges	1,462,720	708,597	489,944
Internal services	11,733	-	57,680
Leases and rents	-	-	-
Claims	-	-	-
Depreciation/amortization	630,596	333,410	330,593
<b>Total operating expenses</b>	<b>11,359,589</b>	<b>2,343,345</b>	<b>2,234,566</b>
<b>Operating income (loss)</b>	<b>3,016,576</b>	<b>931,166</b>	<b>2,066,951</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	398,063	49,969	(19,268)
Interest expense	(32,995)	(14,906)	(120,050)
Gain (loss) on disposal of capital assets	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>365,068</b>	<b>35,063</b>	<b>(139,318)</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>3,381,644</b>	<b>966,229</b>	<b>1,927,633</b>
Transfers in	-	-	-
Transfers out	-	-	(100,700)
<b>Change in net position</b>	<b>3,381,644</b>	<b>966,229</b>	<b>1,826,933</b>
Net position-beginning	69,497,042	25,766,722	14,535,314
Restatements	56,146	29,972	25,656
Net position-beginning	69,553,188	25,796,694	14,560,970
<b>Net position-ending</b>	<b>\$ 72,934,832</b>	<b>\$ 26,762,923</b>	<b>\$ 16,387,903</b>

**CITY OF MANHATTAN BEACH**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business-Type Activities</b>		<b>Governmental Activities</b>
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,658,920	\$ 24,566,006	\$ -
Interdepartmental charges for services	-	-	17,380,692
Miscellaneous	2,146	47,253	33,532
<b>Total operating revenues</b>	<b>2,661,066</b>	<b>24,613,259</b>	<b>17,414,224</b>
<b>OPERATING EXPENSES</b>			
Salaries	150,289	1,932,626	2,616,304
Employee benefits	64,762	816,564	1,092,972
Contract for professional services	1,099,343	8,118,516	1,606,930
Materials and services	208,778	2,087,861	2,769,080
Utilities	56,968	536,800	132,268
Administrative service charges	253,448	2,914,709	-
Internal services	-	69,413	-
Leases and rents	582,075	582,075	-
Claims	-	-	9,135,160
Depreciation/amortization	143,148	1,437,747	809,800
<b>Total operating expenses</b>	<b>2,558,811</b>	<b>18,496,311</b>	<b>18,162,514</b>
<b>Operating income (loss)</b>	<b>102,255</b>	<b>6,116,948</b>	<b>(748,290)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	(21,988)	406,776	-
Interest expense	(4,215)	(172,166)	(81,282)
Gain (loss) on disposal of capital assets	-	-	45,573
<b>Total nonoperating revenues (expenses)</b>	<b>(26,203)</b>	<b>234,610</b>	<b>(35,709)</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>76,052</b>	<b>6,351,558</b>	<b>(783,999)</b>
Transfers in	1,038,479	1,038,479	-
Transfers out	(389,871)	(490,571)	-
<b>Change in net position</b>	<b>724,660</b>	<b>6,899,466</b>	<b>(783,999)</b>
Net position-beginning	7,480,784	117,279,862	7,997,129
Restatements	-	111,774	177,732
Net position-beginning	7,480,784	117,391,636	8,174,861
<b>Net position-ending</b>	<b>\$ 8,205,444</b>	<b>\$ 124,291,102</b>	<b>\$ 7,390,862</b>

**CITY OF MANHATTAN BEACH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

**Business-Type Activities**

	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 14,375,106	\$ 3,276,242	\$ 4,304,131
Receipts from interfund charges	-	-	-
Payments to suppliers and service providers	(9,269,761)	(1,540,138)	(2,092,088)
Payments to employees for salaries and benefits	(1,246,529)	(616,598)	(203,435)
<b>Net cash provided by (used for) operating activities</b>	<b><u>3,858,816</u></b>	<b><u>1,119,506</u></b>	<b><u>2,008,608</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(100,700)
Principal paid on pension obligation bonds	(41,411)	(17,070)	(5,756)
Interest paid on pension obligation bonds	(24,694)	(10,183)	(3,437)
Payments to other funds on interfund borrowings	-	-	(900,000)
Payments from other funds on interfund borrowings	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b><u>(66,105)</u></b>	<b><u>(27,253)</u></b>	<b><u>(1,009,893)</u></b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(14,426,481)	(470,980)	-
Principal paid on capital debt	(140,753)	(82,237)	(380,000)
Interest paid on capital debt	(25,961)	(15,969)	(261,994)
Proceeds from sales of assets	-	-	-
<b>Net cash provided by (used for) capital and related financing activities</b>	<b><u>(14,593,195)</u></b>	<b><u>(569,186)</u></b>	<b><u>(641,994)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	398,062	49,969	(19,268)
<b>Net cash provided by (used for) investing activities</b>	<b><u>398,062</u></b>	<b><u>49,969</u></b>	<b><u>(19,268)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(10,402,422)</u></b>	<b><u>573,036</u></b>	<b><u>337,453</u></b>
Cash and cash equivalents-beginning	21,980,514	15,600,837	3,016,664
<b>Cash and cash equivalents-ending</b>	<b><u>\$ 11,578,092</u></b>	<b><u>\$ 16,173,873</u></b>	<b><u>\$ 3,354,117</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments	\$ 11,566,530	\$ 16,168,185	\$ 3,237,986
Cash with fiscal agent	11,562	5,688	116,131
<b>Total cash and cash equivalents</b>	<b><u>\$ 11,578,092</u></b>	<b><u>\$ 16,173,873</u></b>	<b><u>\$ 3,354,117</u></b>

**CITY OF MANHATTAN BEACH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

**Business-Type Activities**

	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 3,016,576	\$ 931,166	\$ 2,066,951
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	630,596	333,410	330,593
(increase) decrease in accounts receivable	(1,059)	1,731	2,614
(Increase) decrease in inventories	(462,915)	-	-
Increase (decrease) in accounts payable	261,857	(114,501)	(378,817)
Increase (decrease) in accrued liabilities	216,975	(77,710)	(27,049)
Increase (decrease) in deposits payable	-	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in compensated absences	103,389	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in net pension liability	992,017	369,433	127,715
Increase (decrease) in net OPEB liability	37,868	23,971	8,684
Increase (decrease) in pension-related deferred inflows	(914,710)	(334,208)	(117,089)
Increase (decrease) in OPEB-related deferred inflows	(21,778)	(13,786)	(4,994)
Total adjustments	<u>842,240</u>	<u>188,340</u>	<u>(58,343)</u>
Net cash provided by (used for) operating activities	<u>\$ 3,858,816</u>	<u>\$ 1,119,506</u>	<u>\$ 2,008,608</u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>			
Amortization on bond discount/(premium)	\$ 17,661	\$ 8,688	\$ 116,235
Subscription assets	-	38,836	-
Capital assets restatements	56,146	29,972	25,656



**CITY OF MANHATTAN BEACH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<u>Business-Type Activities</u>		<u>Governmental Activities</u>
	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,497,071	\$ 24,452,550	\$ -
Receipts from interfund charges	-	-	17,414,047
Payments to suppliers and service providers	(2,448,379)	(15,350,366)	(13,424,380)
Payments to employees for salaries and benefits	(191,865)	(2,258,427)	(3,308,281)
<b>Net cash provided by (used for) operating activities</b>	<b>(143,173)</b>	<b>6,843,757</b>	<b>681,386</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	1,038,479	1,038,479	-
Transfers to other funds	(389,871)	(490,571)	-
Principal paid on pension obligation bonds	(7,063)	(71,300)	(132,610)
Interest paid on pension obligation bonds	(4,215)	(42,529)	(77,700)
Payments to other funds on interfund borrowings	-	(900,000)	-
Payments from other funds on interfund borrowings	900,000	900,000	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>1,537,330</b>	<b>434,079</b>	<b>(210,310)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(40,530)	(14,937,991)	(1,247,858)
Principal paid on capital debt	-	(602,990)	(135,051)
Interest paid on capital debt	-	(303,924)	(4,217)
Proceeds from sales of assets	-	-	47,875
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(40,530)</b>	<b>(15,844,905)</b>	<b>(1,339,251)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	(21,988)	406,775	-
<b>Net cash provided by (used for) investing activities</b>	<b>(21,988)</b>	<b>406,775</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,331,639</b>	<b>(8,160,294)</b>	<b>(868,175)</b>
Cash and cash equivalents-beginning	5,059,406	45,657,421	25,087,666
<b>Cash and cash equivalents-ending</b>	<b>\$ 6,391,045</b>	<b>\$ 37,497,127</b>	<b>\$ 24,219,491</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments	\$ 6,391,045	\$ 37,363,746	\$ 24,219,488
Cash with fiscal agent	-	133,381	-
<b>Total cash and cash equivalents</b>	<b>\$ 6,391,045</b>	<b>\$ 37,497,127</b>	<b>\$ 24,219,488</b>

**CITY OF MANHATTAN BEACH**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-Type Activities		Governmental Activities
	Other Enterprise Funds	Totals	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 102,255	\$ 6,116,948	\$ (748,290)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	143,148	1,437,747	809,800
(increase) decrease in accounts receivable	(66,235)	(62,949)	1,450
(Increase) decrease in inventories	-	(462,915)	11,399
Increase (decrease) in accounts payable	(216,635)	(448,096)	(107,381)
Increase (decrease) in accrued liabilities	(31,132)	81,084	(11,020)
Increase (decrease) in deposits payable	(97,760)	(97,760)	-
Increase (decrease) in unearned revenue	-	-	(1,627)
Increase (decrease) in compensated absences	-	103,389	(29,357)
Increase (decrease) in claims and judgments	-	-	352,317
Increase (decrease) in net pension liability	163,925	1,653,090	2,917,493
Increase (decrease) in net OPEB liability	12,855	83,378	138,266
Increase (decrease) in pension-related deferred inflows	(146,202)	(1,512,209)	(2,572,145)
Increase (decrease) in OPEB-related deferred inflows	(7,392)	(47,950)	(79,519)
Total adjustments	(245,428)	726,809	1,429,676
Net cash provided by (used for) operating activities	<u>\$ (143,173)</u>	<u>\$ 6,843,757</u>	<u>\$ 681,386</u>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>			
Amortization on bond discount/(premium)	\$ -	\$ 142,584	\$ -
Subscription assets	-	38,836	190,627
Capital assets restatements	-	111,774	177,732

CITY OF MANHATTAN BEACH  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

	<u>Custodial Fund Special Assessment Redemption</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,468,495
Cash and investments with fiscal agents	1,151,747
Receivables:	
Accounts	48,088
<b>Total assets</b>	<u><b>2,668,330</b></u>
<b>LIABILITIES</b>	
Payable to bondholders	2,668,330
<b>Total liabilities</b>	<u><b>2,668,330</b></u>
<b>NET POSITION</b>	
Restricted for bondholders	-
<b>Total net position</b>	<u><u><b>\$ -</b></u></u>

DRAFT

**CITY OF MANHATTAN BEACH**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

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	<u>Custodial Fund Special Assessment Redemption</u>
<b>ADDITIONS</b>	
Special assessments	\$ 1,649,848
Interest income	33,358
<b>Total additions</b>	<u><b>1,683,206</b></u>
<b>DEDUCTIONS</b>	
Professional services	7,880
Principal payment	1,595,000
Interest expenses	80,326
<b>Total deductions</b>	<u><b>1,683,206</b></u>
<b>Net increase (decrease) in fiduciary net position</b>	-
Net position-beginning	2,980,603
Restatements	(2,980,603)
Net position-beginning restated	<u>-</u>
<b>Net position-ending</b>	<u><u><b>\$ -</b></u></u>

DRAFT

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

The City of Manhattan Beach, California (the City), was incorporated on December 12, 1912, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Manhattan Beach (the primary government) and its component unit, the Manhattan Beach Capital Improvements Corporation. The component unit is included in the reporting entity because of the significance of its operational or financial relationships with the City of Manhattan Beach. It is governed by the City Council of the City of Manhattan Beach and its activities exclusively benefit the City, therefore it is presented as a blended component unit. Separate financial statements are not prepared for the Manhattan Beach Capital Improvements Corporation.

**Blended Component Unit**

Manhattan Beach Capital Improvements Corporation - The Manhattan Beach Capital Improvements Corporation (the Corporation) is a nonprofit public benefits corporation, organized under the laws of the State of California in September 1996, pursuant to the Nonprofit Public Benefit Corporation Laws (Title 1, Division 2, Part 2, Section 5110). The sole purpose of the Corporation is to issue debt for capital improvements. Certificates of participation are debt issued by the Corporation providing the holder an interest, i.e. the right to participate in the lease payments paid by the City to the Corporation. There are no separately issued financial statements for this entity.

**B. Description of Funds**

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with the City's municipal code and budget, several different types of funds are used to record the City's financial transactions. For financial reporting purposes, such funds have been categorized and are presented as follows:

**Governmental Fund Types**

*General Fund* - to account for all unrestricted resources except those required to be accounted for in another fund.

*Special Revenue Funds* - to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

*Capital Projects Funds* - to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds. In recent years, the Underground Assessment District Fund was added to this category.

**Proprietary Fund Types**

*Enterprise Funds* - to account for operations where it is the stated intent that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where determination of net income is deemed appropriate.

*Internal Service Funds* - to account for insurance reserve, information systems, building maintenance and operations, and fleet management services provided to the departments of the City on a continuing basis, which are financed or recovered primarily by charges to the user departments.

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fiduciary Fund Types

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

**C. Basis of Accounting/Measurement Funds**

Government-Wide Financial Statements

The City government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities and Business-Type Activities for the City. Fiduciary Activities of the City are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows and outflows of resources, and liabilities, including capital assets and infrastructure as well as long-term debt are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the benefit is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Government-wide financial statements do not provide information by fund; they simply distinguish between governmental and business-type activities. The City’s Statement of Net Position includes current and noncurrent assets and liabilities, as well as deferred inflows and outflows of resources.

Financial Statement Classification

In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in capital assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of capital assets reduce this category.

*Restricted Net Position* - This category presents restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the City, not restricted for any project or other purpose.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenue, Expenditures and Change in Fund Balances for all major governmental funds and aggregated nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications of GASB Statement No. 34.

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the governmental fund balance sheet. Related operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental funds as the basis for recognizing revenues. Under the modified accrual basis of accounting, revenues are susceptible to accrual and consequently recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be readily determined, and "available" means that the transaction amount is collectible within the current period or soon thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes and sales taxes collected after year-end, earned and uncollected investment interest income, uncollected rents and leases and unbilled service receivables. Revenues from such items as license and permit fees, fines and forfeitures and general service charges are not susceptible to accrual because they are generally not measurable until received in cash.

The government reports unearned revenue on its balance sheet for grant monies received before the City has a legal claim to them, such as grant funds received prior to incurring qualified expenses. In subsequent periods, the unearned revenue is removed once revenue recognition criteria are met and the City has established legal claim to the resources.

Governmental fund expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when they are due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Proprietary Funds Financial Statements

Proprietary funds financial statements include a Statement of Fund Net Position, a Statement of Revenues, Expenses and Change in Fund Net Position, and a Statement of Cash Flows. All proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. With this measurement focus, all assets, deferred outflows/inflows of resources and liabilities (current and long-term) resulting from the operations of these funds are included in the Statement of Net Position. Accordingly, the proprietary fund Statement of Net Position presents assets, deferred inflows/outflows of resources and liabilities classified into their respective current and long-term categories.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

There is no look-back adjustment on the statement of fund net position and the statement of revenues, expenses and changes in fund net position for the enterprise funds' participation in the internal services funds because these transactions are paid in cash, therefore there is no internal balance related to what can be considered a quasi-external transaction.

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Major Funds

Governmental Accounting Standards Board Statement 34 (GASB 34) requires the City to report all major funds in the basic financial statements. In accordance with GASB 34, the following funds are classified as major governmental funds:

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

*Capital Improvement Fund* – used to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise, Internal Service Funds, or other project specific funds.

The following funds are classified as major proprietary funds:

*Water Fund* - used to account for the operation of the City's water utility system. Revenues are generated from user fees, which are adjusted periodically to meet the costs of administration, operation, maintenance and capital improvements to the system. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater systems.

*Wastewater Fund* - used to account for the maintenance and improvements of the City's sewer system. Revenues are derived from a user charge placed on the water bills. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater system.

*Parking Fund* - used to account for the general operations and maintenance of City parking lots and spaces. Revenues are generated from the use of these properties.

**D. Property Tax Calculator**

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 AM on the first day in January prior to the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, by December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 of each year and are delinquent, if unpaid, on August 31.

**E. Cash and Investments**

*Cash and Cash Equivalents*

For purpose of the Statement of Cash Flows, the City considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds in its 125 medical flex plan; its Section 115 Trust, and its outstanding Water and Wastewater; Marine Avenue Sports Field; and Metlox, Police & Fire Facility bonded debt, which are held by outside trustees.



**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Investments*

Investments are shown at fair value, in accordance with GASB Statements No. 31 and No. 72. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool.

**F. Restricted Cash and Investments**

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, the City established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code and relevant statutory provisions of the State of California for the purpose of pre-funding pension obligation and/or OPEB obligation. The City's adoption and operation of the Trust has no effect on any of the current or former employee's entitlement to post-employment benefits. The balances and activities of the Trust are irrevocably dedicated to funding future post-employment benefit obligations. The assets will benefit the City through reduced future cash flow demands on the City's General fund resources and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

**G. Capital Assets**

Capital assets, which include land, machinery and equipment, buildings and improvements, leases, subscriptions, intangibles, and infrastructure (roads, bridges, curbs and gutters, streets, walk-streets and sidewalks, parks and recreation improvements), are reported in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and \$100,000 respectively (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets as follows:

Asset	Years
Equipment	5-20
Vehicles	3-20
Buildings/Improvements	40-100
Leases	5-100
Subscriptions	10
Intangible Assets	10
Water and Sewer Systems	30-50
Other Infrastructure	15-100

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**H. Leases**

Leases are defined as the right to use an underlying asset. As lessee, the City recognizes a lease liability and an intangible lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-to-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability. The City calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference. For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

**I. Subscriptions**

Subscription-Based Information Technology Arrangements (SBITAs) are contracts that convey control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. To determine whether a contract conveys control of the right to use the underlying IT assets, the City assesses both the right to obtain the present service capacity from use of the underlying IT assets and the right to determine the nature and manner of use of the underlying IT assets as specified in the contract. Contracts that solely provide IT support services are excluded from the definition of a SBITA. The subscription term is the period during which the City has a noncancellable right to use the underlying IT assets, plus the periods covered by the City's option to extend the SBITA if it is reasonably certain, based on all relevant factors, that the government will exercise that option. Periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the subscription term.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date which will be recognized in the following year, for the net difference between projected and actual earnings on pension and OPEB plan investments, the difference between expected and actual experience, the changes of assumptions, adjustments due to the difference in proportions, and the difference in proportionate share. The government also reports deferred outflows for deferred charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position and the Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The government has several items that qualify for reporting in this category:

1. Unavailable revenue reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when they become available.
2. Pension and OPEB related deferred inflows are reported only on the Statement of Net Position. The government reports deferred inflows of resources related to pensions arising from certain changes in the net pension liability, net pension asset, or net OPEB asset. Deferred inflows and outflows of resources related to changes in the net pension liability, net pension asset, and net OPEB asset are recognized systematically over time. Amounts are first recognized in the year the change occurs. The remaining amounts are to be recognized in future periods. The recognition period differs depending on the source of the change, and they currently are amortized over 5 years or the average remaining service lifetime.
3. A deferred inflow of resources related to leases is reported for the value of lease receivable payments to be recognized as an inflow of resources in a systematic and rational manner over the term of the lease agreements.

**K. Net Pension Liability**

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the pension plan administered under the California Public Employee's Retirement System (CalPERS), the following timeframes are used:

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

**L. Net Other Post-Employment Benefits (OPEB) Liability**

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Interfund Transfers**

As a general rule, interfund transactions have been eliminated from the government-wide financial statements. Exceptions to this rule are payments in lieu or charges for current service between the City's enterprise activity and the City's governmental funds. Elimination of these transactions would distort the direct costs and program revenues for the various functions. Certain eliminations have been made regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental, business-type, and fiduciary activities have not been eliminated.

**N. Long-Term Obligations**

In the government-wide and proprietary funds financial statements, long-term obligations are recorded as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, long-term obligation, bond discounts and premiums are recognized as other financing sources or uses when incurred. Issuance costs are recorded as a current year expenditure.

The City has recorded all judgment and claim liabilities resulting from workers' compensation and liability insurance claims in the Insurance Reserve Fund, which is a component of the Internal Service funds group. The recorded liability is based upon an estimate of reported claims as provided by an analysis of a third-party administrator.

Only the short-term liability is reflected as a current liability in all applicable governmental fund types; the remainder of the liability is reported as long-term debt in the Statement of Net Position.

**O. Vacation and Sick Leave**

The City's policy is to record the cost of vested vacation and sick leave as it is earned. Vacation is payable to employees at the time a vacation is taken or upon termination of employment. At termination, employees are eligible to convert 50% of unused sick time to service credit; however, sworn fire safety personnel, upon service retirement, may opt to cash out 50% of the value of unused sick leave. Miscellaneous and sworn police employees may accrue compensated time off in lieu of payment for overtime hours. Overtime hours are banked at either time-and-a-half or straight-time hours depending upon the nature of the overtime worked. The dollar value of these hours is included as an employee benefits liability as shown in the balance sheet.

**P. Allocation of Interest Income**

The City pools all non-restricted cash for investment purchases and allocates interest income based on month-end cash balances. Interest earned by restricted Cash is posted to their respective accounts.

**Q. Other Accounting Policies**

*Inventories* - Inventories of materials and supplies are carried at cost on a weighted-average basis. The City uses the consumption method of accounting for inventories.

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

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. Estimates**

The accompanying financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**S. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**T. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**U. Fund Balance Policy**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

- Non-spendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the non-spendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).
- The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Balance and Net Position**

At June 30, 2023, the County Parking Lot Fund and Building Maintenance and Operations Fund have a deficit net position of \$29,054 and \$430,797, respectively. The deficit is the result of non-current liabilities and will be resolved by future revenues and contributions from other funds.

**NOTE 3: CASH AND INVESTMENTS**

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

Governmental Funds	\$ 74,528,811
Internal Service Funds	24,219,488
Business-Type Activities	37,497,127
Fiduciary Funds	2,620,242
	<u>\$ 138,865,668</u>

The City pools all cash and investments that is available for use for all funds, including fiduciary funds. Unrestricted and restricted cash and investments, as indicated in the government-wide statement of net position, do not include fiduciary cash and investments. These cash amounts are included in the Statement of Fiduciary Net Position – Fiduciary Funds. Each fund type's position in the pool is reported on the Combined Balance Sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**A. Deposits**

At June 30, 2023, the carrying amount of the City's deposits after outstanding checks and deposits in transit was \$2,788,506 and the bank balance was \$4,686,773. The \$1,898,267 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City's Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the City.

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**B. Authorized Investments**

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan associations.
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Papers
- Local Agency Investment Fund (State Pool) Demand Deposits
- Passbook Savings Account Demand Deposits
- Federally Insured Thrift and Loan
- Repurchase Agreements
- Medium-Term Corporate Notes
- Floaters or step-ups with market driven interest rate adjustments
- Mutual Funds of highest ratings

The City's investment policy does not allow the use of reverse-repurchase agreements and, accordingly, the City did not borrow through the use of reverse-repurchase agreements at any time during the year.

**C. Investments Authorized by Debt Agreements**

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy.

**D. Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holdings in LAIF. The City had a contractual withdrawal value of \$42,000,000 whose pro-rata share of fair value was estimated by the State Treasurer to be \$41,362,797.

**E. GASB Statement No. 31**

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Entity reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement. The City maintains investment accounting records and adjusts those records to "fair value" on an annual basis for material amounts. The City's investment custodian provides market values on each investment instrument on a monthly basis for material amounts. The investments held by the City are widely traded in the financial markets and trading values are readily available from numerous published sources. Material unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered fair value. For the year ended June 30, 2023, the book value of investments exceeded fair value the by \$6,437,513.

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**F. Credit Risk**

The City's investment policy limits investments in medium-term notes (MTN's) to those rated in the top three rating categories by two of the three largest nationally recognized rating services at time of purchase. As of June 30, 2023, the City's investment in medium-term notes consisted of investments with Microsoft Corp., Coca Cola Co., Costco Wholesale Corp., Apple Inc., Toyota Motor Credit Corp., Bank of New York Mellon Corp., Walt Disney Company, Merck & Co., Amazon.com Inc., Walmart Inc., and Johnson & Johnson. All MTN's were rated "A" or higher by Moody's at time of purchase. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Banks were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's. All securities were investment grade and were legal under state and city policies. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2023, the City's investments in external investment pools and money market mutual funds are unrated.

**G. Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As of June 30, 2023, none of the City's deposits or investments was exposed to custodial credit risk.

**H. Concentration of Credit Risk**

The City's investment policy imposes restrictions for certain types of investments with any one issuer for the following types of investments. With respect to concentration of credit risk, as of June 30, 2023, the City is in compliance with its investment policy's restrictions. In accordance with GASB Statement No. 40, the city is exposed to credit risk if it has invested more than 5% of its total investments in any one issuer. The following issuers are above 5% of the total investments: Federal Home Loan Bank (7.47%), Federal Farm Credit (9.79%), and Fannie Mae (9.61%). These government-sponsored investments are backed by the federal government and are below the City's investment policy limit of 33.33% of total investments.

**I. Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that no investment can mature more than five years from the date of purchase in line with state code requirements. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**J. Fair Value Measurement and Application**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy use a market approach to measure fair value. The City's pricing vendor, through rules based logic, utilizes valuation techniques that reflect market participants' assumptions and vary by asset class and per methodology, and maximizes the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.



**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

The City has the following recurring fair value measurements as of June 30, 2023:

Investment Type	Total	Uncategorized	Fair Value Level		
			1	2	3
Local Agency Investment Fund (LAIF)	\$ 41,362,797	\$ 41,362,797	\$ -	\$ -	\$ -
US Treasury and Agency Notes	39,718,990	-	39,718,990	-	-
US Agencies	29,711,990	-	-	29,711,990	-
Medium-Term Corporate Notes	19,768,710	-	-	19,768,710	-
<b>Total Investments</b>	<b>\$ 130,562,487</b>	<b>\$ 41,362,797</b>	<b>\$ 39,718,990</b>	<b>\$ 49,480,700</b>	<b>\$ -</b>

As of June 30, 2023, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	More than 3 years	
<u>Pooled investments:</u>					
LAIF	\$ 41,362,797	\$ -	\$ -	\$ -	\$ 41,362,797
US Securities	1,990,690	1,954,960	18,332,550	17,440,790	39,718,990
Government Agency Securities	2,991,950	3,901,200	17,110,680	5,708,160	29,711,990
Medium Corporate Notes	3,977,670	-	5,641,600	10,149,440	19,768,710
<b>Total pooled investments</b>	<b>\$ 50,323,107</b>	<b>\$ 5,856,160</b>	<b>\$ 41,084,830</b>	<b>\$ 33,298,390</b>	<b>130,562,487</b>
<u>Restricted cash and investments:</u>					
PARS pension					2,859,803
<u>Cash and investments with fiscal agent</u>					
Money market mutual funds					
Utility undergrounding					1,151,747
Water/Wastewater, Metlox Refunding bonds					133,381
Marine certificates of participation					68,450
Police & Fire certificate of participation refunding bonds					99,236
Fire Station 2 COPs					136,377
Pension Obligation Bonds					1,033,673
					<b>5,482,667</b>
Demand deposits					2,788,506
Other deposits					30,704
Petty cash					1,304
					<b>2,820,514</b>
					<b>\$ 138,865,668</b>

**NOTE 4: INTERFUND TRANSACTIONS**

**Advances**

During fiscal year 2022-23, the Parking fund made an advance of \$900,000 to the State Pier and Parking Lot fund to assist in financing the Pier Railing Replacement Project. The advance will be repaid with parking meter revenues over an estimated four-year period or sooner if parking meter revenues exceed estimates.

**Interfund Transfers**

With City Council approval, resources may be transferred from one fund to another. Transfers between individual funds during the fiscal year ended June 30, 2023, are presented below:

Transfers Out	Transfers in				Total
	General Fund	Major Capital Improvement Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 7,287,585	\$ 149,024	\$ 1,038,479	\$ 8,475,088
Nonmajor Governmental Funds	-	23,203	-	-	23,203
Major Parking Fund	100,700	-	-	-	100,700
Nonmajor Proprietary Funds	389,871	-	-	-	389,871
Total	\$ 490,571	\$ 7,310,788	\$ 149,024	\$ 1,038,479	\$ 8,988,862

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

- The General Fund transferred a total of \$7,287,585 to the Major Capital Improvement Fund. \$1,596,585 of the Pension Obligation Bond savings to the Capital Improvement Fund per the City’s Pension policy to provide additional capital. \$5,691,000 to provide funding for capital projects.
- The General Fund also transferred \$149,024 to support operations in the Street Light Nonmajor Governmental Fund.
- The General Fund also transferred \$1,038,479 to the Stormwater Fund to support operations.
- Nonmajor Governmental Funds transferred \$23,203 for the cost of Fire Station 2 design per bond documents.
- The Major Parking Fund transferred \$100,700 to the general fund for sidewalk dining.
- The Nonmajor County Parking Fund transferred \$389,871 to the general fund to fund operations based on an operating agreement.

**NOTE 5: LEASES**

Leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources.

**A. Leases Receivable and Deferred Inflows of Resources**

The City is reporting lease receivable of \$23,843,400 at June 30, 2023. For the fiscal year, the City reported lease revenue of \$1,324,439 and lease interest revenue of \$290,251. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Bay Club Manhattan Beach, LLC	\$ 10,831,815	\$ 522,544	\$ 131,275
Verizon 16/Valley Lease	1,045,219	82,247	12,785
Manhattan Beach Hotel TRS, LLC	3,637,938	372,095	46,382
Metlox LLC	6,723,751	196,118	80,001
New Cingular Wireless PCS, LLC	1,600,509	106,116	19,345
United State Post Office	-	39,148	343
Lemonade Storage	4,168	6,171	120
	<u>\$ 23,843,400</u>	<u>\$ 1,324,439</u>	<u>\$ 290,251</u>

Bay Club Manhattan Beach LLC. – In May 2017, the City entered into an amended lease with Bay Club Manhattan Beach, LLC for the property known as the Manhattan Country Club which includes an office building, a tennis complex, a parking lot and slope easement parcels. Based on the lease agreement, the City will receive monthly payment through December 2043.

Verizon 16/Valley Lease – In June 2010, the City entered into a lease agreement with SMSA Limited Partnership d/b/a Verizon Wireless for certain parcel of property for the installation and maintenance of utility wires, poles, cables, conduits and pipes for an initial term of 5 years with extensions up to four five-years terms. The City will receive monthly installments on the first day of each month.

Manhattan Beach Hotel TRS, LLC – In March 1983, the City entered into a ground lease with Manhattan Beach Hotel properties, a California general partnership for unimproved property for tenant to build and operate a hotel and golf course. The term of the lease is for fifty (50) years commencing March 1983. The City is receiving an initial annual rent of \$400,000 payable in monthly installments.

Metlox LLC – in May 2002, the City entered into a disposition & development agreement and ground lease with Metlox LLC for three building pad parcels located on top of a subterranean parking structure to be constructed as part of the project. The term of the lease is for 55 years commencing on May 2002 with the right. Rent to the City is due in monthly installments.

New Cingular Wireless PCS, LLC – In September 2018, the City entered into a structure lease agreement with New Cingular Wireless PCS, LLC for ground and rooftop space for the placement of tenant’s antenna and communication equipment. The original term of the lease is for five years with four automatic five-year terms renewal. Rent is due to the city in monthly installments and will increase annually by 5% in year two of the initial agreement.

United State Post Office – in April 2018, the City leased approximately 1,900 square feet of interior space and additional space to the United States Postal Service. The lease terminates at the end of March 2023. The annual rent to the City is \$53,000 payable in equal installments at the end of each month.

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 5: LEASES (CONTINUED)**

Lemonade Storage – In February 2019, the City entered into a five-years lease agreement with Lemonade Restaurant Group LLC for storage space in the Metlox Parking Structure. The lease term asks for monthly rent payments to the City

The principal and interest payments expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payment	Interest Payment	Total
2024	\$ 1,123,988	\$ 277,044	\$ 1,401,032
2025	1,140,783	264,000	1,404,783
2026	1,162,387	250,744	1,413,131
2027	1,184,660	237,237	1,421,897
2028	1,207,629	223,471	1,431,100
2029 - 2033	6,276,967	900,195	7,177,162
2034 - 2038	4,512,485	572,242	5,084,727
2039 - 2043	3,857,397	331,714	4,189,111
2044 - 2048	1,346,844	156,567	1,503,411
2049 - 2053	1,112,600	92,400	1,205,000
2054 - 2057	917,660	26,256	943,916
	<u>\$ 23,843,400</u>	<u>\$ 3,331,870</u>	<u>\$ 27,175,270</u>

The leases have interest rate of 1.162%. The value of the deferred inflow of resources as of June 30, 2023 is \$23,463,957.

**B. Lease Payable and Lease Assets**

The City leases certain facilities from the Manhattan Beach Unified School District and miscellaneous equipment from various companies for the City's operation. The terms of these leases expire in fiscal year 2023-24 and 2024-25. As of June 30, 2023, the value of the lease payable is \$1,095,503. In fiscal year 2022-23, the City paid \$994,801 on these leases including an embedded an interest rate of 1.162%.

The following is a summary of changes in lease payable for the year ended June 30, 2023:

Lease Underlying Asset	Balance			Balance June 30, 2023	Due in One Year
	June 30, 2022	Additions	Deletions		
Manhattan Beach Unified School District facilities	\$ 1,735,912	\$ -	\$ 849,966	\$ 885,946	\$ 885,946
Solar trash bins	59,334	-	27,190	32,144	27,506
Pitney Bowes postage equipment	7,068	-	3,514	3,554	3,554
AIS multifunction copiers	287,990	-	114,131	173,859	115,459
	<u>\$ 2,090,304</u>	<u>\$ -</u>	<u>\$ 994,801</u>	<u>\$ 1,095,503</u>	<u>\$ 1,032,465</u>

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 5: LEASES (CONTINUED)**

Future principal and interest requirements to maturity for lease liability are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,032,465	\$ 12,730	\$ 1,045,195
2025	63,038	347	63,385
	<u>\$ 1,095,503</u>	<u>\$ 13,077</u>	<u>\$ 1,108,580</u>

Lease assets at June 30, 2023 include the following:

Lease Underlying Asset	Amount of Leased Capital Assets	Accumulated Amortization
Manhattan Beach Unified School District facilities	\$ 2,551,402	\$ 1,700,934
Solar trash bins	86,211	54,450
Pitney Bowes postage equipment	10,541	7,028
ALS multifunction copiers	400,812	229,034
Total	<u>\$ 3,048,966</u>	<u>\$ 1,991,446</u>

**NOTE 6: SUBSCRIPTION BASED TECHNOLOGY ARRANGEMENTS**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Subscription Liability

	Balance as of June 30, 2022	Additions	Reductions	Balance as of June 30, 2023	Due in One Year
Governmental activities	-	724,796	140,293	584,503	153,320
Business-type activities	-	38,840	12,994	25,846	12,792
Total Subscription Liability	<u>-</u>	<u>763,636</u>	<u>153,287</u>	<u>610,349</u>	<u>166,112</u>

**NOTE 6: SUBSCRIPTION BASED TECHNOLOGY ARRANGEMENTS (CONTINUED)**

**Governmental Activities:**

On July 15, 2022, the City entered into a 45 months subscription for the use of ProcureNow – Eprocurement Solution. An initial subscription liability was recorded in the amount of \$91,689. As of June 30, 2023, the value of the subscription liability is \$69,065. The City is required to make annual fixed payments of \$24,000. The subscription has an interest rate of 2.11%. The value of the right to use asset as of June 30, 2023 is \$91,689 with accumulated amortization of \$23,500. The City has two extension options, each for 12 months.

On September 21, 2022, the City entered into a 36 months subscription for the use of Clear Gov – Budget Solution. An initial subscription liability was recorded in the amount of \$70,050. As of June 30, 2023, the value of the subscription liability is \$44,010. The City is required to make annual fixed payments of \$23,040. The subscription has an interest rate of 3.12%. The value of the right to use asset as of June 30, 2023 is \$70,050 with accumulated amortization of \$18,161.

On July 1, 2022, the City entered into a 36 months subscription for the use of Medic Clipboard. An initial subscription liability was recorded in the amount of \$26,227. As of June 30, 2023, the value of the subscription liability is \$17,308. The City is required to make annual fixed payments of \$8,919. The subscription has an interest rate of 2.04%. The value of the right to use asset as of June 30, 2023 is \$26,227 with accumulated amortization of \$8,742.

On March 15, 2023, the City entered into a 55 months subscription for the use of AXON. An initial subscription liability was recorded in the amount of \$358,784. As of June 30, 2023, the value of the subscription liability is \$350,131. The City is required to make monthly fixed payments of \$8,653. The subscription has an interest rate of 2.23%. The value of the right to use asset as of June 30, 2023 is \$358,784 with accumulated amortization of \$23,049.

On July 25, 2022, the City entered into a 35 months subscription for the use of Fuel View. An initial subscription liability was recorded in the amount of \$31,252. As of June 30, 2023, the value of the subscription liability is \$14,875. The City is required to make monthly fixed payments of \$660. The subscription has an interest rate of 2.04%. The value of the right to use asset as of June 30, 2023 is \$31,252 with accumulated amortization of \$10,000.

On July 12, 2022, the City entered into a 24 months subscription for the use of Fleetio. An initial subscription liability was recorded in the amount of \$44,939. As of June 30, 2023, the value of the subscription liability is \$22,259. The City is required to make annual fixed payments of \$22,680. The subscription has an interest rate of 1.89%. The value of the right to use asset as of June 30, 2023 is \$44,939 with accumulated amortization of \$21,783.

On November 25, 2022, the City entered into a 36 months subscription for the use of Esri Gis Software. An initial subscription liability was recorded in the amount of \$101,855. As of June 30, 2023, the value of the subscription liability is \$66,855. The City is required to make annual fixed payments of \$35,000. The subscription has an interest rate of 3.12%. The value of the right to use asset as of June 30, 2023 is \$101,855 with accumulated amortization of \$20,371.

**Business-Type Activities:**

On July 1, 2022, the City entered into a 30 months subscription for the use of Hadronex. An initial subscription liability was recorded in the amount of \$38,836. As of June 30, 2023, the value of the subscription liability is \$25,846. The City is required to make annual fixed payments of \$13,320. The subscription has an interest rate of 2.04%. The value of the right to use asset as of June 30, 2023 is \$38,840 with accumulated amortization of \$15,451.

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 6: SUBSCRIPTION BASED TECHNOLOGY ARRANGEMENTS (CONTINUED)**

Future principal and interest requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
	Payments	Payments	Payments
2024	\$ 153,320	\$ 16,171	\$ 169,491
2025	180,023	9,249	189,272
2026	123,277	4,557	127,834
2027	102,021	1,813	103,834
2028	25,862	96	25,958
	<u>\$ 584,503</u>	<u>\$ 31,886</u>	<u>\$ 616,389</u>

Fiscal Year	Business-Type Activities		
	Principal	Interest	Total
	Payments	Payments	Payments
2024	\$ 12,792	\$ 528	\$ 13,320
2025	13,054	266	13,320
	<u>\$ 25,846</u>	<u>\$ 794</u>	<u>\$ 26,640</u>

The amount of subscription assets at June 30, 2023 was as follows:

Asset Class	As of Fiscal Year-End	
	Subscription Asset Value	Accumulated Amortization
Governmental activities		
Software subscription	\$ 724,796	\$ 125,606
Business-type activities		
Software subscription	38,840	15,451
Total subscriptions	<u>\$ 763,636</u>	<u>\$ 141,057</u>

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 7: CAPITAL ASSETS AND DEPRECIATION**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded. The following table presents the capital assets activity for the year ended June 30, 2023:

	Balance July 1, 2022	Adjustments *	Additions	Deletions	Transfers	Balance June 30, 2023
<b>Governmental activities:</b>						
Capital assets, not being depreciated/amortized						
Land	\$ 33,634,565	\$ -	\$ -	\$ -	\$ -	\$ 33,634,565
Construction-in-progress						
Buildings	3,299,813	-	6,578,956	-	-	9,878,769
Streets / Roadways	5,885,801	-	2,487,022	(6,300)	(1,983,093)	6,383,430
Recreation	681,201	-	712,005	-	-	1,393,206
Fleet Management	232,492	-	-	-	-	232,492
Total capital assets, not being depreciated/amortized	43,733,872	-	9,777,983	(6,300)	(1,983,093)	51,522,462
Capital assets, being depreciated/amortized						
Buildings and structures	44,106,833	-	-	-	-	44,106,833
Machinery and equipment	6,019,453	-	22,600	-	-	6,042,053
Intangible assets	-	1,060,072	-	-	-	1,060,072
Vehicles	12,377,262	177,733	1,251,073	(820,165)	-	12,985,903
Infrastructure						
Streets/ Roadways	69,826,888	3,148	-	-	1,983,093	71,813,129
Parks & Recreation	22,688,011	-	-	-	-	22,688,011
Lease assets						
Building and structure	2,551,402	-	-	-	-	2,551,402
Machinery and equipment	497,564	-	-	-	-	497,564
Subscriptions	-	-	724,796	-	-	724,796
Investment in RCC Joint Venture	3,698,059	-	5,360	-	-	3,703,419
Total capital assets, being depreciated/amortized	161,765,472	1,240,953	2,003,829	(820,165)	1,983,093	166,173,182
Less accumulated depreciation/amortization						
Buildings and structures	(15,524,208)	-	(854,618)	-	-	(16,378,826)
Machinery and equipment	(4,645,610)	-	(395,263)	-	-	(5,040,873)
Intangible asset	-	(143,927)	(106,459)	-	-	(250,386)
Vehicles	(9,209,006)	-	(697,414)	817,863	-	(9,088,557)
Infrastructure						
Streets/ Roadways	(37,965,848)	-	(1,642,318)	-	-	(39,608,166)
Parks & Recreation	(8,210,639)	-	(404,883)	-	-	(8,615,522)
Lease assets						
Building and structure	(850,467)	-	(850,467)	-	-	(1,700,934)
Machinery and equipment	(145,256)	-	(145,256)	-	-	(290,512)
Subscriptions	-	-	(125,606)	-	-	(125,606)
Investment in RCC Joint Venture	(1,726,554)	-	(158,089)	-	-	(1,884,643)
Total accumulated depreciation/amortization	(78,277,588)	(143,927)	(5,380,373)	817,863	-	(82,984,025)
Total capital assets, being depreciated/amortized, net	83,487,884	1,097,026	(3,376,544)	(2,302)	1,983,093	83,189,157
Total governmental activities capital assets	\$127,221,756	\$ 1,097,026	\$ 6,401,439	\$ (8,602)	\$ -	\$134,711,619

\* Adjustments were to property capitalized prior year ERP implementation costs.

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 273,601
Public safety	1,438,516
Public works	554,283
Parks and recreation	2,304,173
Internal service funds	809,800
Total depreciation/amortization expense	<u>\$ 5,380,373</u>



**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 7: CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

	Balance July 1, 2022	Adjustments *	Additions	Deletions	Balance June 30, 2023
Business-type activities:					
Capital assets, not being depreciated/amortized					
Land - Water	\$ 307,967	\$ -	\$ -	\$ -	\$ 307,967
Land - Stormwater	857,650	-	-	-	857,650
Land - Parking	1,441,817	-	-	-	1,441,817
Construction-in-progress	33,486,136	-	14,937,988	-	48,424,124
Total capital assets, not being depreciated/amortized	<u>36,093,570</u>	<u>-</u>	<u>14,937,988</u>	<u>-</u>	<u>51,031,558</u>
Capital assets, being depreciated/amortized					
Buildings and structures - Parking	18,163,159	-	-	(76,978)	18,086,181
Machinery and equipment					
Parking	3,314,879	-	-	-	3,314,879
Water	34,369,244	-	-	-	34,369,244
Storm water	7,703,405	-	-	-	7,703,405
Wastewater	16,304,359	-	-	-	16,304,359
Intangible assets					
Parking	-	28,507	-	-	28,507
Water	-	-	-	-	-
Storm water	-	62,177	-	-	62,177
Wastewater	-	33,302	-	-	33,302
Lease assets					
Subscriptions	-	-	38,840	-	38,840
Total capital assets, being depreciated/amortized	<u>79,855,046</u>	<u>123,986</u>	<u>38,840</u>	<u>(76,978)</u>	<u>79,940,894</u>
Less accumulated depreciation/amortization					
Buildings and structures - Parking	(3,084,435)	-	-	76,978	(3,007,457)
Machinery and equipment					
Parking	(1,501,757)	-	(327,806)	-	(1,829,563)
Water	(15,884,447)	-	(624,378)	-	(16,508,825)
Storm water	(4,916,966)	-	(143,148)	-	(5,060,114)
Wastewater	(7,893,625)	-	(314,542)	-	(8,208,167)
Intangible assets					
Parking	-	(2,851)	(2,851)	-	(5,702)
Water	-	(6,008)	(6,241)	-	(12,249)
Wastewater	-	(3,353)	(3,330)	-	(6,683)
Lease assets					
Subscriptions	-	-	(15,451)	-	(15,451)
Total accumulated depreciation/amortization	<u>(33,281,230)</u>	<u>(12,212)</u>	<u>(1,437,747)</u>	<u>76,978</u>	<u>(34,654,211)</u>
Total capital assets, being depreciated/amortized, net	<u>46,573,816</u>	<u>111,774</u>	<u>(1,398,907)</u>	<u>-</u>	<u>45,286,683</u>
Total business-type activities capital assets	<u>\$ 82,667,386</u>	<u>\$ 111,774</u>	<u>\$ 13,539,081</u>	<u>\$ -</u>	<u>\$ 96,318,241</u>

\* Adjustments were to property capitalized prior year ERP implementation costs.

Depreciation expense was charged to functions of the primary government as follows:

Water	\$ 630,596
Wastewater	333,410
Parking	330,593
Stormwater	143,148
Total depreciation/amortization expense	<u>\$ 1,437,747</u>

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 8: LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due in One Year
<b>Governmental Activities:</b>					
Leases payable (Note 5)	\$ 2,090,304	\$ -	\$ 994,801	\$ 1,095,503	\$ 1,032,465
Subscription payable (Note 6)	-	724,796	140,293	584,503	153,320
Compensated absences (Note 9)	4,652,548	8,342,592	8,572,536	4,422,604	908,111
Claims liability (Note 15)	17,804,025	7,644,454	7,321,494	18,126,985	10,922,485
Certificates of participation:					
Marine Ave Park Refunding COP Series 2016	4,410,000	-	335,000	4,075,000	345,000
2013 Police and Fire Refunding COP	6,090,000	-	560,000	5,530,000	575,000
2021 Fire Station No. 2 COP	7,335,000	-	125,000	7,210,000	135,000
2021 Pension Obligation Bonds	86,288,700	-	3,378,700	82,910,000	3,393,370
<b>Total Governmental</b>	<b>\$ 128,670,577</b>	<b>\$ 16,711,842</b>	<b>\$ 21,427,824</b>	<b>123,954,595</b>	<b>\$ 17,464,751</b>
Unamortized premium				1,657,968	
				<b>\$ 125,612,563</b>	
<b>Business-Type Activities:</b>					
Subscription payable (Note 6)	\$ -	\$ 38,836	\$ 12,990	\$ 25,846	\$ 12,792
Compensated absences (Note 9)	116,715	467,484	364,095	220,104	45,195
Certificates of Participation					
2021 Refunding COPs	5,925,000	-	590,000	5,335,000	640,000
2021 Pension Obligation Bonds	1,821,300	-	71,300	1,750,000	71,630
<b>Total Business Type</b>	<b>\$ 7,863,015</b>	<b>\$ 506,320</b>	<b>\$ 1,038,385</b>	<b>7,330,950</b>	<b>\$ 769,617</b>
Unamortized premium				1,053,871	
				<b>\$ 8,384,821</b>	

**A. Marine Avenue Certificates of Participation Series 2016**

On November 9, 2016, the City issued \$5,905,000 Certificate of Participation Series 2016 (Marine Field Refunding) to refund the outstanding balance of the Variable Rate Demand Refunding Certificates of Participation Series 2002. The Certificates represents the proportionate interest on the lease payments to be made by the City as rent for the use of certain real property located in the City and consisting of the police department and fire department headquarter facility. The Certificates bear interest at a rate of 3% to 4% with principal ranging from \$265,000 to \$465,000 and maturing on January 2033. The balance at June 30, 2023, includes an unamortized bond premium of \$257,977 which will be amortized over the life of the issue.

Annual debt service requirements to maturity for the Marine Avenue Certificates of Participation Series 2016 are as follows:

Fiscal Year Ending	Principal	Interest	Total
June 30,			
2024	\$ 345,000	\$ 136,900	\$ 481,900
2025	360,000	123,100	483,100
2026	370,000	108,700	478,700
2027	390,000	93,900	483,900
2028	405,000	78,300	483,300
2029-2033	2,205,000	202,200	2,407,200
<b>Total</b>	<b>\$ 4,075,000</b>	<b>\$ 743,100</b>	<b>\$ 4,818,100</b>

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empowered to sell the leased premises and use the proceeds of such a sale to redeem the 2016 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

**B. 2013 Police and Fire Facility Refunding Certificates of Participation**

In February 2013, the City issued \$10,510,000 of Certificates of Participation, Series 2013, to advance refund the 2004 Police and Fire Certificates of Participation (2004 COP). The payments under the lease agreement are due January and July of each year until maturity in January 2032 and include interest rates ranging from 2% to 4%. The proceeds were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance at June 30, 2023, includes an unamortized bond premium of \$224,062 which will be amortized over the life of the issue.

The reacquisition price exceeded the net carrying amount of the old debt by \$595,473. This amount is being deferred as an outflow of resources and amortized over the remaining life of the refunded debt. The outstanding balance at June 30, 2023 is \$273,595.

Annual debts service requirements to maturity for the 2013 Police and Fire Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 575,000	\$ 198,463	\$ 773,463
2025	600,000	175,463	775,463
2026	620,000	151,463	771,463
2027	650,000	126,663	776,663
2028	675,000	100,663	775,663
2029-2032	2,410,000	178,569	2,588,569
Total	<u>\$ 5,530,000</u>	<u>\$ 931,284</u>	<u>\$ 6,461,284</u>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2013 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

**C. 2022 Fire Station COP**

In August 2022, the City of Manhattan Beach issued \$7,440,000 of Certificates of Participation (COP) to pay a portion of the costs to constructing and equipping a fire station and related improvements and pay certain costs of issuance. The payments under the lease agreement are due January and July of each year until maturity in January 2051 and include interest rates ranging from 3% to 5%. The COP includes an unamortized premium of \$1,175,929 at June 30, 2023, which will be amortized over the life of the issue.

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

Annual debt service requirements to maturity for the 2022 Fire Station Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 135,000	\$ 272,750	\$ 407,750
2025	140,000	266,000	406,000
2026	145,000	259,000	404,000
2027	155,000	251,750	406,750
2028	165,000	244,000	409,000
2029-2033	950,000	1,088,750	2,038,750
2034-2038	1,200,000	840,450	2,040,450
2039-2043	1,460,000	580,700	2,040,700
2044-2048	1,705,000	330,000	2,035,000
2049-2051	1,155,000	69,900	1,224,900
Total	<u>\$ 7,210,000</u>	<u>\$ 4,203,300</u>	<u>\$ 11,413,300</u>

In the event of default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the Trustee is not empowered to sell the leased premises and use the proceeds of such a sale to redeem the 2022 Certificates or pay debt service. The City will be liable for the Lease payment on an annual basis and the Trustee would be required to seek a separate judgement each year for the year's defaulted lease payments.

**D. 2022 Refunding Certificates of Participation**

In November 2022, the City of Manhattan Beach issued \$5,925,000 of fixed rate Refunding Certificates of Participation Series 2022 to refund the Certificates of Participation (Metlox and Water/Wastewater Refunding) Series 2012 ("the Certificates"). The payments under the lease agreement are due January and July of each year with an interest rate of 5% and mature through 2032. The COP includes an unamortized premium of \$1,053,871 at June 30, 2023, which will be amortized over the life of the issue.

Annual debt service requirements to maturity for the 2022 Fire Station Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 640,000	\$ 266,750	\$ 906,750
2025	670,000	234,750	904,750
2026	705,000	201,250	906,250
2027	490,000	166,000	656,000
2028	515,000	141,500	656,500
2029-2032	2,315,000	296,250	2,611,250
Total	<u>\$ 5,335,000</u>	<u>\$ 1,306,500</u>	<u>\$ 6,641,500</u>

In the event of default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the Trustee is not empowered to sell the leased premises and use the proceeds of such a sale to redeem the 2022 Certificates or pay debt service. The City will be liable for the Lease payment on an annual basis and the Trustee would be required to seek a separate judgement each year for the year's defaulted lease payments.

**NOTE 8: LONG-TERM DEBT (CONTINUED)**

**E. 2022 Taxable Pension Obligation Bonds**

In May 2022, the City of Manhattan Beach issued \$91,275,000 of Taxable Pension Obligation Bonds (POB). The bonds were issued to pay the City’s unfunded accrued actuarial liability to the California Public Employees Retirement System with respect to the City’s defined benefit retirement plans for City employees. The payments under the agreement are due January and July of each year with interest rates ranging from 0.12% to 2.79% and mature through January 2043.

Annual debt service requirements to maturity for the 2022 Taxable Pension Obligation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,465,000	\$ 2,063,068	\$ 5,528,068
2025	3,495,000	2,043,872	5,538,872
2026	3,530,000	2,009,411	5,539,411
2027	3,580,000	1,967,546	5,547,546
2028	3,635,000	1,911,375	5,546,375
2029-2033	19,390,000	8,416,865	27,806,865
2034-2038	22,010,000	5,885,067	27,895,067
2039-2043	25,555,000	2,422,622	27,977,622
Total	<u>\$ 84,660,000</u>	<u>\$ 26,719,826</u>	<u>\$ 111,379,826</u>

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

**NOTE 9: COMPENSATED ABSENCES**

At June 30, 2023, the total citywide accrued liability for compensated absences amounted to \$4,642,708. \$4,422,604 relates to general government services and \$220,104 to business-type activities. The governmental activities liability is generally liquidated by the General Fund and the business-type activities liabilities are liquidated by the corresponding proprietary funds.

**NOTE 10: NON-CITY OBLIGATION**

Reported in the custodial fund are special assessment tax bonds related to various special assessment districts included within the City. In March 2018, the City refunded the outstanding bonds for Underground Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The amount refunded was \$6,245,000. The sources of the refunding were bond proceeds of \$4,995,000, balance in the capital improvement fund, current year assessments, and net reduction in bond reserve requirements. In December 2019, the City issued two separate limited obligation improvement bonds totaling \$9,390,000 under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 19-12 and 19-14 and in March 2020, the City issued \$5,245,000 for Underground District 19-4. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof. The debt outstanding as June 30, 2023, consists of the following:

Description	Original Amount	Outstanding 6/30/2023
Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018	\$ 4,995,000	\$ 2,305,000
Assessment District No. 19-12 Limited Obligation Improvement Bonds, 2019 Series A	4,605,000	4,230,000
Assessment District No. 19-14 Limited Obligation Improvement Bonds 2019, Series A	4,785,000	4,390,000
Assessment District No. 19-4 Limited Obligation Improvement Bonds, 2020 Series A	5,245,000	4,810,000
Total		<u>\$ 15,735,000</u>

**NOTE 11: CALPERS RETIREMENT PLANS**

	Net Pension Liability/(Asset)	Deferred Pension Outflows	Deferred Pension Inflows	Pension Expense/(Income)
<b>CalPERS Plans</b>				
Miscellaneous Plan	\$ 7,766,546	\$ 13,713,617	\$ (1,224,306)	\$ 2,626,676
Safety - Police Plan	4,827,529	34,809,579	(20,676,989)	31,863,177
Safety - Fire Plan	3,023,936	16,856,870	(9,329,801)	15,220,525
Total CalPERS	<u>15,618,011</u>	<u>65,380,066</u>	<u>(31,231,096)</u>	<u>49,710,378</u>
<b>City Plans</b>				
Supplemental Retirement Plan	43,894	-	-	(4,868)
Single Highest Year Plan	108,326	-	-	(10,966)
Total City Plans	<u>152,220</u>	<u>-</u>	<u>-</u>	<u>(15,834)</u>
Total	<u>\$ 15,770,231</u>	<u>\$ 65,380,066</u>	<u>\$ (31,231,096)</u>	<u>\$ 49,694,544</u>

**A. Miscellaneous Employee Pension Plan**

***Plan Description***

The Miscellaneous Plan of the City of Manhattan Beach is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in their respective June 30, 2020 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Benefit Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The plan provisions and benefits in effect at June 30, 2022 measurement date, are summarized as follows:

	Miscellaneous Plan	
	Tier I *	PEPRA
Hire date	Prior to or on December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418% 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	7.250%
Required employer contribution rates (1)	8.820%	13.660%

\* Closed to new entrants

(1) Blended rate.

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

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

Description	Number of Participants Miscellaneous Plan	
	Classic	PEPRA
Active members	83	136
Transferred members	105	35
Terminated members	121	87
Retired members and beneficiaries	292	7
Total	601	265

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Contribution Description***

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2023, the employer contributions recognized as an addition to net pension asset for the Miscellaneous Plan was \$1,624,870.

***Net Pension Liability/(Asset)***

The City’s net pension liability/(asset) is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability/(asset) of the Miscellaneous Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability/(asset) is shown below.

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability/(Asset)***

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	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

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



**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

**Changes of Assumptions**

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

**Long-term Expected Rate of Return**

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

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

<b>Asset Class (1)</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 (1, 2)</b>
Global Equiry - Cap-weighted	30.00%	4.54%
Global Equiry - Non-Cap-weighte	12.00%	3.84%
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%
<b>Total</b>	<b>100.00%</b>	

- (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.

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Subsequent Events***

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

***Changes in the Net Pension Liability/(Asset)***

The following table shows the changes in net pension liability/(asset) recognized over the measurement period.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2020 (Valuation Date)	\$ 127,485,419	\$ 143,889,716	\$ (16,404,297)
Changes Recognized for the Measurement Period:			
Service Cost	2,943,841	-	2,943,841
Interest on the Total Pension Liability	8,978,056	-	8,978,056
Changes of Benefit Terms	1,093,755	-	1,093,755
Changes of Assumptions	4,573,133	-	4,573,133
Difference between Expected and Actual Experience	(1,315,243)	-	(1,315,243)
Net Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	1,624,870	(1,624,870)
Contributions from Employees	-	1,286,707	(1,286,707)
Net Investment Income	-	(10,719,243)	10,719,243
Benefit Payments including Refunds of Employee Contributions	(6,384,471)	(6,384,471)	-
Administrative Expense	-	(89,635)	89,635
Net Changes During 2020-21	9,889,071	(14,281,772)	24,170,843
Balance at: 6/30/2021 (Measurement Date)	<u>\$ 137,374,490</u>	<u>\$ 129,607,944</u>	<u>\$ 7,766,546</u>

***Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate***

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

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability/(Assets)	\$ 26,859,694	\$ 7,766,546	\$ (7,855,131)

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

***Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

As of the start of the measurement period (July 1, 2021), the net pension asset was \$16,404,297. For the measurement period ending June 30, 2022 (the measurement date), the City incurred a pension expense/(income) of \$2,626,676 for the Plan.

As of June 30, 2023, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
City pension contributions subsequent to measurement date	\$ 1,918,178	\$ -
CalPERS deferrals		
Changes of Assumptions	3,187,335	-
Differences Between Expected and Actual Experience	37,357	(1,224,306)
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	8,570,747	-
Total CalPERS deferrals	11,795,439	(1,224,306)
<b>Total</b>	<b>\$ 13,713,617</b>	<b>\$ (1,224,306)</b>

\$1,918,178 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Net Deferred Outflows/(Inflows) of Resources
2023	\$ 2,447,058
2024	2,521,186
2025	1,500,194
2026	4,102,695
	<u>\$ 10,571,133</u>

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Amortization of Deferred Outflows and Deferred Inflows of Resources***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The EARSL for the Plan for the measurement period ending June 30, 2022 is 3.3 years, which was obtained by dividing the total service years of 2,615 (the sum of remaining service lifetimes of the active employees) by 808 (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.

**B. Safety Police Pension Plan and Safety Fire Pension Plan**

***Plan Description***

All qualified permanent and probationary safety employees are eligible to participate in the Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a safety risk pool, which are comprised of individual employer safety rate plans, respectively. Individual employers may sponsor more than one safety rate plan. Each individual employer rate plan generally has less than 100 active members.

***Benefits Provided***

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding evaluation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

Below is a summary of the plan provisions and benefits in effect at June 30, 2022 measurement date, for which the City of Manhattan Beach has contracted:

	Safety Police Plan		Safety Fire Plan	
	Tier I *	PEPRA	Tier I *	PEPRA
Hire date	Prior to or on December 31, 2012	On or after January 1, 2013	Prior to or on December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	2.700%, 50 yrs - 57+ yrs,	3.000%, 50 yrs - 55+ yrs,	2.700%, 50 yrs - 57+ yrs,
Required employee contribution rates	9.000% (1)	13.750%	9.000% (1)	13.750%
Required employer contribution rates	25.64% (3)	13.660%	23.68% (2)	13.660%
Management safety				
Employee	9.000%	13.750%	9.000%	13.750%
Employer	25.640%	13.660%	23.680%	13.660%

\* Closed to new entrants

(1) Not including 3% cost share, which would increase rate to 12%.

(2) Not including cost share, which will lower rate to 22.558%.

(3) Not including cost share, which will lower rate to 22.640%.

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

**Employees Covered**

At June 30, 2022 measurement date, the following employees were covered by the benefit terms of the Plan:

Description	Number of members			
	Safety Police Plan		Safety Fire Plan	
	Classic	PEPRA	Classic	PEPRA
Active members	46	15	27	1
Transferred members	14	2	3	1
Terminated members	7	3	4	-
Retired members and beneficiaries	124	-	50	-
Total	191	11	84	2

**Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the employer contributions recognized as a reduction to the net pension liability was \$1,824,686 for the Safety Police Plan and \$973,791 for the Safety Fire Plan for a total of \$2,798,477 for the safety plans.

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Pension Liabilities/Assets, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

The City of Manhattan Beach reported net a pension liability at June 30, 2023, of \$4,827,529 and \$3,023,936 for its proportionate shares of the Safety Police Plan and the Safety Fire Plan respectively.

The City's net pension liability/(asset) for the safety plan is measured as the proportionate share of the net pension liability/asset. The net pension liability/(asset) of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of June 30, 2021. The City's proportion of the net pension liability/(asset) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability/(asset) for the safety plan as of June 30, 2021 and 2022, was as follows:

	<u>Safety Fire Plan</u>	<u>Safety Police Plan</u>
Proportion - June 30, 2021	0.037940%	0.056439%
Proportion - June 30, 2022	-0.063669%	-0.144460%
Changes - Increase (Decrease)	-0.101609%	-0.200899%

For the year ended June 30, 2023, the City recognized pension expense/(income) of \$31,863,177 and \$15,220,525 for the Safety Police Plan and the Safety Fire Plan respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Safety - Police</u>		<u>Safety - Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City pension contribution subsequent to measurement date	\$ 1,967,512	\$ -	\$ 1,117,524	\$ -
CalPERS Deferrals:				
Difference between expected and actual experience	199,794	(52,423)	125,150	(32,838)
Change in Assumptions	486,761	-	304,904	-
Net difference between projected and actual earnings on pension plan investments	762,334	-	477,522	-
Adjustment due to difference in proportions	14,172,370	(14,110,872)	6,888,192	(6,249,298)
Difference in proportionate share	17,220,808	(6,513,694)	7,943,578	(3,047,665)
Total CalPERS Deferrals	<u>32,842,067</u>	<u>(20,676,989)</u>	<u>15,739,346</u>	<u>(9,329,801)</u>
<b>Total</b>	<b><u>\$ 34,809,579</u></b>	<b><u>\$ (20,676,989)</u></b>	<b><u>\$ 16,856,870</u></b>	<b><u>\$ (9,329,801)</u></b>

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

\$1,967,512 and \$1,117,524 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Net Deferred Outflows/ (inflows of Resources)	
	Safety Police Plan	Safety Fire Plan
2023	\$ 5,116,576	\$ 2,674,083
2024	4,434,554	2,334,941
2025	2,148,914	1,109,225
2026	465,034	291,296
Total	\$ 12,165,078	\$ 6,409,545

**Actuarial Methods and Assumptions**

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal 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	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Changes of Assumptions**

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

**Long-term Expected Rate of Return**

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

**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

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

<b>Asset Class (1)</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 (1, 2)</b>
Global Equiry - Cap-weighted	30.00%	4.54%
Global Equiry - Non-Cap-weighted	12.00%	3.84%
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%
<b>Total</b>	<b>100.00%</b>	

- (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**

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



**NOTE 11: CALPERS RETIREMENT PLANS (CONTINUED)**

***Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability/(asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.90 percent) or 1% point higher (7.90 percent) than the current rate:

PERS Cost Sharing Plans	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Safety police	\$ 26,853,868	\$ 4,827,529	\$ (13,174,027)
Safety Fire	13,698,815	3,023,936	(5,700,366)

***Pension Plan Fiduciary Net Position***

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

**NOTE 12: CITY RETIREMENT PLANS**

	Total Pension Liability	Pension Expense/(Income)
Supplemental Retirement Plan	\$ 43,894	\$ (4,868)
Single Highest Year Plan	108,326	(10,966)
Total	\$ 152,220	\$ (15,834)

**A. Supplemental Retirement Plan**

**General Information about the Pension Plan**

***Plan Description***

The Supplemental Retirement Plan is a single employer defined benefit pension plan that covers Police, Fire and Management/Confidential employees who retired prior to January 1995. This plan is currently dormant and does not issue a separate annual financial report.

***Benefits Provided***

The plan provides the employee the difference between the benefit provided by the California Public Employees Retirement System (PERS) calculated under the life annuity option and the PERS benefit had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The plan states, "The City shall pay each retiring officer, sergeant, lieutenant, firefighter and management employee upon retirement, a monthly amount which would make up the difference for that option of which the officer will receive from PERS under Government Code Section 21330 through 21335 and what only the officer would have received while alive had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The payment shall be made to the officer only while the officer is alive and will cease upon death. Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual's retirement allowance." The benefit is payable for the life of the employee. The benefit is subject to a 2% annual cost-of-living increase. This plan is currently dormant.

**NOTE 12: CITY RETIREMENT PLANS (CONTINUED)**

***Employees Covered***

Employees covered includes sworn law enforcement officers, fire and management/confidential employees who retired prior to January 1995. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2023, was as follows:

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

***Total Pension Liability***

The total pension liability of \$43,894 for the plan is measured as of June 30, 2023 using an annual actuarial valuation dated June 30, 2023. The City is funding the plan on a pay as you go basis.

***Actuarial Assumptions***

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

Valuation Date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method	Entry age
Pre-retirement mortality rates	2021 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.50% per year
Discount rate	3.65 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of January 1995. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

***Change of Assumptions***

In 2023, the accounting discount rate increased from 3.54 percent to 3.65 percent.

***Discount Rate***

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

***Change in Total Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2022	\$ 52,385	\$ -	\$ 52,385
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	1,667	-	1,667
Difference between Expected and Actual Experience	6,173	-	6,173
Changes of Assumptions	(2,972)	-	(2,972)
Employer Contributions as Benefit Payments	-	13,359	(13,359)
Actual Benefits Payments from Employer	(13,359)	(13,359)	-
Net Changes During 2021-22	(8,491)	-	(8,491)
Balance at: 6/30/2023	<u>\$ 43,894</u>	<u>\$ -</u>	<u>\$ 43,894</u>

**NOTE 12: CITY RETIREMENT PLANS (CONTINUED)**

***Sensitivity of the Total Pension Liability to Change in the Discount Rate***

The following presents the total pension liability of the Plan, calculated using the discount rate of 3.65%, as well as what the Employer’s total pension liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current rate:

	1% Lower (2.65%)	Current Discount Rate (3.65%)	1% Higher (4.65%)
Total pension liability	\$ 45,181	\$ 43,894	\$ 42,690

***Pension Expense***

Pension expense/(income) for fiscal year 2022-23 of (\$4,868) is equal to cash payments of \$13,359 less reduction in total pension liability of \$8,491.

**B. Single Highest Year Plan**

**General Information about the Pension Plan**

***Plan Description***

The Single Highest Year Plan is a single employer defined benefit pension plan of the City. This plan was adopted effective January 1, 1990, covering Management/Confidential Employees and Non-management/Confidential Sworn Police Employees on July 1, 1990, and is for employees who retired prior to May 1993. The plan is known as the City Funded Single Highest Year Plan. This plan is currently dormant and does not issue a separate annual financial report.

***Benefits Provided***

The plan pays a retiring employee the difference between the pension payable from PERS and what the PERS pension would be if it were based on the single highest year only. “The payment shall be made to the member only while the member is alive and will cease upon death.” Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual’s PERS retirement. Benefits vest after five years of service. Retirees must qualify for PERS retirement to qualify for the Single Highest Year Plan. The benefit is payable for the life of the employee and is subject to a 2% annual cost of living increase.

***Employees Covered***

Employees covered include sworn law enforcement officers, fire, management or confidential and miscellaneous employees who retired prior to May 1993. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2023, was as follows:

Retirees receiving benefits	
Miscellaneous	1
Safety	3
Total	<u>4</u>

***Total Pension Liability***

The total pension liability of \$108,326 for the plan is measured as of June 30, 2023 using an annual actuarial valuation dated June 30, 2023. The City is funding the plan on a pay as you go basis.

**NOTE 12: CITY RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions**

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

Valuation Date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost method:	Entry age
Pre-retirement mortality rates	2021 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.50% per year
Discount rate	3.65 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of May 1993. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

**Change of Assumptions**

In 2023, the accounting discount rate increased from 3.54 percent to 3.65 percent.

**Discount Rate**

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

**Change in Total Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets ) (c)=(a)-(b)
Balance at: June 30, 2022	\$ 118,015	\$ -	\$ 118,015
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	3,756	-	3,756
Difference between Expected and Actual Experience	13,906	-	13,906
Changes of Assumptions	(6,696)	-	(6,696)
Employer Contributions as Benefits Payments	-	20,655	(20,655)
Actual Benefit Payment from Employer	(20,655)	(20,655)	-
Net Changes During 2021-22	(9,689)	-	(9,689)
Balance at: June 30, 2023	<u>\$ 108,326</u>	<u>\$ -</u>	<u>\$ 108,326</u>

**Sensitivity of the Total Pension Liability to Change in the Discount Rate**

The following presents the total pension liability of the Plan, calculated using the discount rate of 3.65%, as well as what the Employer's total pension liability would be if it were calculated using a discount rate that is 1% lower (2.65%) or 1% higher (4.65%) than the current rate:

	1% Lower (2.65%)	Current Discount Rate (3.65%)	1% Higher (4.65%)
Total pension liability	\$ 111,503	\$ 108,326	\$ 105,355

**NOTE 12: CITY RETIREMENT PLANS (CONTINUED)**

***Pension Expense***

Pension expense/(income) for fiscal year 2022-23 of (\$10,966) is equal to cash payment of \$20,655 less reduction in total pension liability of \$9,689.

**C. Payable to the Pension Plan**

For the Supplemental Retirement Plan and the Single Highest Year Plan, the City's remaining obligation is to fund the benefits for those participants who are currently retired. The City has assigned \$58,120 of the General Fund's fund balance to pay future benefits.

**NOTE 13: POST-EMPLOYMENT BENEFITS PLAN**

***Plan Description - City of Manhattan Beach Retiree Medical Program***

The City Retiree Medical Program is a Single Employer Plan that provides a fixed stipend to qualifying retirees and a contribution to all retirees enrolled in PERS medical plan. The City of Manhattan Beach contracts with PERS to participate in the Public Employee Medical and Hospital Care Act (PEMHCA). Under this contract, both active employees and retirees are provided access to health insurance.

***Benefits Provided***

The following is a description of the current retiree benefit plan under the employee Memoranda of Understanding (MOU):

	<u>Firefighters</u>	<u>General Employees</u>	<u>Non-sworn Management</u>	<u>Police Officers</u>
Benefit types provided	Contribution of HRA	Contribution of HRA	Contribution of HRA	Contribution of HRA
Duration of benefits	To age 65	To age 65	To age 65	To age 65
Required service	20 years	15 years	15 years	20 years in law enforcement ***
Minimum age	50	50	50	50
Dependent coverage	n/a *	n/a *	n/a *	n/a *
Contribution	\$400 per month **	\$250 per month **	\$400 per month for Department Heads  \$250 per month for others	\$400 per month **

\* Contribution to HRA does not vary by dependent content

\*\* \$300 per month for firefighters retiring prior to August 1, 2008. \$300 for police hired before December 31, 2007.

\*\*\* 10 years with the City

**NOTE 13: POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

***Employees Covered***

As of the June 30, 2022 actuarial measurement date, the following current and former employees were covered by the benefit terms under the PEMHCA Plan:

Inactive employees currently receiving benefits payment	135
Participating active employees	274
Total	<u>409</u>

***Contributions***

The plan is financed via actuarially determined contributions deposited into a trust fund managed by PERS. PERS has dual independent capacities as a provider of medical plans and as a trustee. In its capacity as a trustee, PERS will be referred to as CERBT (California Employees' Retirement Benefit Trust). City payments to employees and PERS will be reimbursed by payments from CERBT. For fiscal year 2022, the City paid \$726,360 for retiree medical benefits and was reimbursed \$726,360 from CERBT.

***Net OPEB Liability***

The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	4.08% per year net of expenses
Inflation	2.5% per year
Salary Increase	2.75% per year
Healthcare Trend	4.0% per year
Mortality	2017 CalPERS mortality for active safety employees 2017 CalPERS mortality for active safety employees 2017 CalPERS active mortality for miscellaneous employees
Retirement Rates	Police: Hired 2013 and later: 2017 CalPERS 2.7%@57 Rates for Police Employees Hired 2012 and earlier: 2017 CalPERS 3.0%@50 Rates for Police Employees Firefighters: Hired 2013 and later: 2017 CalPERS 2.7%@57 Rates for Police Employees Hired 2012 and earlier: 2017 CalPERS 3.0%@55 Rates for Police Employees Miscellaneous: Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Police Employees

**NOTE 13: POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

***Expected Long-Term Rate of Return***

Asset Class Component	Percentage of Portfolio	Assumed Gross Return
All Equities	40%	7.545%
All Fixed Income	43%	4.250%
Real Estate Investment Trusts	8%	7.250%
All Commodities	4%	7.545%
Treasury Inflation Protected Securities (TIPS)	5%	3.000%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 4.08%. The rate used for the plan is the real rate of return expected for the plan assets plus the long term inflation assumption.

***Change of Assumptions***

In 2022, the accounting discount rate increased from 4.06 percent to 4.08 percent.

***Changes in the Net OPEB Liability***

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021 Measurement Date	\$ 17,850,316	\$ 12,791,362	\$ 5,058,954
Changes recognized for the measurement period:			
Service cost	680,762	-	680,762
Interest on total OPEB liability	721,654	-	721,654
Employer contributions**	-	826,360	(826,360)
Expected investment income	-	799,359	(799,359)
Administrative expenses	-	(3,243)	3,243
Actual benefit payments from trust	-	-	-
Actual benefit payments from employer	(826,360)	(826,360)	-
Expected minus actual benefit payments *	(5,588)	-	(5,588)
Experience (gains)/losses	-	-	-
Changes in assumptions	(40,688)	-	(40,688)
Investment gains/(losses)	-	(2,402,233)	2,402,233
Net changes	529,780	(1,606,117)	2,135,897
Balance at June 30, 2022 Measurement Date	\$ 18,380,096	\$ 11,185,245	\$ 7,194,851

\* Deferrable as an Experience Gain or Loss.

\*\* Includes \$463,716 implied rate subsidy.

**NOTE 13: POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Net OPEB Liability	\$ 9,316,773	\$ 7,194,851	\$ 5,421,291

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 5,097,377	\$ 7,194,851	\$ 9,807,350

***OPEB Plan Fiduciary Net Position***

CERBT issues a publicly available financial report that includes financial statements and required supplementary information available on the CalPERS website under the California Employers' Retiree Benefit Trust (CERBT) Fund.

***OPEB Expense, Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2023, the City recognized OPEB expense of \$907,511. As of June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,812	\$ (1,843,374)
Change in assumptions	7,330,525	(73,424)
Net differences between projected and actual return on assets	1,069,243	-
<b>Total</b>	<b>\$ 8,406,580</b>	<b>\$ (1,916,798)</b>



**NOTE 13: POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)**

The deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

<b>Year ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2024	\$ 1,124,121
2025	1,137,300
2026	1,116,221
2027	1,410,061
2028	929,017
Thereafter	773,062
	<u>\$ 6,489,782</u>

**NOTE 14: RETIREMENT PLAN FOR PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES**

On June 6, 1997, the City dissolved the City-administered retirement plan for part-time, seasonal and temporary employees and selected the Public Agency Retirement System (PARS) as the retirement program for this group.

The PARS plan is a defined contribution pension plan, which is administered by PARS. Benefits and funding requirements are determined by PARS' governing board. All members' earnings are subject to contribution from the employee and the employer. Historically, the contribution rate for both employee and employer has been 3.75% of payroll. In April 2011, the City exercised its option not to pick up 50% share of the required 7.50%. Consequently, for fiscal year ending June 30, 2023, 100% of contribution is derived from employee deduction.

Total payroll for employees covered by this plan for the year was \$1,455,507. The amount of employee contribution was \$108,819.

**NOTE 15: RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City adopted a self-insured workers' compensation program that is administered by City staff and a claims administrator.

The City is a member of the CSAC-Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for California 95% of counties, 68% of California cities, as well as numerous California educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities. The City pays an annual premium to the pool for its excess insurance coverage including property (earthquake, flood and all risk), workers' compensation and general liability. The City also purchased separate dedicated earthquake limits for the public safety facility and other key structures.

For workers' compensation, the City is self-insured for the first \$750,000 on each claim with excess coverage up to statutory limits. For general liability, the City is self-insured for the first \$500,000 on each claim with excess coverage up to a limit of \$25,000,000.

The City is insured for property losses with a deductible of \$10,000 for all-risk (fire and theft) and earthquake loss with a deductible of 2% or minimum \$100,000, whichever is greater.

Claims expenditures and liabilities (general and worker's compensation) are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This liability is the City's best estimate based on available information.

**NOTE 15: RISK MANAGEMENT (CONTINUED)**

Reserves for open claims have been established in accordance with an analysis performed by a third-party claims' administrator. In addition, reserves for incurred but not reported claims have been estimated based on actuarial valuation. Total reserves for both workers' compensation and general liability at June 30, 2023 are as follows:

	Estimated Claims Value at Fiscal Year End	Additional Reserves for Incurred But Not Report Claims	Total Claims Reserve
Workers' Compensation Claims	\$ 8,859,930	\$ 6,495,000	\$ 15,354,930
General Liability Claims	2,062,555	709,500	2,772,055
	<u>\$ 10,922,485</u>	<u>\$ 7,204,500</u>	<u>\$ 18,126,985</u>

The following is a summary of the changes in the claims liability over the past two fiscal years.

Fiscal Year	Beginning Balance	Increase	Decrease	Ending Balance
<b>2021-2022</b>				
Workers'comp	\$ 15,711,541	\$ 129,700	\$ 456,954	\$ 15,384,287
General liabilities	2,341,873	353,802	275,937	2,419,738
Total	<u>\$ 18,053,414</u>	<u>\$ 483,502</u>	<u>\$ 732,891</u>	<u>\$ 17,804,025</u>
<b>2022-2023</b>				
Workers'comp	\$ 15,384,287	\$ 3,611,831	\$ 3,641,188	\$ 15,354,930
General liabilities	2,419,738	4,032,623	3,680,306	2,772,055
Total	<u>\$ 17,804,025</u>	<u>\$ 7,644,454</u>	<u>\$ 7,321,494</u>	<u>\$ 18,126,985</u>

During the past three fiscal (claims) years, none of the above programs has had settlements or judgments that exceed pooled or insured coverage. There have been no significant reductions in pooled or insured coverages from coverage in the prior year.

The Excess Insurance Authority (EIA) has published its own annual comprehensive financial report for the year ended June 30, 2022, which can be obtained at the following link: <https://www.prismrisk.gov/resources/prism-documents/financial-information/annual-comprehensive-financial-report-acfr/acfr-fy-ended-6-30-21/>

**NOTE 16: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

**A. Joint Venture**

South Bay Regional Public Communications Authority

The City is a member of the South Bay Regional Public Communications Authority (SBRPCA), a joint powers authority of the cities of Manhattan Beach, Gardena and Hawthorne. SBRPCA was formed October 14, 1975, for the purpose of financing a public safety communications system for the member cities. The Governing Board is composed of an elected official of each member city. An executive committee is composed of the city managers of each member city. The City's participation percentage at June 30, 2023, was 22.7%.

**CITY OF MANHATTAN BEACH**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**NOTE 16: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

Summarized audited financial information for SBRPCA at June 30, 2022\*, is presented below:

Statement of Net Position

Assets	
Current assets	\$ 5,896,252
Noncurrent assets	7,959,624
Total Assets	<u>13,855,876</u>
Deferred Outflows of Resources	<u>3,432,657</u>
Liabilities	
Current liabilities	744,391
Noncurrent liabilities	6,843,868
Total Liabilities	<u>7,588,259</u>
Deferred Inflows of Resources	<u>5,777,598</u>
Net Position	<u>\$ 3,922,676</u>

Statement of Activities

Operating Revenues	\$ 12,429,641
Operating Expenses	<u>10,715,420</u>
Operating income before depreciation	<u>1,714,221</u>
Depreciation	<u>739,203</u>
Operating income/loss	<u>975,018</u>
Non-operating revenues (expenses):	
Interest earnings	(38,219)
Loss on disposal of assets	<u>(56,129)</u>
Non operating revenues (expenses)	<u>(94,348)</u>
Change in net position	880,670
Net Position - June 30, 2021	3,042,006
Net Position - June 30, 2022	<u>\$ 3,922,676</u>

\*Most current information available. SBRPCA has issued its own separate financial statements, which are available at 4440 W. Broadway, Hawthorne, California 90250.

**NOTE 16: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

**B. Jointly Governed Organization**

Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force

The City of Manhattan Beach is a member of Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), a joint powers authority of the police departments of cities and other institutions in Los Angeles County. The Organization was formed July 1, 1991, with the mission to promote coordinated law enforcement efforts and to address emerging criminal justice issues, mainly in the areas of drug trafficking enterprise and money laundering. The Executive Council consists of 14 police chiefs and other various police officers. All financial decisions were made by the Executive Council. The members received monetary distributions from the asset seizures based on their respective contribution to the effort.

Summarized audited financial information for L.A. IMPACT at June 30, 2022\*, is presented below:

<u>Statement of Net Position</u>	
<u>Assets</u>	
Current assets	\$ 9,176,424
Noncurrent assets	1,264,890
Total Assets	<u>10,441,314</u>
<u>Liabilities</u>	
Current liabilities	614,205
Noncurrent liabilities	64,371
Total liabilities	<u>678,576</u>
Net Position	<u>\$ 9,762,738</u>
 <u>Statement of Activities</u>	
Program Revenues	\$ 4,901,736
Expenses	<u>3,153,498</u>
Excess of Revenues Over Expenses	<u>1,748,238</u>
Non operating revenues (expenses)	
Investment earnings	224,992
Non operating revenues (expenses)	<u>224,992</u>
Change in net position	1,523,246
Net Position - June 30, 2021	8,239,492
Net Position - June 30, 2022	<u>\$ 9,762,738</u>

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

**NOTE 17: COMMITMENTS AND CONTINGENCIES**

**Contingencies**

There are certain claims and lawsuits pending against the City that seek monetary damages. Potential liabilities due to these claims are accounted for in the Insurance Reserve Fund.

**Construction Commitments**

The following material construction commitments existed as of June 30, 2023:

<u>Project Title</u>	<u>Contract Amount</u>	<u>Expenditure to date as of June 30, 2023</u>	<u>Remaining Commitments</u>
Annual Street Resurfacing	\$ 6,305,160	\$ 1,989,948	\$ 4,315,212
Peck Ground LVL Reservoir	38,413,602	35,867,436	2,546,166
Fire Station 2 Replacement	8,981,397	7,119,963	1,861,434
Pier Railings	1,903,557	145,304	1,758,253
Village Field ADA Access Design	1,354,581	431,704	922,877
Aviation W & 33rd Sidewalk	771,730	150,846	620,884
28th St Stormwater Infiltration	1,236,050	637,235	598,815
Polliwog Resurfacing & Equipment Replacement	2,030,649	1,446,250	584,399
Annual Curb Gutter & Ramp Replacement	689,475	160,529	528,946
Rowell Avenue Sidewalk Connection	673,191	231,490	441,701

**NOTE 18: FUND BALANCE**

At June 30, 2023, the governmental funds report the following fund balance classifications:

	<u>General</u>	<u>Capital Improvement</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>				
Leases receivable	\$ 379,442	\$ -	\$ -	\$ 379,442
Inventories	6,010	-	-	6,010
Prepaid costs	7,291	-	-	7,291
<b>Total nonspendable</b>	<b>392,743</b>	<b>-</b>	<b>-</b>	<b>392,743</b>
<b>Restricted</b>				
Public safety	-	-	548,830	548,830
Recreation	-	-	906,241	906,241
Public works	-	-	310,996	310,996
Capital projects	-	-	11,963,539	11,963,539
Pension benefits	1,721,763	-	-	1,721,763
Debt service	1,102,123	-	-	1,102,123
<b>Total restricted</b>	<b>2,823,886</b>	<b>-</b>	<b>13,729,606</b>	<b>16,553,492</b>
<b>Committed</b>				
Capital Projects	-	12,214,688	1,871,010	14,085,698
<b>Total committed</b>	<b>-</b>	<b>12,214,688</b>	<b>1,871,010</b>	<b>14,085,698</b>
<b>Assigned</b>				
Assigned for City retirement plans	58,120	-	-	58,120
<b>Total assigned</b>	<b>58,120</b>	<b>-</b>	<b>-</b>	<b>58,120</b>
<b>Unassigned</b>	<b>35,467,973</b>	<b>-</b>	<b>-</b>	<b>35,467,973</b>
<b>Total fund balances (deficits)</b>	<b>\$ 38,742,722</b>	<b>\$ 12,214,688</b>	<b>\$ 15,600,616</b>	<b>\$ 66,558,026</b>

**NOTE 19: NET INVESTMENTS IN CAPITAL ASSETS**

The computation of Net Investments in Capital Assets is as follows:

	Government Activities	Business-Type Activities
Total Capital Assets	\$ 134,711,619	\$ 96,318,241
Long-term debt		
Marine Avenue Park Refunding COP Series 2016	(4,075,000)	-
2013 Police & Fire Facility Refunding COP	(5,530,000)	-
2021 Fire Station No. 2 COP	(7,210,000)	-
2021 Refunding COPs	-	(5,335,000)
Lease liability	(1,095,503)	-
SBITA liability	(584,503)	(25,846)
Deferred charge on refunding	273,595	-
Bond premium/discount	(1,657,968)	(1,053,868)
	<u>\$ 114,832,240</u>	<u>\$ 89,903,527</u>

**NOTE 20: NET POSITION AND FUND BALANCES RESTATEMENT**

During fiscal year 2023, error corrections and changes in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows (amounts in thousands):

	June 30, 2022 As Previously Reported	Error Correction	Changes in Accounting Principle	June 30, 2022 As Restated
Government-wide				
Governmental activities	\$ 156,437,394	\$ 1,097,026	\$ -	\$ 157,534,420
Business-type activities	117,279,862	111,774	-	117,391,636
Total government-wide	<u>\$ 273,717,256</u>	<u>\$ 1,208,800</u>	<u>\$ -</u>	<u>\$ 274,926,056</u>
Proprietary funds				
Major funds				
Water	\$ 69,497,042	\$ 56,146	\$ -	\$ 69,553,188
Wastewater	25,766,722	29,972	-	25,796,694
Parking	14,535,314	25,656	-	14,560,970
Internal service funds	7,997,129	177,732	-	8,174,861
Total proprietary funds	<u>\$ 117,796,207</u>	<u>\$ 289,506</u>	<u>\$ -</u>	<u>\$ 118,085,713</u>
Fiduciary funds				
Custodial funds	<u>\$ 2,980,603</u>	<u>\$ -</u>	<u>\$ (2,980,603)</u>	<u>\$ -</u>

Beginning net position for business-type activities and for the Water Fund, Stormwater Fund, and Parking Fund has been restated by \$56,146, \$29,972, and \$25,656, respectively to capitalize prior year implementation costs related to the Tyler Munis ERP implementation. In addition, the beginning net position for the Fleet Management Fund has also been restated to capitalize costs relating to fiscal year 2021-22 which were incorrectly expensed in the prior fiscal year. Governmental activities beginning net position has been restated by \$1,097,026 for prior year costs related to the implementation of the Tyler Munis ERP Implementation (\$919,294) and for prior year vehicle purchased that were incorrectly expensed (\$177,732).

**NOTE 20: NET POSITION AND FUND BALANCES RESTATEMENT (CONTINUED)**

During fiscal year 2023, the custodial fund beginning net position has been restated by \$(2,980,603) to show the cash balance in the fund as payable to bondholders based on the fact that upon termination of the custodial relationship, the cash balance will be released to bondholders.

**NOTE 21: SUBSEQUENT EVENTS**

On July 18, 2023, City Council approved an amended master agreement between the Manhattan Beach United School District (MBUSD) and the City of Manhattan Beach. The agreement established an obligation for the City to pay MBUSD annually for the public use of school district fields.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CITY OF MANHATTAN BEACH**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 62,692,042	\$ 62,692,042	\$ 66,225,824	\$ 3,533,782
Licenses and permits	3,498,440	3,498,440	3,880,050	381,610
Intergovernmental	777,158	899,505	453,018	(446,487)
Charges for services	11,552,737	11,612,737	12,051,059	438,322
Use of money and property	4,176,450	4,176,450	4,846,538	670,088
Fines and forfeitures	2,207,000	2,207,000	2,612,258	405,258
Miscellaneous	2,079,880	2,159,880	1,451,967	(707,913)
<b>Total revenues</b>	<b>86,983,707</b>	<b>87,246,054</b>	<b>91,520,714</b>	<b>4,274,660</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,196,456	16,725,616	16,379,649	345,967
Public safety	44,855,834	45,695,395	44,939,777	755,618
Culture and recreation	8,443,265	8,493,472	7,656,724	836,748
Public works	10,327,607	10,964,020	8,974,132	1,989,888
Capital outlay	-	-	539,119	(539,119)
Debt service:				
Principal	3,558,389	3,558,389	4,560,850	(1,002,461)
Interest	2,075,546	2,075,546	2,093,270	(17,724)
Pass-through agreement payments	1,600	1,600	1,600	-
<b>Total expenditures</b>	<b>85,458,697</b>	<b>87,514,038</b>	<b>85,145,121</b>	<b>2,368,917</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,525,010</b>	<b>(267,984)</b>	<b>6,375,593</b>	<b>6,643,577</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	490,571	490,571
Leases issued	-	-	534,169	534,169
Transfers out	(13,134)	(13,134)	(8,475,088)	(8,461,954)
Total other financing sources (uses)	(13,134)	(13,134)	(7,450,348)	(7,437,214)
<b>Net change in fund balance</b>	<b>\$ 1,511,876</b>	<b>\$ (281,118)</b>	<b>(1,074,755)</b>	<b>\$ (793,637)</b>
Fund balance-beginning			39,817,477	
<b>Fund balance-ending</b>			<b>\$ 38,742,722</b>	

**CITY OF MANHATTAN BEACH**  
**Miscellaneous Plan**  
**Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years (1)**

Measurement Period	2014	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 1,897,933	\$ 1,906,947	\$ 2,116,750	\$ 2,582,619	\$ 2,639,954
Interest	6,036,548	6,365,282	6,725,647	6,931,655	7,282,132
Changes of Benefits Terms	-	-	-	-	-
Difference Between expected and Actual Experience	-	(1,610,461)	(125,272)	(2,203,443)	(577,483)
Changes in Assumptions	-	(450,327)	-	5,953,464	11,137
Benefit Payments, Including Refunds of employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)
<b>Net Change in Total Pension Liability</b>	<b>5,004,004</b>	<b>2,823,523</b>	<b>5,022,608</b>	<b>9,366,638</b>	<b>5,103,820</b>
<b>Total Pension Liability - Beginning</b>	<b>81,003,568</b>	<b>86,007,572</b>	<b>88,831,095</b>	<b>93,853,703</b>	<b>103,220,341</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 86,007,572</b>	<b>\$ 88,831,095</b>	<b>\$ 93,853,703</b>	<b>\$ 103,220,341</b>	<b>\$ 108,324,161</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contribution - Employer	\$ 1,512,406	\$ 1,619,438	\$ 1,856,633	\$ 2,139,788	\$ 2,257,840
Contribution - Employee	911,689	986,936	1,110,014	1,142,808	1,194,936
Net Investment Income	10,722,182	1,618,145	357,760	8,057,534	6,733,944
Benefit Payments, Including Refunds of Employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)
Net Plan to Plan Resource Movement	-	-	(388)	-	(198)
Administrative Expense	-	(82,036)	(44,409)	(106,973)	(124,333)
Other Miscellaneous Income/(Expense) (A)	-	-	-	-	(236,111)
<b>Net Change in Fiduciary Net Position</b>	<b>10,215,800</b>	<b>754,565</b>	<b>(414,907)</b>	<b>7,335,500</b>	<b>5,574,158</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>61,897,924</b>	<b>72,113,724</b>	<b>72,868,289</b>	<b>72,453,382</b>	<b>79,788,882</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 72,113,724</b>	<b>\$ 72,868,289</b>	<b>\$ 72,453,382</b>	<b>\$ 79,788,882</b>	<b>\$ 85,363,040</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 13,893,848</b>	<b>\$ 15,962,806</b>	<b>\$ 21,400,321</b>	<b>\$ 23,431,459</b>	<b>\$ 22,961,121</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>83.85%</b>	<b>82.03%</b>	<b>77.20%</b>	<b>77.30%</b>	<b>78.80%</b>
<b>Covered Payroll</b>	<b>\$ 13,348,365</b>	<b>\$ 13,348,365</b>	<b>\$ 14,974,179</b>	<b>\$ 16,051,083</b>	<b>\$ 16,557,666</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>104.09%</b>	<b>119.59%</b>	<b>142.91%</b>	<b>145.98%</b>	<b>138.67%</b>

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only nine years are shown.

**Notes to Schedule:**

(A) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Benefit Changes:

The figures above 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 is deemed to be material by the plan actuary.

Changes of Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

2019	2020	2021	2022
\$ 2,657,779	\$ 2,737,868	\$ 2,650,267	\$ 2,943,841
7,803,956	8,237,478	8,598,669	8,978,056
-	-	-	1,093,755
1,833,076	261,490	(820,321)	(1,315,243)
-	-	-	4,573,133
(4,679,793)	(4,720,240)	(5,398,971)	(6,384,471)
<b>7,615,018</b>	<b>6,516,596</b>	<b>5,029,644</b>	<b>9,889,071</b>
<b>108,324,161</b>	<b>115,939,179</b>	<b>122,455,775</b>	<b>127,485,419</b>
<b>\$ 115,939,179</b>	<b>\$ 122,455,775</b>	<b>\$ 127,485,419</b>	<b>\$ 137,374,490</b>

\$ 2,699,124	\$ 3,088,142	\$ 31,975,816	\$ 1,624,870
1,183,069	1,148,119	1,231,319	1,286,707
5,590,075	4,500,278	22,191,353	(10,719,243)
(4,679,793)	(4,720,240)	(5,398,971)	(6,384,471)
-	-	-	-
(60,918)	(127,012)	(93,884)	(89,635)
199	-	-	-
<b>4,731,756</b>	<b>3,889,287</b>	<b>49,905,633</b>	<b>(14,281,772)</b>
<b>85,363,040</b>	<b>90,094,796</b>	<b>93,984,083</b>	<b>143,889,716</b>
<b>\$ 90,094,796</b>	<b>\$ 93,984,083</b>	<b>\$ 143,889,716</b>	<b>\$ 129,607,944</b>
<b>\$ 25,844,383</b>	<b>\$ 28,471,692</b>	<b>\$ (16,404,297)</b>	<b>\$ 7,766,546</b>

77.71%	76.75%	112.87%	94.35%
\$ 16,866,425	\$ 17,472,037	\$ 17,209,527	\$ 17,388,313
153.23%	162.96%	-95.32%	44.67%

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**CITY OF MANHATTAN BEACH**  
**Miscellaneous Plan**  
**Schedule of Plan Contributions**  
**As of June 30, for the Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,512,406	\$ 1,619,438	\$ 1,856,633	\$ 2,139,788	\$ 2,257,840
Contribution in Relation to the Actuarially Determined Contribution	(1,512,406)	(1,619,438)	(1,856,633)	(2,139,788)	(2,257,840)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 12,741,228	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083	\$ 16,557,666
Contributions as a Percentage of Covered Payroll	11.87%	12.13%	12.40%	13.33%	13.64%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

**Note to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022-23 were from the June 30, 2020 public agency valuations.

Methods and assumptions used to determine contribution rates:

Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
	30 Years as of the Valuation Date with 5 year ramp up/down
Assets valuation method	Fair Value of Assets
Inflation	2.500%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses, including Inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-Retirement mortality rates include 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries.

2019	2020	2021	2022	2023
\$ 2,699,124	\$ 3,088,142	\$ 3,428,883	\$ 1,624,870	\$ 1,918,178
(2,699,124)	(3,088,142)	(31,975,816)	(1,624,870)	(1,918,178)
\$ -	\$ -	\$ (28,546,933)	\$ -	\$ -
\$ 16,866,425	\$ 17,472,037	\$ 17,209,527	\$ 17,388,313	\$ 16,748,931
16.00%	17.67%	185.80%	9.34%	11.45%

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CITY OF MANHATTAN BEACH

Safety Plan

Schedule of Proportionate Share of the Net Pension Liability/(Asset)

As of June 30, for the Last Ten Fiscal Years (1)

Measurement Date	2014	2015	2016	2017	2018
<b>Safety Plan</b>					
Proportion of the Net Pension Liability/(Asset)	0.482924%	0.816657%	0.854514%	0.738007%	0.884355%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 30,049,799	\$ 33,649,892	\$ 44,229,612	\$ 51,004,452	\$ 51,890,006
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912
Proportionate Share of the Net Pension Liability/(Asset) as Percentage of Covered Payroll	252.54%	269.00%	330.16%	378.48%	387.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.30%	78.30%	74.10%	73.30%	75.30%

**Notes to Schedule:**

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions:

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

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only nine years are shown.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
0.888476%	0.927775%	-1.011101%	0.067973%
\$ 55,463,474	\$ 61,811,652	\$ (35,484,453)	\$ 7,851,465
\$ 13,238,294	\$ 13,904,770	\$ 13,731,032	\$ 13,651,265
418.96%	444.54%	-258.43%	57.51%
73.85%	71.86%	115.64%	96.68%

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**CITY OF MANHATTAN BEACH**  
**Safety Plan**  
**Schedule of Plan Contributions**  
**As of June 30, for the Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Safety Plan</b>					
Actuarially Determined Contribution	\$ 3,200,572	\$ 3,437,160	\$ 4,000,319	\$ 4,035,127	\$ 4,413,119
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,200,572)</u>	<u>(3,437,160)</u>	<u>(4,000,319)</u>	<u>(4,035,127)</u>	<u>(4,413,119)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912
Contributions as a Percentage of Covered Payroll	26.90%	27.48%	29.86%	29.94%	32.99%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

**Note to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022-23 were from the June 30, 2020 public agency valuations.

Methods and assumptions used to determine contribution rates:

Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
	20 Years as of the Valuation Date
Assets valuation method	Market value
Inflation	2.500%
Salary Increases	2.75%
Investment rate of return	7.0% net of pension plan investment and administrative expense,
Retirement age	55 years
Mortality	Scale MP 2017



2019	2020	2021	2022	2023
\$ 5,071,642	\$ 5,997,853	\$ 6,572,770	\$ 2,798,477	\$ 3,085,036
<u>(5,071,642)</u>	<u>(5,997,853)</u>	<u>68,788,953</u>	<u>(2,798,477)</u>	<u>(3,085,036)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,361,723</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,238,294	\$ 13,904,770	\$ 13,731,032	\$ 13,651,265	\$ 14,532,619
38.31%	43.14%	-500.97%	20.50%	21.23%

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**CITY OF MANHATTAN BEACH**  
**Pension Plan - Supplemental Retirement Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**As of June 30, for the last Ten Fiscal Years (1)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total pension liability:</b>					
Interest	\$ 4,535	\$ 3,868	\$ 4,465	\$ (552)	\$ 4,837
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)
Experience losses/(gains)	(6,296)	16,651	9,609	35,649	8,685
Changes in assumptions	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>(21,879)</b>	<b>-</b>	<b>(7,654)</b>	<b>13,757</b>	<b>(8,168)</b>
Total pension liability, beginning of year	133,183	111,304	111,304	103,650	117,407
<b>Total pension liability, end of year</b>	<b>111,304</b>	<b>111,304</b>	<b>103,650</b>	<b>117,407</b>	<b>109,239</b>
<b>Plan fiduciary net position:</b>					
Net investment income	4,535	3,868	4,465	(552)	496
Contribution from employer	-	-	-	-	-
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)
<b>Net change in plan fiduciary net position</b>	<b>(15,583)</b>	<b>(16,651)</b>	<b>(17,263)</b>	<b>(21,892)</b>	<b>(21,194)</b>
Total fiduciary net position, beginning of year	118,255	102,672	86,021	68,758	46,866
Restatement	-	-	-	-	-
<b>Total fiduciary net position, end of year</b>	<b>102,672</b>	<b>86,021</b>	<b>68,758</b>	<b>46,866</b>	<b>25,672</b>
<b>Total pension liability, end of fiscal year</b>	<b>\$ 8,632</b>	<b>\$ 25,283</b>	<b>\$ 34,892</b>	<b>\$ 70,541</b>	<b>\$ 83,567</b>
Plan fiduciary net position as a percentage of the total pension liability	92.24%	77.28%	66.34%	39.92%	23.50%
The Supplement Retirement Plan is dormant.					
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

The fiduciary net position has been restated since the assets held were not in a trust fund as defined by GASB Statement No. 68, but were pulled with the City's cash and investments.

Changes of Assumptions:

In fiscal year 2022-23, the discount rate was changed from 3.54% to 3.65%.

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 4,045	\$ 4,057	\$ 1,787	\$ 1,143	\$ 1,667
(22,125)	(22,327)	(14,382)	(12,889)	(13,359)
18,576	6,826	(34,482)	(2,564)	6,173
2,027	5,916	62	7,476	(2,972)
<b>2,523</b>	<b>(5,528)</b>	<b>(47,015)</b>	<b>(6,834)</b>	<b>(8,491)</b>
109,239	111,762	106,234	59,219	52,385
<b>111,762</b>	<b>106,234</b>	<b>59,219</b>	<b>52,385</b>	<b>43,894</b>
1,024	-	-	-	-
27,773	22,327	14,382	12,889	13,359
(22,125)	(22,327)	(14,382)	(12,889)	(13,359)
<b>6,672</b>	-	-	-	-
25,672	32,344	-	-	-
	(32,344)	-	-	-
<b>32,344</b>	-	-	-	-
<b>\$ 79,418</b>	<b>\$ 106,234</b>	<b>\$ 59,219</b>	<b>\$ 52,385</b>	<b>\$ 43,894</b>
28.94%	0.00%	0.00%	0.00%	0.00%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

**CITY OF MANHATTAN BEACH**  
**Pension Plan - Supplemental Retirement Plan**  
**Schedule of Employer Contributions**  
**As of June 30, for the Last Ten Fiscal Years (1)**

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Employer contributions:</b>					
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-
<b>Deficiency/(Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Supplement Retirement Plan is dormant.

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

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	(12,889)	(13,359)
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,889</b>	<b>\$ 13,359</b>

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

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**CITY OF MANHATTAN BEACH**  
**Pension Plan - Supplemental Retirement Plan**  
**Schedule of Investment Returns**  
**As of June 30, for the Last Ten Fiscal Years (1)**

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Annual money-weighted rate of return, net of investment expense</b>	4.40%	4.40%	3.60%	3.49%	4.12%

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
3.50%	2.20%	2.16%	3.54%	3.65%

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**CITY OF MANHATTAN BEACH**  
**Pension Plan - Single Highest Year Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years (1)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total pension liability:</b>					
Interest	\$ 12,194	\$ 9,588	\$13,610	\$ (1,639)	\$ 13,871
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)
Experience losses/(gains)	(20,492)	41,284	19,167	94,614	(12,652)
Changes in assumptions	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>(58,191)</b>	<b>-</b>	<b>(18,821)</b>	<b>40,047</b>	<b>(52,586)</b>
Total pension liability, beginning of year	373,634	315,443	315,443	296,622	336,669
<b>Total pension liability, end of year</b>	<b>315,443</b>	<b>315,443</b>	<b>296,622</b>	<b>336,669</b>	<b>284,083</b>
<b>Plan fiduciary net position:</b>					
Contribution from employer	-	-	-	-	-
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)
<b>Net change in plan fiduciary net position</b>	<b>(37,699)</b>	<b>(41,284)</b>	<b>(37,988)</b>	<b>(54,567)</b>	<b>(52,189)</b>
Total fiduciary net position, beginning of year	315,899	278,200	236,916	198,928	144,361
Restatement	-	-	-	-	-
<b>Total fiduciary net position, end of year</b>	<b>278,200</b>	<b>236,916</b>	<b>198,928</b>	<b>144,361</b>	<b>92,172</b>
<b>Total pension liability, end of fiscal year</b>	<b>\$ 37,243</b>	<b>\$ 78,527</b>	<b>\$97,694</b>	<b>\$192,308</b>	<b>\$191,911</b>

Plan fiduciary net position as a percentage of the total pension liability 88.19% 75.11% 67.06% 42.88% 32.45%

The Single Highest Year Plan is dormant.

Covered payroll N/A N/A N/A N/A N/A

Net pension liability as a percentage of covered payroll N/A N/A N/A N/A N/A

The fiduciary net position has been restated since the assets held were not in a trust fund as defined by GASB Statement No. 68, but were pulled with the City's cash and investments.

Changes of Assumptions:

In fiscal year 2022-23, the discount rate was changed from 3.54% to 3.65%.

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.



<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 10,663	\$ 8,785	\$ 5,975	\$ 2,421	\$ 3,756
(50,694)	(51,473)	(25,050)	(20,304)	(20,655)
41,951	17,838	(138,309)	15,842	13,906
6,053	15,460	207	(5,433)	(6,696)
<b>7,973</b>	<b>(9,390)</b>	<b>(157,177)</b>	<b>(7,474)</b>	<b>(9,689)</b>
284,083	292,056	282,666	125,489	118,015
<b>292,056</b>	<b>282,666</b>	<b>125,489</b>	<b>118,015</b>	<b>108,326</b>
72,227	51,473	25,050	20,304	20,655
(50,694)	(51,473)	(25,050)	(20,304)	(20,655)
<b>26,222</b>	-	-	-	-
92,172	118,394	-	-	-
-	(118,394)	-	-	-
<b>118,394</b>	-	-	-	-
<b>\$173,662</b>	<b>\$282,666</b>	<b>\$ 125,489</b>	<b>\$ 118,015</b>	<b>\$ 108,326</b>
40.54%	0.00%	0.00%	0.00%	0.00%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

**CITY OF MANHATTAN BEACH**  
**Pension Plan - Single Highest Year Plan**  
**Schedule of Employer Contributions**  
**As of June 30, for the Last Ten Fiscal Years (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Employer contributions:</b>					
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-
<b>Deficiency/(Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Single Highest Year Plan is dormant.

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

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	(20,304)	(20,655)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,304</u>	<u>\$ 20,655</u>

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

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**CITY OF MANHATTAN BEACH**  
**Pension Plan - Single Highest Year Plan**  
**Schedule of Investment Returns**  
**As of June 30, for the Last Ten Fiscal Years (1)**

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Annual money-weighted rate of return, net of investment expense</b>	4.40%	4.40%	3.60%	3.49%	4.12%

(1) Historical information is required only for measurement for which GASB 67 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only ten years are shown.

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
3.50%	2.20%	2.16%	3.54%	3.65%

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**CITY OF MANHATTAN BEACH**  
**Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios**  
**As of June 30, for the Last Ten Fiscal Years (1)**

Measurement Date	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 153,484	\$ 157,705	\$ 162,042
Interest on the total OPEB liability	373,003	389,029	405,961
Expected minus actual benefit payments	-	-	14,816
Experience gains/(losses)	-	-	(217,943)
Changes in assumptions	-	-	11,785,934
Benefit payments	(292,220)	(276,109)	(315,517)
Net change in total OPEB liability	234,267	270,625	11,835,293
Total OPEB liability - beginning	5,809,993	6,044,260	6,314,885
<b>Total OPEB liability - ending (a)</b>	<b>6,044,260</b>	<b>6,314,885</b>	<b>18,150,178</b>
<b>Plan Fiduciary Net Position</b>			
Employer contributions	-	-	-
Expected investment income	-	-	-
Net investment income	696,310	637,587	658,010
Investment gains/(loss)	-	(17,259)	65,900
Benefit payments	(292,220)	(276,109)	(315,517)
Administrative expense	(5,052)	(18,413)	(2,217)
Net change in plan fiduciary net position	399,038	325,806	406,176
Plan fiduciary net position - beginning	9,557,249	9,956,287	10,282,093
<b>Plan fiduciary net position - ending (b)</b>	<b>9,956,287</b>	<b>10,282,093</b>	<b>10,688,269</b>
<b>Net OPEB Liability/(Asset) - ending (a) - (b)</b>	<b>\$ (3,912,027)</b>	<b>\$ (3,967,208)</b>	<b>\$ 7,461,909</b>
Plan fiduciary net position as a percentage of the total OPEB liability	164.7%	162.8%	58.9%
Covered employee payroll	\$ 27,942,810	\$ 28,350,135	\$ 28,955,206
Net OPEB liability/(asset) as a percentage of covered employee payroll	-14.00%	-13.99%	25.77%

**Notes to Schedule:**

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Measurement year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 860,600	\$ 912,539	\$ 680,762
726,498	741,118	721,654
-	8,110	(5,588)
(67,563)	(2,139,728)	-
301,994	(47,483)	(40,688)
(768,497)	(827,450)	(826,360)
1,053,032	(1,352,894)	529,780
18,150,178	19,203,210	17,850,316
<b>19,203,210</b>	<b>17,850,316</b>	<b>18,380,096</b>
458,552	500,355	826,360
-	701,127	799,359
579,074	1,469,219	-
-	-	(2,402,230)
(768,497)	(827,450)	(826,360)
(5,285)	(4,002)	(3,246)
263,844	1,839,249	(1,606,117)
10,688,269	10,952,113	12,791,362
<b>10,952,113</b>	<b>12,791,362</b>	<b>11,185,245</b>
<b>\$ 8,251,097</b>	<b>\$ 5,058,954</b>	<b>\$ 7,194,851</b>
57.0%	71.7%	60.9%
\$ 30,039,928	\$ 31,108,248	\$ 31,281,530
27.47%	16.26%	23.00%

**CITY OF MANHATTAN BEACH**  
**Schedule of Plan Contributions**  
**As of June 30, for the Last Ten Fiscal Years (1)**

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

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2023 were from the December 31, 2021 actuarial valuation.

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	4.08% per year net of expenses
Inflation	2.50% per year
Salary Increase	2.75% per year
Healthcare Trend	4.0% per year
Mortality	Police - 2017 CalPERS Mortality for Safety Employees Fire Fighters - 2017 CalPERS Mortality for Safety Employees Miscellaneous - 2017 CalPERS Mortality for Miscellaneous Employees
Retirement Rates	Police Management: Hired 2013 and later: 2017 CalPERS 2.7%@57 Rates for Police Employees Hired 2012 and earlier: 2017 CalPERS 3.0%@50 Rates for Police Police Officers: Hired 2013 and later: 2017 CalPERS 2.7%@57 Rates for Police Employees Hired 2012 and earlier: 2017 CalPERS 3.0%@50 Rates for Police Employees Firefighters: Hired 2013 and later: 2017 CalPERS 2.7%@57 Rates for Fire Employees Hired 2012 and earlier: 2017 CalPERS 3.0%@55 Rates for Fire Employees General Employees and Management: Hired 2012 and earlier: 2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.



2021	2022	2023
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 31,108,248	\$ 31,281,530	\$ 33,042,483
0.00%	0.00%	0.00%

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**NOTE 1: BUDGETARY COMPARISON INFORMATION**

**A. General Budget Policies**

The operating budget serves as the annual financial plan for the City and serves as the policy document of the City Council for implementing Council goals and objectives. The budget provides the staff the resources necessary to accomplish City Council determined service levels.

The City Manager annually will prepare and present a proposed operating budget to the City Council no later than the second regular Council meeting in May of each year; and Council will adopt said budget no later than June 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council.

The City’s annual budget will be presented by department, with a logical breakdown of programs and proposed expenses. The budget document will also summarize expenditures at the personnel, operating and maintenance, and capital levels.

Where practical, the City’s annual budget will include measures of workload, efficiency, and effectiveness.

**B. Budgetary Control and Accountability**

Budget control is maintained at the departmental level. The City Manager has the authority to approve appropriation transfers between programs or departments. In no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Amendments to the budget are approved by the City Council with the exception of the appropriation and transfer of funds from employee leave reserves to a specific department’s program budget to cover unplanned customary termination leave expenditures within a given year. Such amendments may be approved by the City Manager.

Budget accountability rests primarily with the operating departments of the City.

**C. Basis of Budgeting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device.

**D: Excess of Expenditures over Appropriations**

Excess expenditures over appropriations were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Gas Tax			
Public works	\$ 69,789	\$ 60,138	\$ 9,651
Proposition C			
Public works	116,501	60,138	56,363
Measure R			
Public works	94,735	60,138	34,597
Measure M			
Public works	74,922	60,138	14,784
Capital Improvement			
Public works	259,419	240,550	18,869

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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## CITY OF MANHATTAN BEACH

JUNE 30, 2023

### NONMAJOR FUNDS

#### Special Revenue Fund Description

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law to expenditures for specified purposes.

**Street Lighting and Landscape Fund** provides the power, maintenance and capital improvements for the lighting system within the City of Manhattan Beach. Money is received from a special assessment placed on each tax bill in the City, the amount of which is determined by the benefit received by the owner of each property.

**Gas Tax Fund** is used to account for the City's share of the state and county gasoline tax collection in accordance with the provisions of the State of California Streets and Highway Code. Revenues are disbursed by the state based on population and must be used toward the maintenance and repair of City streets that serve as state and county thoroughfares.

**Asset Forfeiture Fund** is used to account for funds received through federal and state agencies for drug seizures in which the City participated. These funds must be used to supplement, not supplant, the Police Department's normal operating budget. The amount of revenue will vary from year to year based on activity levels.

**Public Safety Grants Fund** is used for monies received from the federal and state governments for the purposes of supplementing front-line law enforcement services.

**Proposition A Fund** is used to account for proceeds from the half-cent sales taxes generated by the approval of Proposition A by Los Angeles County voters. These funds, which are administered by the Los Angeles County Metropolitan Transportation Authority (MTA), are distributed based on population and must be used for transportation-related projects.

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

**AB 2766 Fund** is used to account for proceeds received from the additional vehicle registration fee imposed by the state and regulated by the Air Quality Management District (AQMD). These funds are distributed based on population and must be used for programs designed to reduce air pollution from motor vehicles.

**Measure R Fund** is a half cent sales tax approved by Los Angeles voters to be used for new and existing transportation projects, including local bus operations and local city sponsored transportation improvements. Local cities are allocated 15% of collections on a per capita basis. The City of Manhattan Beach began receiving Measure R funds in fiscal 2010-2011, and established a separate fund to capture revenues and expenditures. Eligible expenditures are streets and signals, bikeways, pedestrian improvements, and transit service improvements.

**Measure M Fund** is a half-cent sales tax approved by Los Angeles County voters to ease traffic congestion; expand rail and rapid transit system; repave local streets, repair potholes, and synchronize signals; make public transportation more accessible for seniors, students, and the disabled; and earthquake-retrofit bridges. The City of Manhattan Beach began receiving Measure M funds in fiscal 2018 and established a separate fund to capture revenue and expenditures.

**Measure W Fund** is a voter approved parcel tax intended to fund projects, infrastructure, and program to capture, treat, and recycle storm water. The City began receiving Measure W funds in the fiscal year 2020-2022 and established a separate fund to capture revenues and expenditures.

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2023**

**NONMAJOR FUNDS**

**Capital Project Fund Description**

Capital Projects Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds.

**Bond Construction Fund** accounts for financial resources segregated for the acquisition or construction of major capital projects financed through the issuance of bonds.

**Underground Assessment District Fund** accounts for the financial resources used for underground utility assessment district (UUAD) projects. UUASs are initiated and formed by property owners who are interested in paying for the undergrounding of the overhead utility in their neighborhood.

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CITY OF MANHATTAN BEACH  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	<b>Special Revenue Funds</b>			
	<b>Street Lighting and Landscape</b>	<b>Gas Tax</b>	<b>Asset Forfeiture</b>	<b>Public Safety Grants</b>
<b>ASSETS</b>				
Cash and investments	\$ 143,012	\$ 3,527,935	\$ 152,124	\$ 474,579
Receivables (net of allowance for uncollectible):				
Accounts	9,187	-	-	-
Due from other governments	-	195,799	-	-
Grants	-	-	-	-
<b>Total assets</b>	<b>\$ 152,199</b>	<b>\$ 3,723,734</b>	<b>\$ 152,124</b>	<b>\$ 474,579</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 79,239	\$ 318,051	\$ -	\$ 77,873
Accrued liabilities	-	56,346	-	-
Deposits payable	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>79,239</b>	<b>374,397</b>	<b>-</b>	<b>77,873</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	32,314	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>32,314</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	72,960	3,317,023	152,124	396,706
Committed	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>72,960</b>	<b>3,317,023</b>	<b>152,124</b>	<b>396,706</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 152,199</b>	<b>\$ 3,723,734</b>	<b>\$ 152,124</b>	<b>\$ 474,579</b>

CITY OF MANHATTAN BEACH  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	<b>Special Revenue Funds</b>			
	<b>Proposition A</b>	<b>Proposition C</b>	<b>AB 2766</b>	<b>Measure R</b>
<b>ASSETS</b>				
Cash and investments	\$ 909,705	\$ 2,265,295	\$ 226,396	\$ 1,660,102
Receivables (net of allowance for uncollectible):				
Accounts	222	-	-	-
Due from other governments	-	1,462,652	11,640	-
Grants	-	486,679	-	900,660
<b>Total assets</b>	<b>\$ 909,927</b>	<b>\$ 4,214,626</b>	<b>\$ 238,036</b>	<b>\$ 2,560,762</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,686	\$ 155,865	\$ -	\$ 315,501
Accrued liabilities	-	4,618	-	-
Deposits payable	-	-	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>3,686</b>	<b>160,483</b>	<b>-</b>	<b>315,501</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	1,462,652	-	900,660
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>1,462,652</b>	<b>-</b>	<b>900,660</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	906,241	2,591,491	238,036	1,344,601
Committed	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>906,241</b>	<b>2,591,491</b>	<b>238,036</b>	<b>1,344,601</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 909,927</b>	<b>\$ 4,214,626</b>	<b>\$ 238,036</b>	<b>\$ 2,560,762</b>

CITY OF MANHATTAN BEACH  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	Special Revenue Funds		Capital Projects Funds	
	Measure M	Measure W	Bond Construction	Underground Assessment District
<b>ASSETS</b>				
Cash and investments	\$ 2,011,260	\$ 1,842,581	\$ 2,417,424	\$ 2,175,137
Receivables (net of allowance for uncollectible):				
Accounts	-	-	-	-
Due from other governments	247,015	-	-	-
Grants	-	-	-	-
<b>Total assets</b>	<b>\$ 2,258,275</b>	<b>\$ 1,842,581</b>	<b>\$ 2,417,424</b>	<b>\$ 2,175,137</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 181,913	\$ 103,689	\$ 234,788	\$ 300
Accrued liabilities	7,011	-	311,626	150,357
Deposits payable	-	-	-	1,741
Unearned revenues	-	873,543	-	-
<b>Total liabilities</b>	<b>188,924</b>	<b>977,232</b>	<b>546,414</b>	<b>152,398</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	247,015	-	-	-
<b>Total deferred inflows of resources</b>	<b>247,015</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	1,822,336	865,349	-	2,022,739
Committed	-	-	1,871,010	-
<b>Total fund balances (deficits)</b>	<b>1,822,336</b>	<b>865,349</b>	<b>1,871,010</b>	<b>2,022,739</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,258,275</b>	<b>\$ 1,842,581</b>	<b>\$ 2,417,424</b>	<b>\$ 2,175,137</b>



CITY OF MANHATTAN BEACH  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>	
Cash and investments	\$ 17,805,550
Receivables (net of allowance for uncollectible):	
Accounts	9,409
Due from other governments	1,917,106
Grants	1,387,339
<b>Total assets</b>	<b>\$ 21,119,404</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,470,905
Accrued liabilities	529,958
Deposits payable	1,741
Unearned revenues	873,543
<b>Total liabilities</b>	<b>2,876,147</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues	2,642,641
<b>Total deferred inflows of resources</b>	<b>2,642,641</b>
<b>FUND BALANCES (DEFICITS)</b>	
Restricted	13,729,606
Committed	1,871,010
<b>Total fund balances (deficits)</b>	<b>15,600,616</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 21,119,404</b>

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**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Special Revenue Funds</b>			
	<b>Street Lighting and Landscape</b>	<b>Gas Tax</b>	<b>Asset Forfeiture</b>	<b>Public Safety Grants</b>
<b>REVENUES</b>				
Taxes	\$ 377,889	\$ -	\$ -	\$ -
Intergovernmental	-	1,724,923	36,057	165,271
Charges for services	-	-	-	-
Use of money and property	684	(18,403)	303	(387)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>378,573</b>	<b>1,706,520</b>	<b>36,360</b>	<b>164,884</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	32,498	169,364
Culture and recreation	-	-	-	-
Public works	556,001	69,789	-	-
Capital outlay	-	947,028	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>556,001</b>	<b>1,016,817</b>	<b>32,498</b>	<b>169,364</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(177,428)</b>	<b>689,703</b>	<b>3,862</b>	<b>(4,480)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	149,024	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>149,024</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(28,404)</b>	<b>689,703</b>	<b>3,862</b>	<b>(4,480)</b>
Fund balances (deficit)-beginning	101,364	2,627,320	148,262	401,186
<b>Fund balances (deficit)-ending</b>	<b>\$ 72,960</b>	<b>\$ 3,317,023</b>	<b>\$ 152,124</b>	<b>\$ 396,706</b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>Special Revenue Funds</b>			
	<b>Proposition A</b>	<b>Proposition C</b>	<b>AB 2766</b>	<b>Measure R</b>
<b>REVENUES</b>				
Taxes	\$ 921,489	\$ 764,349	\$ -	\$ 573,096
Intergovernmental	-	2,368,814	57,603	91,143
Charges for services	3,040	-	-	-
Use of money and property	(5,233)	(47,387)	(831)	1,342
Miscellaneous	11	-	-	3,329
<b>Total revenues</b>	<b>919,307</b>	<b>3,085,776</b>	<b>56,772</b>	<b>668,910</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Culture and recreation	670,111	-	-	-
Public works	-	116,501	617	94,735
Capital outlay	-	1,831,324	-	1,251,084
Debt service:				
Principal	20,283	-	-	-
Interest and fiscal charges	11,199	-	-	-
<b>Total expenditures</b>	<b>701,593</b>	<b>1,947,825</b>	<b>617</b>	<b>1,345,819</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>217,714</b>	<b>1,137,951</b>	<b>56,155</b>	<b>(676,909)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>217,714</b>	<b>1,137,951</b>	<b>56,155</b>	<b>(676,909)</b>
Fund balances (deficit)-beginning	688,527	1,453,540	181,881	2,021,510
<b>Fund balances (deficit)-ending</b>	<b>\$ 906,241</b>	<b>\$ 2,591,491</b>	<b>\$ 238,036</b>	<b>\$ 1,344,601</b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds		Capital Projects Funds	
	Measure M	Measure W	Bond Construction	Underground Assessment District
<b>REVENUES</b>				
Taxes	\$ 648,295	\$ 409,629	\$ -	\$ -
Intergovernmental	106,437	529,972	-	-
Charges for services	-	-	-	-
Use of money and property	(15,587)	(29,019)	65,528	30,573
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>739,145</b>	<b>910,582</b>	<b>65,528</b>	<b>30,573</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	74,922	55,113	-	130,137
Capital outlay	443,717	515,306	4,523,278	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>518,639</b>	<b>570,419</b>	<b>4,523,278</b>	<b>130,137</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>220,506</b>	<b>340,163</b>	<b>(4,457,750)</b>	<b>(99,564)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(23,203)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(23,203)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>220,506</b>	<b>340,163</b>	<b>(4,480,953)</b>	<b>(99,564)</b>
Fund balances (deficit)-beginning	1,601,830	525,186	6,351,963	2,122,303
<b>Fund balances (deficit)-ending</b>	<b>\$ 1,822,336</b>	<b>\$ 865,349</b>	<b>\$ 1,871,010</b>	<b>\$ 2,022,739</b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2023**

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	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>	
Taxes	\$ 3,694,747
Intergovernmental	5,080,220
Charges for services	3,040
Use of money and property	(18,417)
Miscellaneous	3,340
<b>Total revenues</b>	<b><u>8,762,930</u></b>
<b>EXPENDITURES</b>	
Current:	
Public safety	201,862
Culture and recreation	670,111
Public works	1,097,815
Capital outlay	9,511,737
Debt service:	
Principal	20,283
Interest and fiscal charges	11,199
<b>Total expenditures</b>	<b><u>11,513,007</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>(2,750,077)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	149,024
Transfers out	(23,203)
<b>Total other financing sources (uses)</b>	<b><u>125,821</u></b>
<b>Net change in fund balances</b>	<b>(2,624,256)</b>
Fund balances (deficit)-beginning	<u>18,224,872</u>
<b>Fund balances (deficit)-ending</b>	<b><u>\$ 15,600,616</u></b>

CITY OF MANHATTAN BEACH  
Street Lighting and Landscape  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 377,688	\$ 377,688	\$ 377,889	\$ 201
Use of money and property	-	-	684	684
<b>Total revenues</b>	<b>377,688</b>	<b>377,688</b>	<b>378,573</b>	<b>885</b>
<b>EXPENDITURES</b>				
Current:				
Public works	612,022	719,511	556,001	163,510
<b>Total expenditures</b>	<b>612,022</b>	<b>719,511</b>	<b>556,001</b>	<b>163,510</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(234,334)</b>	<b>(341,823)</b>	<b>(177,428)</b>	<b>164,395</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,134	13,134	149,024	135,890
<b>Total other financing sources (uses)</b>	<b>13,134</b>	<b>13,134</b>	<b>149,024</b>	<b>135,890</b>
<b>Net change in fund balance</b>	<b>\$ (221,200)</b>	<b>\$ (328,689)</b>	<b>(28,404)</b>	<b>\$ 300,285</b>
Fund balance-beginning			101,364	
<b>Fund balance-ending</b>			<b>\$ 72,960</b>	

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CITY OF MANHATTAN BEACH  
 Gas Tax  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,776,763	\$ 2,026,850	\$ 1,724,923	\$ (301,927)
Use of money and property	22,000	22,000	(18,403)	(40,403)
<b>Total revenues</b>	<b>1,798,763</b>	<b>2,048,850</b>	<b>1,706,520</b>	<b>(342,330)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	60,138	60,138	69,789	(9,651)
Capital outlay	1,515,000	3,689,197	947,028	2,742,169
<b>Total expenditures</b>	<b>1,575,138</b>	<b>3,749,335</b>	<b>1,016,817</b>	<b>2,732,518</b>
<b>Net change in fund balance</b>	<b>\$ 223,625</b>	<b>\$ (1,700,485)</b>	<b>689,703</b>	<b>\$ 2,390,188</b>
Fund balance-beginning			2,627,320	
<b>Fund balance-ending</b>			<b>\$ 3,317,023</b>	

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CITY OF MANHATTAN BEACH  
 Asset Forfeiture  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

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	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 36,057	\$ (3,943)
Use of money and property	1,800	1,800	303	(1,497)
<b>Total revenues</b>	<b>41,800</b>	<b>41,800</b>	<b>36,360</b>	<b>(5,440)</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	107,750	107,750	32,498	75,252
<b>Total expenditures</b>	<b>107,750</b>	<b>107,750</b>	<b>32,498</b>	<b>75,252</b>
<b>Net change in fund balance</b>	<b>\$ (65,950)</b>	<b>\$ (65,950)</b>	<b>3,862</b>	<b>\$ 69,812</b>
Fund balance-beginning			148,262	
<b>Fund balance-ending</b>			<b>\$ 152,124</b>	

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CITY OF MANHATTAN BEACH  
Public Safety Grants  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 155,000	\$ 155,000	\$ 165,271	\$ 10,271
Use of money and property	4,000	4,000	(387)	(4,387)
<b>Total revenues</b>	<b>159,000</b>	<b>159,000</b>	<b>164,884</b>	<b>5,884</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	155,000	204,000	169,364	34,636
<b>Total expenditures</b>	<b>155,000</b>	<b>204,000</b>	<b>169,364</b>	<b>34,636</b>
<b>Net change in fund balance</b>	<b>\$ 4,000</b>	<b>\$ (45,000)</b>	<b>(4,480)</b>	<b>\$ 40,520</b>
Fund balance-beginning			401,186	
<b>Fund balance-ending</b>			<b>\$ 396,706</b>	

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CITY OF MANHATTAN BEACH  
Proposition A  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 855,303	\$ 855,303	\$ 921,489	\$ 66,186
Charges for services	7,200	7,200	3,040	(4,160)
Use of money and property	3,000	3,000	(5,233)	(8,233)
Miscellaneous	17,500	17,500	11	(17,489)
<b>Total revenues</b>	<b>883,003</b>	<b>883,003</b>	<b>919,307</b>	<b>36,304</b>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	743,125	745,535	670,111	75,424
Debt service:				
Principal	23,458	23,458	20,283	3,175
Interest and fiscal charges	14,063	14,063	11,199	2,864
<b>Total expenditures</b>	<b>780,646</b>	<b>783,056</b>	<b>701,593</b>	<b>81,463</b>
<b>Net change in fund balance</b>	<b>\$ 102,357</b>	<b>\$ 99,947</b>	<b>217,714</b>	<b>\$ 117,767</b>
Fund balance-beginning			688,527	
<b>Fund balance-ending</b>			<b>\$ 906,241</b>	

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CITY OF MANHATTAN BEACH  
Proposition C  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 709,451	\$ 709,451	\$ 764,349	\$ 54,898
Intergovernmental	-	9,969,502	2,368,814	(7,600,688)
Use of money and property	3,000	3,000	(47,387)	(50,387)
<b>Total revenues</b>	<b>712,451</b>	<b>10,681,953</b>	<b>3,085,776</b>	<b>(7,596,177)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	60,138	60,138	116,501	(56,363)
Capital outlay	1,200,000	10,774,508	1,831,324	8,943,184
<b>Total expenditures</b>	<b>1,260,138</b>	<b>10,834,646</b>	<b>1,947,825</b>	<b>8,886,821</b>
<b>Net change in fund balance</b>	<b>\$ (547,687)</b>	<b>\$ (152,693)</b>	<b>1,137,951</b>	<b>\$ 1,290,644</b>
Fund balance-beginning			1,453,540	
<b>Fund balance-ending</b>			<b>\$ 2,591,491</b>	

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CITY OF MANHATTAN BEACH  
 AB 2766  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 46,000	\$ 46,000	\$ 57,603	\$ 11,603
Use of money and property	1,500	1,500	(831)	(2,331)
<b>Total revenues</b>	<b>47,500</b>	<b>47,500</b>	<b>56,772</b>	<b>9,272</b>
<b>EXPENDITURES</b>				
Current:				
Public works	673	673	617	56
<b>Total expenditures</b>	<b>673</b>	<b>673</b>	<b>617</b>	<b>56</b>
<b>Net change in fund balance</b>	<b>\$ 46,827</b>	<b>\$ 46,827</b>	<b>56,155</b>	<b>\$ 9,328</b>
Fund balance-beginning			181,881	
<b>Fund balance-ending</b>			<b>\$ 238,036</b>	

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CITY OF MANHATTAN BEACH  
Measure R  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 532,088	\$ 532,088	\$ 573,096	\$ 41,008
Intergovernmental	-	1,380,000	91,143	(1,288,857)
Use of money and property	15,000	15,000	1,342	(13,658)
Miscellaneous	-	-	3,329	3,329
<b>Total revenues</b>	<b>547,088</b>	<b>1,927,088</b>	<b>668,910</b>	<b>(1,258,178)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	60,138	60,138	94,735	(34,597)
Capital outlay	700,000	2,535,848	1,251,084	1,284,764
<b>Total expenditures</b>	<b>760,138</b>	<b>2,595,986</b>	<b>1,345,819</b>	<b>1,250,167</b>
<b>Net change in fund balance</b>	<b>\$ (213,050)</b>	<b>\$ (668,898)</b>	<b>(676,909)</b>	<b>\$ (8,011)</b>
Fund balance-beginning			2,021,510	
<b>Fund balance-ending</b>			<b>\$ 1,344,601</b>	

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CITY OF MANHATTAN BEACH  
Measure M  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 603,033	\$ 603,033	\$ 648,295	\$ 45,262
Intergovernmental	5,310,000	10,983,345	106,437	(10,876,908)
Use of money and property	8,000	8,000	(15,587)	(23,587)
<b>Total revenues</b>	<b>5,921,033</b>	<b>11,594,378</b>	<b>739,145</b>	<b>(10,855,233)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	60,138	60,138	74,922	(14,784)
Capital outlay	5,810,000	12,813,334	443,717	12,369,617
<b>Total expenditures</b>	<b>5,870,138</b>	<b>12,873,472</b>	<b>518,639</b>	<b>12,354,833</b>
<b>Net change in fund balance</b>	<b>\$ 50,895</b>	<b>\$ (1,279,094)</b>	<b>220,506</b>	<b>\$ 1,499,600</b>
Fund balance-beginning			1,601,830	
<b>Fund balance-ending</b>			<b>\$ 1,822,336</b>	

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CITY OF MANHATTAN BEACH  
 Measure W  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 410,000	\$ 410,000	\$ 409,629	\$ (371)
Intergovernmental	1,200,000	2,603,515	529,972	(2,073,543)
Use of money and property	1,500	1,500	(29,019)	(30,519)
<b>Total revenues</b>	<b>1,611,500</b>	<b>3,015,015</b>	<b>910,582</b>	<b>(2,104,433)</b>
<b>EXPENDITURES</b>				
Current:				
Public works	-	-	55,113	(55,113)
Capital outlay	1,200,000	2,603,515	515,306	2,088,209
<b>Total expenditures</b>	<b>1,200,000</b>	<b>2,603,515</b>	<b>570,419</b>	<b>2,033,096</b>
<b>Net change in fund balance</b>	<b>\$ 411,500</b>	<b>\$ 411,500</b>	<b>340,163</b>	<b>\$ (71,337)</b>
Fund balance-beginning			525,186	
<b>Fund balance-ending</b>			<b>\$ 865,349</b>	

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**CITY OF MANHATTAN BEACH**  
**Capital Improvement**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 765,000	\$ 765,000	\$ 895,413	\$ 130,413
Licenses and permits	25,438	25,438	35,624	10,186
Intergovernmental	100,000	1,192,846	97,601	(1,095,245)
Charges for services	625,000	625,000	549,704	(75,296)
Use of money and property	-	-	1,920	1,920
Fines and forfeitures	90,000	90,000	97,904	7,904
Contributions	-	-	2,137,630	2,137,630
<b>Total revenues</b>	<b>1,605,438</b>	<b>2,698,284</b>	<b>3,815,796</b>	<b>1,117,512</b>
<b>EXPENDITURES</b>				
Current:				
Public works	240,550	240,550	259,419	(18,869)
Capital outlay	5,032,500	11,788,587	3,355,838	8,432,749
Debt service:				
Principal	685,000	685,000	685,000	-
Interest and fiscal charges	482,739	482,739	480,825	1,914
Trustee fees and bond issuance cost	1,800	1,800	3,650	(1,850)
<b>Total expenditures</b>	<b>6,442,589</b>	<b>13,198,676</b>	<b>4,784,732</b>	<b>8,413,944</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,837,151)</b>	<b>(10,500,392)</b>	<b>(968,936)</b>	<b>9,531,456</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	7,310,788	7,310,788
Total other financing sources (uses)	-	-	7,310,788	7,310,788
<b>Net change in fund balance</b>	<b>\$ (4,837,151)</b>	<b>\$ (10,500,392)</b>	<b>6,341,852</b>	<b>\$ 16,842,244</b>
Fund balance-beginning			5,872,836	
<b>Fund balance-ending</b>			<b>\$ 12,214,688</b>	



**CITY OF MANHATTAN BEACH**  
**Bond Construction**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 65,528	\$ 65,528
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>65,528</b>	<b>65,528</b>
<b>EXPENDITURES</b>				
Capital outlay	-	6,430,032	4,523,278	1,906,754
<b>Total expenditures</b>	<b>-</b>	<b>6,430,032</b>	<b>4,523,278</b>	<b>1,906,754</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(6,430,032)</b>	<b>(4,457,750)</b>	<b>1,972,282</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(23,203)	(23,203)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(23,203)</b>	<b>(23,203)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (6,430,032)</b>	<b>(4,480,953)</b>	<b>\$ 1,949,079</b>
Fund balance-beginning			6,351,963	
<b>Fund balance-ending</b>			<b>\$ 1,871,010</b>	

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**CITY OF MANHATTAN BEACH**  
**Underground Assessment District**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 30,573	\$ 30,573
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>30,573</u>	<u>30,573</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,285,750	1,316,657	130,137	1,186,520
<b>Total expenditures</b>	<u>1,285,750</u>	<u>1,316,657</u>	<u>130,137</u>	<u>1,186,520</u>
<b>Net change in fund balance</b>	<u>\$ (1,285,750)</u>	<u>\$ (1,316,657)</u>	<u>(99,564)</u>	<u>\$ 1,217,093</u>
Fund balance-beginning			<u>2,122,303</u>	
<b>Fund balance-ending</b>			<u>\$ 2,022,739</u>	

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**CITY OF MANHATTAN BEACH**

**JUNE 30, 2023**

**NONMAJOR ENTERPRISE FUNDS**

The Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent in using this type of fund is to see that the costs of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

**Stormwater Fund** is used to account for the maintenance and improvement of the City's storm drains. Revenues are derived from a storm drain assessment to property owners, which are based on size and use of the parcel, and collected through the property tax rolls.

**County Parking Lot Fund** is used to account for the operation and maintenance of parking lots that are owned by Los Angeles County but leased to the City. Proceeds from the meters and parking permits are divided 55% to the county, with an annual guaranteed minimum of \$130,000 and 45% to the City.

**State Pier and Parking Lot Fund** is used to account for the operation and maintenance of the Manhattan Beach Pier, comfort station and four adjacent parking lots. These properties are owned by the State of California but controlled by the City through an operating agreement.

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**CITY OF MANHATTAN BEACH**  
**Combining Statement of Net Position**  
**Other Enterprise Funds**  
**June 30, 2023**

	<u>Stormwater</u>	<u>County Parking Lot</u>	<u>State Pier and Parking Lot</u>	<u>Total Other Enterprise Funds</u>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 3,263,728	\$ 489,625	\$ 2,637,692	\$ 6,391,045
Receivables:				
Accounts	98,033	-	-	98,033
Total current assets	<u>3,361,761</u>	<u>489,625</u>	<u>2,637,692</u>	<u>6,489,078</u>
Noncurrent:				
Capital assets, net	3,551,961	-	-	3,551,961
Total noncurrent assets	<u>3,551,961</u>	<u>-</u>	<u>-</u>	<u>3,551,961</u>
<b>Total assets</b>	<b><u>6,913,722</u></b>	<b><u>489,625</u></b>	<b><u>2,637,692</u></b>	<b><u>10,041,039</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related	53,968	21,805	21,807	97,580
OPEB-related	28,717	10,937	10,937	50,591
<b>Total deferred outflows of resources</b>	<b><u>82,685</u></b>	<b><u>32,742</u></b>	<b><u>32,744</u></b>	<b><u>148,171</u></b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	101,129	486,887	70,389	658,405
Accrued liabilities	766	1,227	2,920	4,913
Deposits payable	126,157	-	-	126,157
Bonds	4,066	1,515	1,515	7,096
Total current liabilities	<u>232,118</u>	<u>489,629</u>	<u>74,824</u>	<u>796,571</u>
Noncurrent liabilities:				
Advances from other funds	-	-	900,000	900,000
Bonds	95,273	35,502	35,500	166,275
Net pension liability	32,146	12,469	12,470	57,085
Net OPEB liability	24,578	9,361	9,361	43,300
Total noncurrent liabilities	<u>151,997</u>	<u>57,332</u>	<u>957,331</u>	<u>1,166,660</u>
<b>Total liabilities</b>	<b><u>384,115</u></b>	<b><u>546,961</u></b>	<b><u>1,032,155</u></b>	<b><u>1,963,231</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related	5,067	1,966	1,966	8,999
OPEB-related	6,548	2,494	2,494	11,536
<b>Total deferred inflows of resources</b>	<b><u>11,615</u></b>	<b><u>4,460</u></b>	<b><u>4,460</u></b>	<b><u>20,535</u></b>
<b>NET POSITION</b>				
Net investment in capital assets	3,551,961	-	-	3,551,961
Unrestricted	3,048,716	(29,054)	1,633,821	4,653,483
<b>Total net position</b>	<b><u>\$ 6,600,677</u></b>	<b><u>\$ (29,054)</u></b>	<b><u>\$ 1,633,821</u></b>	<b><u>\$ 8,205,444</u></b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Other Enterprise Funds**  
**For the Year Ended June 30, 2023**

	<u>Stormwater</u>	<u>County Parking Lot</u>	<u>State Pier and Parking Lot</u>	<u>Total Other Enterprise Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 763,875	\$ 1,058,319	\$ 836,726	\$ 2,658,920
Miscellaneous	1,752	-	394	2,146
<b>Total operating revenues</b>	<b>765,627</b>	<b>1,058,319</b>	<b>837,120</b>	<b>2,661,066</b>
<b>OPERATING EXPENSES</b>				
Salaries	86,139	32,076	32,074	150,289
Employee benefits	36,704	14,030	14,028	64,762
Contract for professional services	862,674	35,617	201,052	1,099,343
Materials and services	47,029	165	161,584	208,778
Utilities	39,993	2,520	14,455	56,968
Administrative services charges	178,645	34,275	40,528	253,448
Leases and rents	-	582,075	-	582,075
Depreciation/amortization	143,148	-	-	143,148
<b>Total operating expenses</b>	<b>1,394,332</b>	<b>700,758</b>	<b>463,721</b>	<b>2,558,811</b>
<b>Operating income (loss)</b>	<b>(628,705)</b>	<b>357,561</b>	<b>373,399</b>	<b>102,255</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	(18,263)	-	(3,725)	(21,988)
Interest expense	(2,411)	(902)	(902)	(4,215)
<b>Total nonoperating revenues (expenses)</b>	<b>(20,674)</b>	<b>(902)</b>	<b>(4,627)</b>	<b>(26,203)</b>
<b>Income (loss) before transfers</b>	<b>(649,379)</b>	<b>356,659</b>	<b>368,772</b>	<b>76,052</b>
Transfers in	1,038,479	-	-	1,038,479
Transfers out	-	(389,871)	-	(389,871)
<b>Change in net position</b>	<b>389,100</b>	<b>(33,212)</b>	<b>368,772</b>	<b>724,660</b>
Net position-beginning	6,211,577	4,158	1,265,049	7,480,784
<b>Net position-ending</b>	<b>\$ 6,600,677</b>	<b>\$ (29,054)</b>	<b>\$ 1,633,821</b>	<b>\$ 8,205,444</b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Cash Flows**  
**Other Enterprise Funds**  
**For the Year Ended June 30, 2023**

	Stormwater	County Parking Lot	State Pier and Parking Lot	Total Other Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 601,632	\$ 1,058,319	\$ 837,120	\$ 2,497,071
Payments to suppliers and service providers	(1,277,656)	(776,427)	(394,296)	(2,448,379)
Payments to employees for salaries and benefits	(108,412)	(41,728)	(41,725)	(191,865)
<b>Net cash provided by (used for) operating activities</b>	<b>(784,436)</b>	<b>240,164</b>	<b>401,099</b>	<b>(143,173)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	1,038,479	-	-	1,038,479
Transfers to other funds	-	(389,871)	-	(389,871)
Principal paid on pension obligation bonds	(4,047)	(1,508)	(1,508)	(7,063)
Interest paid on pension obligation bonds	(2,411)	(902)	(902)	(4,215)
Payments from other funds on interfund borrowings	-	-	900,000	900,000
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>1,032,021</b>	<b>(392,281)</b>	<b>897,590</b>	<b>1,537,330</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(40,530)	-	-	(40,530)
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(40,530)</b>	<b>-</b>	<b>-</b>	<b>(40,530)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	(18,263)	-	(3,725)	(21,988)
<b>Net cash provided by (used for) investing activities</b>	<b>(18,263)</b>	<b>-</b>	<b>(3,725)</b>	<b>(21,988)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>188,792</b>	<b>(152,117)</b>	<b>1,294,964</b>	<b>1,331,639</b>
Cash and cash equivalents-beginning	3,074,936	641,742	1,342,728	5,059,406
<b>Cash and cash equivalents-ending</b>	<b>\$ 3,263,728</b>	<b>\$ 489,625</b>	<b>\$ 2,637,692</b>	<b>\$ 6,391,045</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Cash and investments	\$ 3,263,728	\$ 489,625	\$ 2,637,692	\$ 6,391,045
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (628,705)	\$ 357,561	\$ 373,399	\$ 102,255
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	143,148	-	-	143,148
(increase) decrease in accounts receivable	(66,235)	-	-	(66,235)
Increase (decrease) in accounts payable	(117,757)	(121,811)	22,933	(216,635)
Increase (decrease) in accrued liabilities	(31,558)	36	390	(31,132)
Increase (decrease) in deposits payable	(97,760)	-	-	(97,760)
Increase (decrease) in net pension liability	93,364	35,281	35,280	163,925
Increase (decrease) in net OPEB liability	7,297	2,779	2,779	12,855
Increase (decrease) in pension-related deferred inflows	(82,034)	(32,084)	(32,084)	(146,202)
Increase (decrease) in OPEB-related deferred inflows	(4,196)	(1,598)	(1,598)	(7,392)
Total adjustments	(155,731)	(117,397)	27,700	(245,428)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (784,436)</b>	<b>\$ 240,164</b>	<b>\$ 401,099</b>	<b>\$ (143,173)</b>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>				
There was no non-cash investing, capital and financing activities during the fiscal year.				

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2023**

**INTERNAL SERVICE FUNDS**

Internal Service Funds have been established to finance, administer and account for the provision of goods and services to all funds and all departments on a cost-reimbursement basis.

**Insurance Reserve Fund** is used to account for the City's self-insured workers' compensation and general liability programs. The fund collects premiums from departments based on claims history.

**Information Systems Fund** is used to account for the operation, maintenance and replacement of the City's Information Systems including the citywide network and related hardware and software. Revenues are generated from charges to departments based on the number of PCs in use.

**Fleet Management Fund** is used to account for the operation, maintenance and replacement of City vehicles. Revenues are generated from vehicle rental charges to departments based upon the number, type and age of vehicles utilized.

**Building Maintenance and Operations Fund** is used to account for the operation and maintenance of certain City facilities. Revenues are generated by charges to user departments based on the number of personnel in the department.

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**CITY OF MANHATTAN BEACH**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2023**

	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	Total Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 18,751,747	\$ 1,652,549	\$ 3,710,656	\$ 104,536	\$ 24,219,488
Inventories	-	-	-	89,241	89,241
Total current assets	<u>18,751,747</u>	<u>1,652,549</u>	<u>3,710,656</u>	<u>193,777</u>	<u>24,308,729</u>
Noncurrent:					
Capital assets, net	-	91,205	4,164,525	71,090	4,326,820
Total noncurrent assets	<u>-</u>	<u>91,205</u>	<u>4,164,525</u>	<u>71,090</u>	<u>4,326,820</u>
<b>Total assets</b>	<b><u>18,751,747</u></b>	<b><u>1,743,754</u></b>	<b><u>7,875,181</u></b>	<b><u>264,867</u></b>	<b><u>28,635,549</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related	297,325	785,592	220,668	297,247	1,600,832
OPEB-related	90,245	207,836	109,386	136,733	544,200
<b>Total deferred outflows of resources</b>	<b><u>387,570</u></b>	<b><u>993,428</u></b>	<b><u>330,054</u></b>	<b><u>433,980</u></b>	<b><u>2,145,032</u></b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,387	73,697	24,485	78,492	185,061
Accrued interest	-	1,252	413	-	1,665
Worker's compensation claims	8,859,930	-	-	-	8,859,930
Claims and judgments	2,062,555	-	-	-	2,062,555
Leases	-	-	-	48,976	48,976
Subscriptions	-	32,914	7,701	-	40,615
Bonds	21,382	66,713	19,085	26,044	133,224
Total current liabilities	<u>10,952,254</u>	<u>174,576</u>	<u>51,684</u>	<u>153,512</u>	<u>11,332,026</u>
Noncurrent liabilities:					
Worker's compensation claims	6,495,000	-	-	-	6,495,000
Claims and judgments	709,500	-	-	-	709,500
Leases	-	-	-	22,974	22,974
Subscriptions	-	33,941	29,433	-	63,374
Bonds	501,001	1,563,159	447,168	610,237	3,121,565
Net pension liability	170,251	450,340	122,921	168,205	911,717
Net OPEB liability	77,237	177,878	93,619	117,024	465,758
Total noncurrent liabilities	<u>7,952,989</u>	<u>2,225,318</u>	<u>693,141</u>	<u>918,440</u>	<u>11,789,888</u>
<b>Total liabilities</b>	<b><u>18,905,243</u></b>	<b><u>2,399,894</u></b>	<b><u>744,825</u></b>	<b><u>1,071,952</u></b>	<b><u>23,121,914</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension-related	26,838	70,991	19,377	26,515	143,721
OPEB-related	20,577	47,389	24,941	31,177	124,084
<b>Total deferred inflows of resources</b>	<b><u>47,415</u></b>	<b><u>118,380</u></b>	<b><u>44,318</u></b>	<b><u>57,692</u></b>	<b><u>267,805</u></b>
<b>NET POSITION</b>					
Net investment in capital assets	-	24,350	4,127,391	-	4,151,741
Unrestricted	186,659	194,558	3,288,701	(430,797)	3,239,121
<b>Total net position</b>	<b><u>\$ 186,659</u></b>	<b><u>\$ 218,908</u></b>	<b><u>\$ 7,416,092</u></b>	<b><u>\$ (430,797)</u></b>	<b><u>\$ 7,390,862</u></b>



**CITY OF MANHATTAN BEACH**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	<b>Insurance Reserve</b>	<b>Information Systems</b>	<b>Fleet Management</b>	<b>Building Maintenance and Operations</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Interdepartmental charges for services	\$ 9,227,792	\$ 3,393,436	\$ 2,529,539	\$ 2,229,925	\$ 17,380,692
Miscellaneous	-	710	32,822	-	33,532
<b>Total operating revenues</b>	<b>9,227,792</b>	<b>3,394,146</b>	<b>2,562,361</b>	<b>2,229,925</b>	<b>17,414,224</b>
<b>OPERATING EXPENSES</b>					
Salaries	419,032	1,325,402	365,011	506,859	2,616,304
Employee benefits	166,060	490,163	208,021	228,728	1,092,972
Contract for professional services	185,793	621,382	220,923	578,832	1,606,930
Materials and services	563,234	920,581	647,197	638,068	2,769,080
Utilities	122	819	-	131,327	132,268
Claims	9,135,160	-	-	-	9,135,160
Depreciation/amortization	-	32,037	729,198	48,565	809,800
<b>Total operating expenses</b>	<b>10,469,401</b>	<b>3,390,384</b>	<b>2,170,350</b>	<b>2,132,379</b>	<b>18,162,514</b>
<b>Operating income (loss)</b>	<b>(1,241,609)</b>	<b>3,762</b>	<b>392,011</b>	<b>97,546</b>	<b>(748,290)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest expense	(12,694)	(41,029)	(12,092)	(15,467)	(81,282)
Gain (loss) on disposal of capital assets	-	-	45,573	-	45,573
<b>Total nonoperating revenues (expenses)</b>	<b>(12,694)</b>	<b>(41,029)</b>	<b>33,481</b>	<b>(15,467)</b>	<b>(35,709)</b>
<b>Change in net position</b>	<b>(1,254,303)</b>	<b>(37,267)</b>	<b>425,492</b>	<b>82,079</b>	<b>(783,999)</b>
Net position-beginning	1,440,962	256,175	6,812,868	(512,876)	7,997,129
Restatements	-	-	177,732	-	177,732
Net position-beginning	1,440,962	256,175	6,990,600	(512,876)	8,174,861
<b>Net position-ending</b>	<b>\$ 186,659</b>	<b>\$ 218,908</b>	<b>\$ 7,416,092</b>	<b>\$ (430,797)</b>	<b>\$ 7,390,862</b>

**CITY OF MANHATTAN BEACH**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from interfund charges	\$ 9,227,615	\$ 3,394,146	\$ 2,562,361	\$ 2,229,925	\$ 17,414,047
Payments to suppliers and service providers	(9,563,991)	(1,553,192)	(900,753)	(1,406,444)	(13,424,380)
Payments to employees for salaries and benefits	(527,648)	(1,612,634)	(516,691)	(651,308)	(3,308,281)
<b>Net cash provided by (used for) operating activities</b>	<b>(864,024)</b>	<b>228,320</b>	<b>1,144,917</b>	<b>172,173</b>	<b>681,386</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Principal paid on pension obligation bonds	(21,284)	(66,407)	(18,996)	(25,923)	(132,610)
Interest paid on pension obligation bonds	(12,694)	(39,607)	(11,330)	(14,069)	(77,700)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(33,978)</b>	<b>(106,014)</b>	<b>(30,326)</b>	<b>(39,992)</b>	<b>(210,310)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	-	-	(1,247,858)	-	(1,247,858)
Principal paid on capital debt	-	(56,387)	(30,251)	(48,413)	(135,051)
Interest paid on capital debt	-	(170)	(2,648)	(1,399)	(4,217)
Proceeds from sales of assets	-	-	47,875	-	47,875
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>-</b>	<b>(56,557)</b>	<b>(1,232,882)</b>	<b>(49,812)</b>	<b>(1,339,251)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(898,002)</b>	<b>65,749</b>	<b>(118,291)</b>	<b>82,369</b>	<b>(868,175)</b>
Cash and cash equivalents-beginning	19,649,749	1,586,800	3,828,950	22,167	25,087,666
<b>Cash and cash equivalents-ending</b>	<b>\$ 18,751,747</b>	<b>\$ 1,652,549</b>	<b>\$ 3,710,659</b>	<b>\$ 104,536</b>	<b>\$ 24,219,491</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>					
Cash and investments	\$ 18,751,747	\$ 1,652,549	\$ 3,710,656	\$ 104,536	\$ 24,219,488
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,241,609)	\$ 3,762	\$ 392,011	\$ 97,546	\$ (748,290)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation/amortization expense	-	32,037	729,198	48,565	809,800
(increase) decrease in accounts receivable	1,450	-	-	-	1,450
(Increase) decrease in inventories	-	-	-	11,399	11,399
Increase (decrease) in accounts payable	(2,176)	(8,525)	(32,633)	(64,047)	(107,381)
Increase (decrease) in accrued liabilities	(466)	(1,885)	(3,100)	(5,569)	(11,020)
Increase (decrease) in unearned revenue	(1,627)	-	-	-	(1,627)
Increase (decrease) in workers' compensation claims	(29,357)	-	-	-	(29,357)
Increase (decrease) in claims and judgments	352,317	-	-	-	352,317
Increase (decrease) in net pension liability	492,172	1,454,755	410,251	560,315	2,917,493
Increase (decrease) in net OPEB liability	22,929	52,805	27,792	34,740	138,266
Increase (decrease) in pension-related deferred items	(444,470)	(1,274,260)	(362,619)	(490,796)	(2,572,145)
Increase (decrease) in OPEB-related deferred items	(13,187)	(30,369)	(15,983)	(19,980)	(79,519)
Total adjustments	377,585	224,558	752,906	74,627	1,429,676
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (864,024)</b>	<b>\$ 228,320</b>	<b>\$ 1,144,917</b>	<b>\$ 172,173</b>	<b>\$ 681,386</b>
<b>SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES</b>					
Subscription assets	-	123,242	67,385	-	190,627
Capital assets restatements	-	-	177,732	-	177,732



## CITY OF MANHATTAN BEACH FINANCE SUBCOMMITTEE STAFF REPORT

**TO:** Members of the Finance Subcommittee

**THROUGH:** Steve S. Charelian, Finance Director

**FROM:** Julie Bondarchuk, Financial Controller  
Amira Khodari, Accounting and Payroll Supervisor

**SUBJECT:** CalPERS Update FY 2022-2023

**DATE:** December 12, 2023

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### **RECOMMENDATION:**

Staff recommends that the Finance Subcommittee receive the FY 2022-2023 CalPERS update.

### **FISCAL IMPLICATION:**

There are no fiscal implications associated with the recommended action.

### **BACKGROUND:**

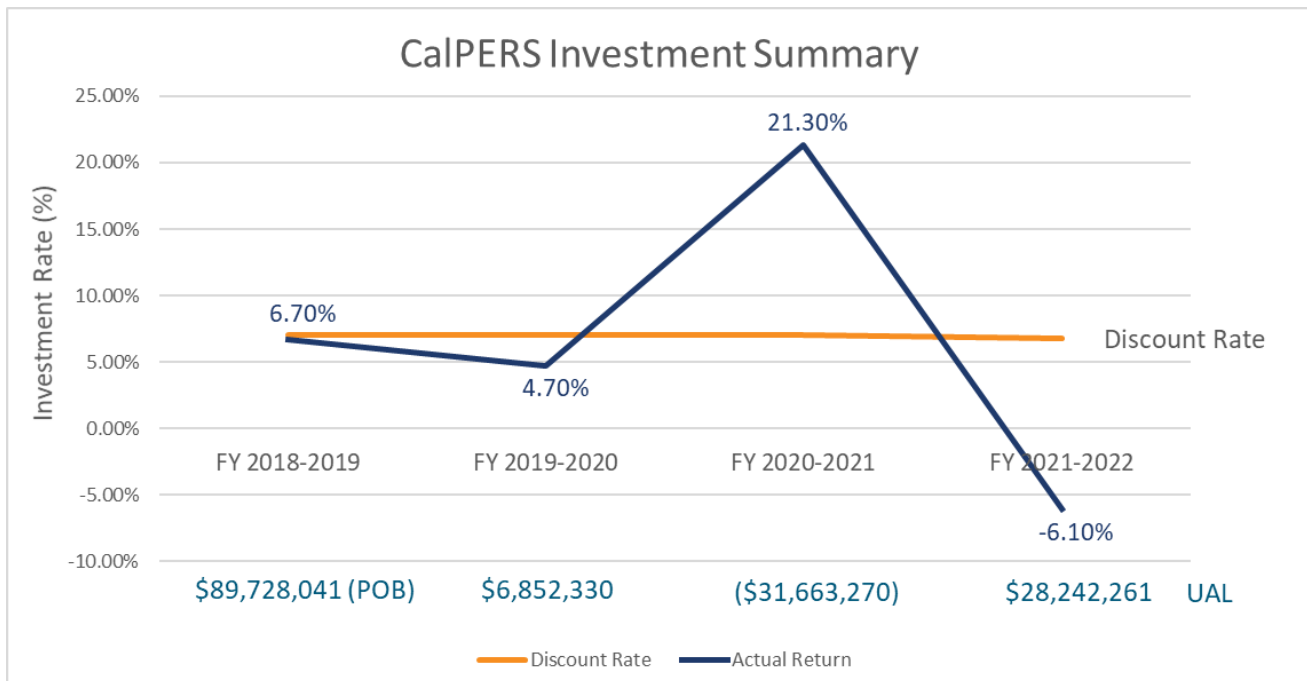
Since 1947, the City has participated in the California Public Employees Retirement System (CalPERS) to provide retirement benefits to employees. Since the CalPERS retirement system is a defined benefit plan, any short funding of the plan is the responsibility of the City. Due to the significant financial implications, it is important for the City to understand its financial standing with CalPERS.

### **DISCUSSION:**

Understanding the City's current financial status with CalPERS involves several variables. CalPERS maintains a long-term outlook and, historically, based its calculations on the assumption of a 6.8% (discount rate) average return on investments. Annual investment returns vary, potentially creating unfunded liabilities that the City is required to address.

At the end of each fiscal year, CalPERS begins working on actuarial reports that will be issued one year after a given fiscal year has ended. These actuarial reports determine the rates and liability payments that will be effective during the fiscal year subsequent to the year when the report is issued. Due to this timetable, this typically means that rates and liability amortization schedules lag a year behind the fiscal period the report is received and two years behind the fiscal period investment return in the report.

Unfunded pension liability occurs when there is a negative variance between the value of the investments (assets) held by CalPERS and the actuarially determined liability discounted to present day. CalPERS' current discount rate is 6.8%, down from 7.0% in FY 2019-2020. Unfunded liability may occur when the CalPERS investment returns are less than the discount rate, when the discount rate is lowered, or when actuarial assumptions are changed. Below is a summary of the CalPERS investment summary for the past 4-years.



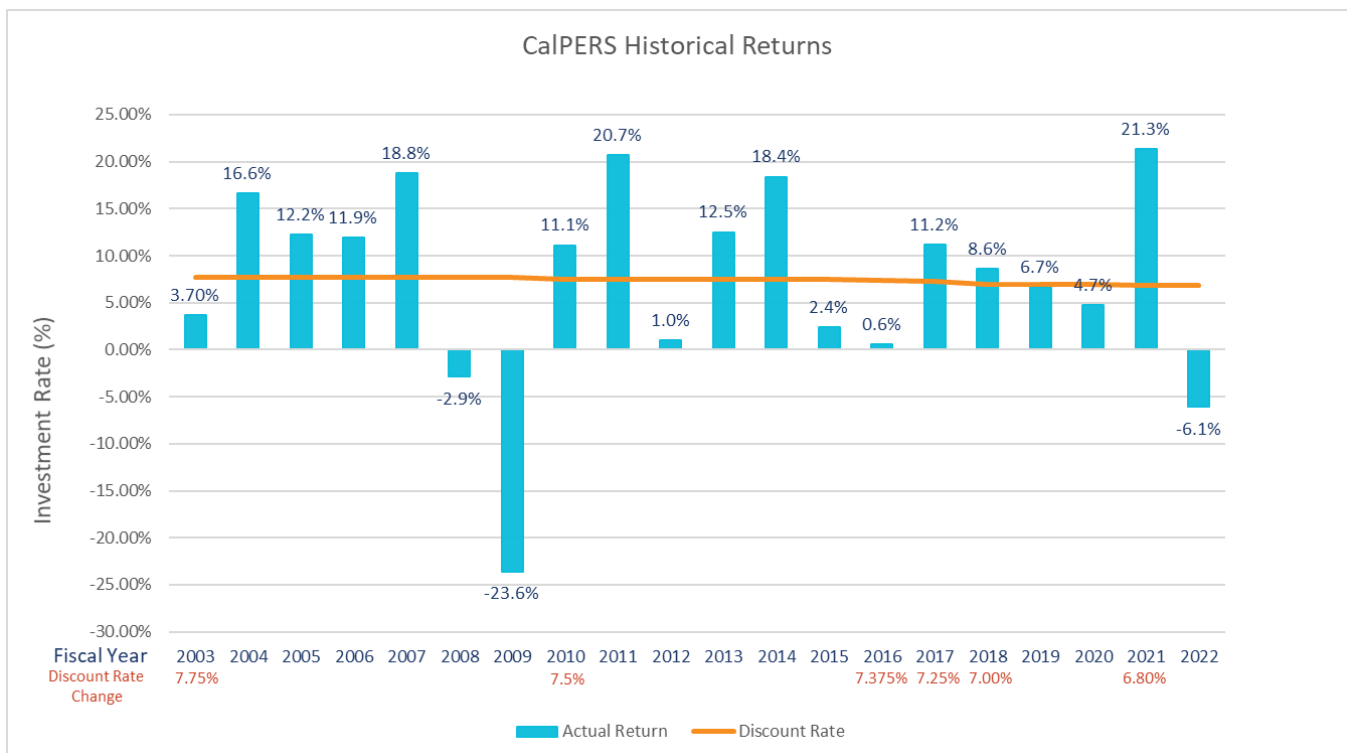
In May 2021, the City issued Pension Obligation Bonds (POBs) to fund 100% of the City's nearly \$90 million of unfunded liability as of FY 2018-2019. At this time, the City also adopted an Unfunded Liability Policy (Pension Policy) to guide the use of budgetary savings resulting from the POBs. With this Policy, use of the budgetary savings is allocated between the Pension Rate Stabilization Trust Fund to offset future unfunded liability costs and funding future capital improvements, infrastructure needs and/or debt service. Currently, the balance of the Pension Rate Stabilization Trust Fund is approximately \$2.7 million, including principal and accumulated interest. These funds may be used for payments to CalPERS at the City's discretion. Additionally, the Pension Policy also define a payoff period for new unfunded liability, as depicted below:

New Unfunded Accrued Liability (Any new liability incurred after the June 30, 2019 valuation report )	Payoff / Funding Time Period
\$0 to \$5,000,000	Within 1 to 6 years
\$5,000,001 to \$10,000,000	Within 7 to 11 years
\$10,000,001 to \$15,000,000	Within 12 to 16 years
Over \$15,000,001	Within 17 to 20 years

In FY 2019-2020, CalPERS generated investment returns of 4.7%, resulting in unfunded liability of \$6.8 million. In FY 2020-2021, CalPERS generated a 21.3% return, resulting in a surplus of \$31.7 million. The large investment return in FY 2020-2021 also triggered a lowering of the discount rate from 7.0% to 6.8%, a strategy used by CalPERS to de-risk the plan. FY 2021-2022 resulted in a net investment loss of 6.1%, resulting in an unfunded liability of approximately \$28.2 million. For FY 2022-2023, the preliminary investment return was 5.8%, one percent lower than the discount rate of 6.8%. Staff anticipates approximately \$5 million of unfunded liability added because of the FY 2022-2023 returns. Amortization payments to pay this liability will be included in subsequent budgets.

**CONCLUSION:**

While the current unfunded liability seems like a large number, it is important to note that CalPERS is a long-term plan and is based on investment returns that fluctuate year-over-year with surpluses from one year mitigating liabilities from another. Below is the historical CalPERS returns over a 20-year period.



As part of its review, staff monitors CalPERS investment returns over 5-year (7.0%), 10-year (8.0%), and 20-year (7.5%) periods. Staff's goal is to monitor the City's current financial situation and plan accordingly while also taking into account a long-term view on the pension funding. Staff will continue to refine projections and provide further information as updates become available. A payment plan will be included in the next budget cycle.



## CITY OF MANHATTAN BEACH FINANCE SUBCOMMITTEE STAFF REPORT

**TO:** Members of the Finance Subcommittee

**THROUGH:** Steve S. Charelian, Finance Director

**FROM:** Libby Bretthauer, Financial Services Manager  
Julie Bondarchuk, Financial Controller

**SUBJECT:** Investment Portfolio as of October 31, 2023

**DATE:** December 12, 2023

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### **RECOMMENDATION:**

Staff recommends that the Finance Subcommittee receive and file this report.

### **FISCAL IMPLICATION:**

There are no fiscal implications associated with the recommended action. As of October 31, 2023, the City's investment portfolio totaled \$114.5 million in book value (\$116.7 million par value).

### **DISCUSSION:**

Since the last update as of August 31, 2023, the City's investment portfolio has decreased overall by \$11.6 million in par value. Cash flow trends have been mostly consistent with prior years, including the usual pattern of the summer months operating at a deficit when normal operating activities (warrants and payroll coverage) exceed revenues. In the last year, cash outflows were also higher due to spending on large capital projects, including Peck Reservoir, Sepulveda Bridge and Fire Station #2. Property Taxes received during the months of December, January, April and May help offset the deficits occurring during the summer months. Additionally, anticipated grant reimbursements will balance some of the construction expenditures.

### **Activity**

The following purchase and redemption activity took place between September 1, 2023, and October 31, 2023:

**RECENT ACTIVITY**

<b>Security</b>	<b>Date of Activity</b>	<b>Maturity Date</b>	<b>Purchase (Par)</b>	<b>Maturing/Call</b>	<b>YTM</b>
<b>Total Purchases</b>			<b>\$0</b>		
Matured: FNMA - 2.875% Coupon	9/12/2023	9/12/2023		1,000,000	0.499%
Matured: TMC - 3.460964% Coupon	9/20/2023	9/20/2023		1,000,000	3.461%
Matured: TMC - 2.25% Coupon	10/18/2023	10/18/2023		1,000,000	2.634%
<b>Total Maturing/Calls</b>				<b>\$3,000,000</b>	<b>2.198%</b>

**FFCB = Federal Farm Credit Bank; FHLB = Federal Home Loan Bank; FHLMC = Federal Home Loan Mortgage Corporation (Freddie Mac); FNMA = Federal National Mortgage Association (Fannie Mae); MTN = Corporate Medium Term Note**

Average Yield to Maturity on the City's portfolio book value increased to 2.734% in October from 2.719% in August. During this period, no purchases were made. Investment maturities totaled \$3.0 million. Currently, \$26.7 million is being held in LAIF as market conditions and investment opportunities are monitored in accordance with the City's Investment Policy. Efforts are made to ensure the portfolio is well-balanced by investing in high-grade securities diversified in origin and maturity date.

Attachments: Investment Portfolio Report as of October 31, 2023



**CITY OF MANHATTAN BEACH**  
**Portfolio Management**  
**Portfolio Summary**  
**October 1, 2023 through October 31, 2023**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
LAIF	26,653,799.67	26,653,799.67	26,653,799.67	23.27	1	1	3.620	3.670
Medium Term Notes	20,000,000.00	18,414,310.00	19,075,910.29	16.66	1,660	1,148	3.456	3.504
Federal Agency Issues - Coupon	29,000,000.00	27,742,120.00	28,758,474.33	25.11	1,424	638	2.396	2.429
Treasury Securities - Coupon	41,000,000.00	37,730,560.00	40,038,193.86	34.96	1,584	881	1.936	1.963
<b>Investments</b>	<b>116,653,799.67</b>	<b>110,540,789.67</b>	<b>114,526,378.15</b>	<b>100.00%</b>	<b>1,188</b>	<b>660</b>	<b>2.696</b>	<b>2.734</b>
<b>Cash</b>								
Passbook/Checking (not included in yield calculations)	4,986,897.23	4,986,897.23	4,986,897.23		1	1	0.000	0.000
<b>Total Cash and Investments</b>	<b>121,640,696.90</b>	<b>115,527,686.90</b>	<b>119,513,275.38</b>		<b>1,188</b>	<b>660</b>	<b>2.696</b>	<b>2.734</b>
<b>Total Earnings</b>								
	<b>October 31</b>	<b>Month Ending</b>	<b>Fiscal Year To Date</b>					
Current Year		237,971.56	960,855.52					

STEVE S. CHARELIAN, FINANCE DIRECTOR

Reporting period 10/01/2023-10/31/2023

Run Date: 11/22/2023 - 17:19

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**CITY OF MANHATTAN BEACH**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**October 31, 2023**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
<b>LAIF</b>											
SYS3000	3000	Local Agency Invest. Fund	07/01/2018	26,653,799.67	26,653,799.67	26,653,799.67	3.670		3.670	1	
<b>Subtotal and Average</b>				<b>26,653,799.67</b>	<b>26,653,799.67</b>	<b>26,653,799.67</b>			<b>3.670</b>	<b>1</b>	
<b>Medium Term Notes</b>											
037833DB3	MTN0112	APPLE INC	10/25/2022	1,000,000.00	919,430.00	926,410.29	2.900	AA+	4.905	1,411	09/12/2027
037833ET3	MTN0121	APPLE INC	06/12/2023	1,000,000.00	952,810.00	992,446.00	4.000	AA+	4.171	1,652	05/10/2028
023135BX3	MTN0111	AMAZON.COM LLC	02/24/2022	1,000,000.00	899,430.00	972,214.84	1.000	AA	1.963	923	05/12/2026
023135BC9	MTN0116	AMAZON.COM LLC	02/09/2023	1,000,000.00	925,200.00	955,654.78	3.150	AA	4.282	1,390	08/22/2027
06406RAL1	MTN0109	BANK OF NY MELLO	02/10/2020	1,000,000.00	964,020.00	1,011,205.00	2.100	A	1.850	358	10/24/2024
06406RAF4	MTN0118	BANK OF NY MELLO	04/14/2023	1,000,000.00	908,600.00	959,059.91	3.400	A	4.410	1,550	01/29/2028
194162AR4	MTN0123	COLGATE-PALM CO	07/10/2023	2,000,000.00	1,959,080.00	1,992,460.00	4.600	AA-	4.690	1,582	03/01/2028
22160KAN5	MTN0117	COSTCO COMPANIES	04/14/2023	1,000,000.00	870,350.00	908,947.14	1.375	A+	3.743	1,327	06/20/2027
22160KAN5	MTN0119	COSTCO COMPANIES	04/18/2023	1,000,000.00	870,350.00	907,900.21	1.375	A+	3.765	1,327	06/20/2027
254687FK7	MTN0107	Walt Disney	12/12/2019	2,000,000.00	1,934,840.00	1,994,901.64	1.750	A-	1.977	303	08/30/2024
478160CP7	MTN0113	Johnson & Johnson	10/25/2022	1,000,000.00	856,100.00	863,285.17	0.950	AAA	4.593	1,400	09/01/2027
478160CP7	MTN0114	Johnson & Johnson	12/22/2022	1,000,000.00	856,100.00	884,038.16	0.950	AAA	3.880	1,400	09/01/2027
191216CL2	MTN0108	COCA-COLA CO	12/12/2019	1,000,000.00	968,820.00	993,679.00	1.750	A+	1.890	310	09/06/2024
191216DD9	MTN0124	COCA-COLA CO	07/10/2023	1,000,000.00	839,550.00	851,830.00	1.000	A+	4.374	1,596	03/15/2028
594918BY9	MTN0115	MICROSOFT CORP	12/22/2022	1,000,000.00	944,710.00	970,825.17	3.300	AAA	4.163	1,193	02/06/2027
58933YAY1	MTN0110	MERCK & CO INC	10/05/2021	1,000,000.00	901,720.00	991,420.00	0.750	A+	0.950	846	02/24/2026
58933YBH7	MTN0120	MERCK & CO INC	06/12/2023	1,000,000.00	951,880.00	992,917.00	4.050	A+	4.210	1,659	05/17/2028
931142ER0	MTN0122	WALMART INC	06/12/2023	1,000,000.00	891,320.00	906,715.98	1.050	AA	4.183	1,051	09/17/2026
<b>Subtotal and Average</b>				<b>20,000,000.00</b>	<b>18,414,310.00</b>	<b>19,075,910.29</b>			<b>3.504</b>	<b>1,148</b>	
<b>Federal Agency Issues - Coupon</b>											
31422XW99	FAC0304	FARMER MAC	02/14/2023	1,000,000.00	953,970.00	1,000,000.00	3.850		3.850	1,566	02/14/2028
3133ENPX2	FAC0294	FED FARM CR BK	02/24/2022	1,000,000.00	941,990.00	997,642.00	1.800	AA+	1.870	660	08/22/2025
3133EJDV8	FAC0296	FED FARM CR BK	04/11/2022	2,000,000.00	1,883,240.00	2,029,510.43	3.150	AA+	2.747	1,237	03/22/2027
3133ENWP1	FAC0297	FED FARM CR BK	05/16/2022	2,000,000.00	1,969,620.00	2,000,000.00	2.625	AA+	2.625	197	05/16/2024
3133ENEJ5	FAC0301	FED FARM CR BK	06/17/2022	1,000,000.00	954,350.00	967,981.64	0.875		3.250	383	11/18/2024
3133ENV72	FAC0303	FED FARM CR BK	10/27/2022	1,000,000.00	986,820.00	998,356.00	4.500		4.550	999	07/27/2026
3130A2UW4	FAC0285	Federal Home Loan Bank	12/11/2019	2,000,000.00	1,956,360.00	2,026,781.80	2.875		1.771	317	09/13/2024
3130AGWK7	FAC0289	Federal Home Loan Bank	02/07/2020	1,000,000.00	967,570.00	1,001,306.00	1.500	AA+	1.470	288	08/15/2024
3130A1XJ2	FAC0291	Federal Home Loan Bank	02/04/2021	1,000,000.00	983,910.00	1,025,351.96	2.875	AA+	0.312	226	06/14/2024
3130A8ZQ9	FAC0293	Federal Home Loan Bank	02/24/2022	1,000,000.00	939,580.00	995,852.00	1.750	AA+	1.871	681	09/12/2025
3130ASDS5	FAC0300	Federal Home Loan Bank	06/17/2022	1,000,000.00	982,430.00	990,620.00	2.750		3.230	240	06/28/2024

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**CITY OF MANHATTAN BEACH**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**October 31, 2023**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
<b>Federal Agency Issues - Coupon</b>											
3130AN4T4	FAC0302	Federal Home Loan Bank	10/24/2022	1,000,000.00	900,110.00	901,096.77	0.875		4.343	954	06/12/2026
3130A3DU5	FAC0306	Federal Home Loan Bank	06/12/2023	1,000,000.00	937,570.00	965,172.65	3.000	AA+	4.048	1,227	03/12/2027
3130AWC24	FAC0307	Federal Home Loan Bank	07/10/2023	1,000,000.00	961,110.00	980,718.06	4.000	AA+	4.483	1,682	06/09/2028
3137EAEX3	FAC0298	Federal Home Loan Mortgage	05/13/2022	2,000,000.00	1,829,480.00	1,897,431.02	0.375	AA+	2.722	692	09/23/2025
3135G0W66	FAC0286	Fannie Mae	12/11/2019	2,000,000.00	1,928,660.00	1,993,020.00	1.625	AA+	1.700	349	10/15/2024
3135G0W66	FAC0287	Fannie Mae	02/07/2020	2,000,000.00	1,928,660.00	2,011,260.00	1.625	AA+	1.500	349	10/15/2024
3135G0V75	FAC0288	Fannie Mae	02/07/2020	2,000,000.00	1,951,240.00	2,005,040.61	1.750	AA+	1.526	244	07/02/2024
3135G0V75	FAC0290	Fannie Mae	02/04/2021	1,000,000.00	975,620.00	1,015,308.35	1.750	AA+	0.259	244	07/02/2024
3135G05Y5	FAC0305	Fannie Mae	04/14/2023	1,000,000.00	851,020.00	889,386.01	0.750		3.597	1,437	10/08/2027
880591EW8	FAC0295	Tennessee Valley Authority	02/24/2022	1,000,000.00	931,870.00	980,242.45	0.750	AA+	1.763	561	05/15/2025
880591CJ9	FAC0299	Tennessee Valley Authority	05/13/2022	1,000,000.00	1,026,940.00	1,086,396.58	6.750	AA+	2.894	731	11/01/2025
<b>Subtotal and Average</b>				<b>29,000,000.00</b>	<b>27,742,120.00</b>	<b>28,758,474.33</b>			<b>2.429</b>	<b>638</b>	
<b>Treasury Securities - Coupon</b>											
912828W48	UST0033	US TREASURY	05/13/2019	1,000,000.00	988,980.00	995,039.06	2.125		2.234	120	02/29/2024
912828W71	UST0034	US TREASURY	05/13/2019	1,000,000.00	986,370.00	994,687.50	2.125		2.240	151	03/31/2024
9128282U3	UST0035	US TREASURY	02/07/2020	2,000,000.00	1,941,400.00	2,009,523.10	1.875		1.493	304	08/31/2024
912828ZW3	UST0036	US TREASURY	05/28/2021	1,000,000.00	922,340.00	993,274.47	0.250		0.561	607	06/30/2025
912828ZW3	UST0039	US TREASURY	08/11/2021	1,000,000.00	922,340.00	993,084.36	0.250		0.591	607	06/30/2025
912828ZT0	UST0047	US TREASURY	12/08/2021	1,000,000.00	925,430.00	984,808.19	0.250		1.058	577	05/31/2025
912828ZC7	UST0051	US TREASURY	12/09/2021	1,000,000.00	946,680.00	1,003,906.25	1.125		1.001	485	02/28/2025
912828Z78	UST0054	US TREASURY	04/08/2022	2,000,000.00	1,798,600.00	1,920,471.07	1.500		2.665	1,187	01/31/2027
9128282A7	UST0057	US TREASURY	06/17/2022	1,000,000.00	911,560.00	945,083.00	1.500		3.287	1,018	08/15/2026
912828X88	UST0059	US TREASURY	09/01/2022	1,000,000.00	918,910.00	966,695.38	2.375		3.285	1,291	05/15/2027
912828X88	UST0060	US TREASURY	09/01/2022	1,000,000.00	918,910.00	966,320.36	2.375		3.295	1,291	05/15/2027
912828ZV5	UST0062	US TREASURY	09/01/2022	1,000,000.00	854,730.00	896,912.72	0.500		3.241	1,337	06/30/2027
912828YQ7	UST0064	US TREASURY	10/25/2022	1,000,000.00	909,490.00	915,206.00	1.625		4.180	1,095	10/31/2026
9128282R0	UST0066	US TREASURY	02/09/2023	1,000,000.00	909,610.00	939,566.28	2.250		3.747	1,383	08/15/2027
91282CAB7	UST0037	US TREASURY	05/28/2021	2,000,000.00	1,837,740.00	1,985,593.36	0.250		0.576	638	07/31/2025
91282CAJ0	UST0038	US TREASURY	05/28/2021	1,000,000.00	915,660.00	991,661.58	0.250		0.620	669	08/31/2025
91282CAB7	UST0040	US TREASURY	08/11/2021	1,000,000.00	918,870.00	992,747.50	0.250		0.601	638	07/31/2025
91282CAJ0	UST0041	US TREASURY	08/11/2021	1,000,000.00	915,660.00	992,069.78	0.250		0.586	669	08/31/2025
91282CAZ4	UST0042	US TREASURY	08/09/2021	1,000,000.00	908,560.00	992,979.34	0.375		0.658	760	11/30/2025
91282CAB7	UST0043	US TREASURY	10/05/2021	1,000,000.00	918,870.00	990,759.58	0.250		0.681	638	07/31/2025
91282CAT8	UST0044	US TREASURY	10/05/2021	2,000,000.00	1,818,680.00	1,976,901.44	0.250		0.707	730	10/31/2025
91282CCW9	UST0045	US TREASURY	10/05/2021	1,000,000.00	891,090.00	992,500.00	0.750		0.907	1,034	08/31/2026

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**CITY OF MANHATTAN BEACH**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**October 31, 2023**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
<b>Treasury Securities - Coupon</b>											
91282CCP4	UST0046	US TREASURY	10/05/2021	1,000,000.00	891,060.00	991,732.72	0.625		0.892	1,003	07/31/2026
91282CCF6	UST0048	US TREASURY	12/09/2021	1,000,000.00	899,180.00	987,545.08	0.750		1.191	942	05/31/2026
91282CCJ8	UST0049	US TREASURY	12/09/2021	1,000,000.00	900,860.00	990,513.58	0.875		1.176	972	06/30/2026
91282CCZ2	UST0050	US TREASURY	12/09/2021	1,000,000.00	892,810.00	989,148.45	0.875		1.210	1,064	09/30/2026
91282CAM3	UST0052	US TREASURY	02/24/2022	2,000,000.00	1,825,780.00	1,931,563.91	0.250		1.678	699	09/30/2025
91282CDG3	UST0053	US TREASURY	04/08/2022	1,000,000.00	895,980.00	950,944.94	1.125		2.581	1,095	10/31/2026
91282CEH0	UST0055	US TREASURY	05/16/2022	1,000,000.00	963,560.00	996,500.00	2.625		2.750	531	04/15/2025
91282CCP4	UST0056	US TREASURY	06/17/2022	1,000,000.00	891,060.00	920,994.76	0.625		3.187	1,003	07/31/2026
91282CCZ2	UST0058	US TREASURY	06/17/2022	1,000,000.00	892,810.00	924,410.65	0.875		3.302	1,064	09/30/2026
91282CEW7	UST0061	US TREASURY	09/01/2022	1,000,000.00	945,900.00	997,755.04	3.250		3.300	1,337	06/30/2027
91282CFB2	UST0063	US TREASURY	09/01/2022	1,000,000.00	927,380.00	979,788.81	2.750		3.309	1,368	07/31/2027
91282CFB2	UST0065	US TREASURY	12/22/2022	1,000,000.00	927,380.00	959,884.27	2.750		3.787	1,368	07/31/2027
91282CGH8	UST0067	US TREASURY	02/09/2023	2,000,000.00	1,896,320.00	1,977,621.33	3.500		3.804	1,552	01/31/2028
<b>Subtotal and Average</b>				<b>41,000,000.00</b>	<b>37,730,560.00</b>	<b>40,038,193.86</b>			<b>1.963</b>	<b>881</b>	
<b>Total and Average</b>				<b>116,653,799.67</b>	<b>110,540,789.67</b>	<b>114,526,378.15</b>			<b>2.734</b>	<b>660</b>	

**CITY OF MANHATTAN BEACH**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**October 31, 2023**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
<b>Money Market Fund</b>										
SYS39903-39902	39901	UNION BANK	07/01/2018	4,986,897.23	4,986,897.23	4,986,897.23			0.000	1
<b>Subtotal and Average</b>										<b>1</b>
<b>Total Cash and Investments</b>				<b>121,640,696.90</b>	<b>115,527,686.90</b>	<b>119,513,275.38</b>			<b>2.734</b>	<b>660</b>



## City of Manhattan Beach Investment Portfolio Summary *As of October 31, 2023*

PORTFOLIO PROFILE	Oct 31, 2023	Sep 30, 2023	Aug 31, 2023	Jul 31, 2023	Jun 30, 2023
Total Book Value (Excluding Trust Funds)	\$114,526,378	\$122,202,752	\$126,206,553	\$129,212,774	\$135,056,946
Increase/(Decrease) from Prior Period	(7,676,374)	(4,003,801)	(3,006,221)	(5,844,171)	(921,490)
Percentage Change	(6.3%)	(3.2%)	(2.3%)	(4.3%)	(0.7%)
Average Yield to Maturity (365 Days)	2.734%	2.755%	2.719%	2.671%	2.607%
Increase/(Decrease) from Prior Period	(0.021%)	0.035%	0.049%	0.064%	0.085%

### PORTFOLIO ALLOCATIONS

By Security	Value (Par)	Percent	Par YTM	Time Horizon	Percent
LAIF*	\$26,653,800	22.85%	3.670%	Next 12 months	42%
Medium Term Notes	20,000,000	17.1%	3.504%	Months 13-24	18%
Federal Agencies	29,000,000	24.9%	2.429%	Months 25-36	15%
U.S. Treasuries	41,000,000	35.1%	1.963%	Months 37-48	17%
<b>Total</b>	<b>\$116,653,800</b>	<b>100.0%</b>	<b>2.733%</b>	Months 49-60	9%
				<b>Total</b>	<b>100.0%</b>

\*LAIF YTM as of October 31, 2023

### RECENT ACTIVITY

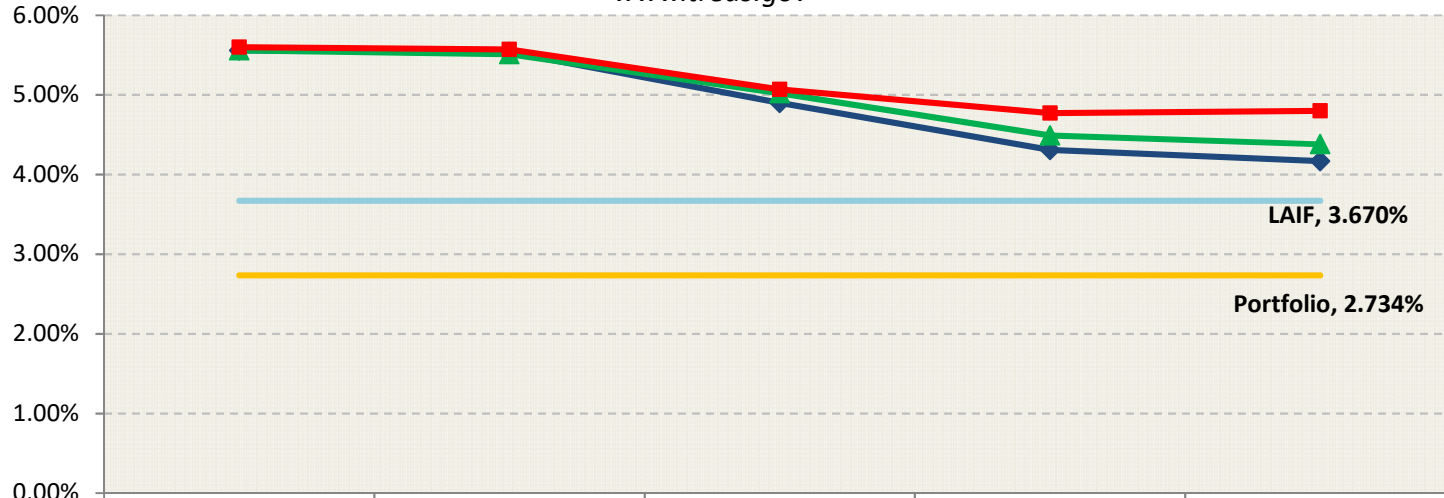
Security	Date of Activity	Maturity Date	Purchase (Par)	Maturing/Call	YTM
FHLB - 4% Coupon	7/10/2023	6/9/2028	1,000,000		4.483%
CL - 4.6% Coupon	7/10/2023	3/1/2028	2,000,000		4.690%
KO - 1% Coupon	7/10/2023	3/15/2028	1,000,000		4.374%
<b>Total Purchases</b>			<b>\$4,000,000</b>		<b>4.559%</b>
Matured: MSFT - 2% Coupon	8/8/2023	8/8/2023		1,000,000	2.025%
Matured: BK - 2.2% Coupon	8/16/2023	8/16/2023		1,000,000	1.951%
Matured: T - 1.375% Coupon	8/31/2023	8/31/2023		1,000,000	2.432%
Matured: FNMA - 2.875% Coupon	9/12/2023	9/12/2023		1,000,000	0.499%
Matured: TMC - 3.460964% Coupon	9/20/2023	9/20/2023		1,000,000	3.461%
Matured: TMC - 2.25% Coupon	10/18/2023	10/18/2023		1,000,000	2.634%
<b>Total Maturing/Calls</b>				<b>\$6,000,000</b>	<b>2.167%</b>



**City of Manhattan Beach**  
**Investment Portfolio Summary**  
*As of October 31, 2023*

**US Treasuries Yield Curve**

*www.treas.gov*



	3-Month	6-Month	2-Year	5-Year	10-Year
◆ August 2023	5.56%	5.54%	4.90%	4.31%	4.17%
▲ September 2023	5.56%	5.51%	5.02%	4.49%	4.38%
■ October 2023	5.60%	5.57%	5.07%	4.77%	4.80%

Monthly yields are interpolated by the Treasury from the daily yield curve.

**CITY OF MANHATTAN BEACH**  
**Portfolio Maturity Structure**  
*November 2023 through October 2028*

**HELD TO MATURITY**  
**Rolling 60 Months**

Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt						
Nov 23						Nov 24	11/18/24	3.25%	FFCB	nc	\$1.0M	Nov 25	11/30/25	0.66%	T	nc	\$1.0M	Nov 26						Nov 27					
Dec 23						Dec 24						Dec 25	11/1/25	2.89%	TVA	nc	\$1.0M	Dec 26						Dec 27					
Jan 24						Jan 25						Jan 26						Jan 27	1/31/27	2.67%	T	nc	\$2.0M	Jan 28	1/29/28	4.41%	BK	nc	\$1.0M
																			1/31/28	3.80%	T	nc	\$2.0M						
Feb 24	2/29/24	2.2%	T	nc	\$1.0M	Feb 25	2/28/25	1.00%	T	nc	\$1.0M	Feb 26	2/24/26	0.95%	MRK	MW: 10	\$1.0M	Feb 27	2/6/27	4.16%	MSFT	nc	\$1.0M	Feb 28	2/14/28	3.85%	FAMCA	nc	\$1.0M
Mar 24	3/31/24	2.2%	T	nc	\$1.0M	Mar 25						Mar 26						Mar 27	3/22/27	2.75%	FFCB	nc	\$2.0M	Mar 28	3/1/28	4.69%	CL	nc	\$2.0M
																			3/12/27	4.05%	FHLB	nc	\$1.0M		3/15/28	4.37%	KO	nc	\$1.0M
Apr 24						Apr 25	4/15/25	2.75%	T	nc	\$1.0M	Apr 26						Apr 27						Apr 28					
May 24	5/16/24	2.6%	FFCB	nc	\$2.0M	May 25	5/15/25	1.76%	TVA	nc	\$1.0M	May 26	5/31/26	1.19%	T	nc	\$1.0M	May 27	5/15/27	3.28%	T	nc	\$1.0M	May 28	5/17/28	4.21%	MRK	nc	\$1.0M
							5/31/25	1.06%	T	nc	\$1.0M		5/12/26	1.96%	AMZN	nc	\$1.0M		5/15/27	3.29%	T	nc	\$1.0M		5/10/28	4.17%	AAPL	nc	\$1.0M
Jun 24	6/14/24	0.3%	FHLB	nc	\$1.0M	Jun 25	6/30/25	0.56%	T	nc	\$1.0M	Jun 26	6/30/26	1.18%	T	nc	\$1.0M	Jun 27	6/20/27	3.74%	COST	nc	\$1.0M	Jun 28	6/9/28	4.48%	FHLB	nc	\$1.0M
	6/28/24	3.2%	FHLB	nc	\$1.0M		6/30/25	0.59%	T	nc	\$1.0M		6/12/26	4.34%	FHLB	nc	\$1.0M		6/30/27	3.24%	T	nc	\$1.0M						
													6/30/27	3.30%	T	nc	\$1.0M		6/20/27	3.76%	COST	nc	\$1.0M						
Jul 24	7/2/24	1.5%	FNMA	nc	\$2.0M	Jul 25	7/31/25	0.58%	T	nc	\$2.0M	Jul 26	7/31/26	0.89%	T	nc	\$1.0M	Jul 27	7/31/27	3.31%	T	nc	\$1.0M	Jul 28					
	7/2/24	0.3%	FNMA	nc	\$1.0M		7/31/25	0.60%	T	nc	\$1.0M		7/31/26	3.19%	T	nc	\$1.0M		7/31/27	3.79%	T	nc	\$1.0M						
							7/31/25	0.68%	T	nc	\$1.0M		7/27/26	4.55%	FFCB	nc	\$1.0M												
Aug 24	8/15/24	1.5%	FHLB	nc	\$1.0M	Aug 25	8/31/25	0.62%	T	nc	\$1.0M	Aug 26	8/31/26	0.91%	T	nc	\$1.0M	Aug 27	8/15/27	3.75%	T	nc	\$1.0M	Aug 28					
	8/30/24	2.0%	DIS	7/30/24	\$2.0M		8/31/25	0.59%	T	nc	\$1.0M		8/15/26	3.29%	T	nc	\$1.0M		8/22/27	4.28%	AMZN	nc	\$1.0M						
	8/31/24	1.5%	T	nc	\$2.0M		8/22/25	1.87%	FFCB	nc	\$1.0M																		
Sep 24	9/6/24	1.9%	KO	9/6/24	\$1.0M	Sep 25	9/12/25	1.87%	FHLB	nc	\$1.0M	Sep 26	9/30/26	1.21%	T	nc	\$1.0M	Sep 27	9/12/27	4.91%	AAPL	nc	\$1.0M	Sep 28					
	9/13/24	1.8%	FHLB	nc	\$2.0M		9/23/25	2.72%	FHLMC	nc	\$2.0M		9/30/26	3.30%	T	nc	\$1.0M		9/1/27	4.59%	JNJ	nc	\$1.0M						
							9/30/25	1.68%	T	nc	\$2.0M		9/17/26	4.18%	WMT	nc	\$1.0M		9/1/27	3.88%	JNJ	nc	\$1.0M						
Oct 24	10/15/24	1.7%	FNMA	nc	\$2.0M	Oct 25	10/31/25	0.71%	T	nc	\$2.0M	Oct 26	10/31/26	2.58%	T	nc	\$1.0M	Oct 27	10/8/27	3.60%	FNMA	nc	\$1.0M	Oct 28					
	10/15/24	1.5%	FNMA	nc	\$2.0M								10/31/26	4.18%	T	nc	\$1.0M												
	10/24/24	1.9%	BK	9/6/24	\$1.0M																								
<b>Total By Year (excl LAIF)</b>					<b>\$22.0m</b>						<b>\$21.0m</b>						<b>\$17.0m</b>						<b>\$20.0m</b>						<b>\$10.0m</b>
<b>% of Total Securities (excl LAIF)</b>					<b>24%</b>						<b>23%</b>						<b>19%</b>						<b>22%</b>						<b>11%</b>
<b>% of Total Investments (incl LAIF)</b>					<b>42%</b>						<b>18%</b>						<b>15%</b>						<b>17%</b>						<b>9%</b>

Total Securities	77%	\$90.0M
LAIF	23%	\$26.7M
<b>Total Investments</b>	<b>100%</b>	<b>\$116.7M</b>

Shaded rows indicate months with significant cash inflows.



**City of Manhattan Beach**  
**Investment Policy Compliance Chart**  
*As of October 31, 2023*

Instrument		% of Total	Dollar Compliance		Percentage Compliance		Term Compliance	
			Limit	Compliant?	Limit	Compliant?	Limit	Compliant?
Local Agency Investment Fund (LAIF)	\$26,653,800	22.8%	\$75,000,000	Yes	Temporary Suspension			
<b>Treasury Securities</b>								
US Treasury	\$41,000,000	35.1%					5 Years	Yes
<i>Total U.S. Treasuries (35)</i>	<u>\$41,000,000</u>	<b>35.1%</b>						
<b>Medium Term (Corporate) Notes</b>								
Coca-Cola	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
Amazon	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
Costco	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
Walmart	1,000,000	0.9%			5.0%	Yes	5 Years	Yes
Colgate-Palmolive	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
<i>Total Consumer Goods Sector</i>	<i>\$9,000,000</i>	<i>7.7%</i>			<i>10.0%</i>	<i>Yes</i>		
Bank of NY	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
<i>Total Financial Sector</i>	<i>\$2,000,000</i>	<i>1.7%</i>			<i>10.0%</i>	<i>Yes</i>		
Johnson & Johnson	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
Merck	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
<i>Total Pharmaceuticals Sector</i>	<i>\$4,000,000</i>	<i>3.4%</i>			<i>10.0%</i>	<i>Yes</i>		
Apple Inc	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
Microsoft Corp	1,000,000	0.9%			5.0%	Yes	5 Years	Yes
<i>Total Technology Sector</i>	<i>\$3,000,000</i>	<i>2.6%</i>			<i>10.0%</i>	<i>Yes</i>		
Walt Disney Co	2,000,000	1.7%			5.0%	Yes	5 Years	Yes
<i>Total Communication Services Sector</i>	<i>\$2,000,000</i>							
<b>Total Medium Term Notes (18)</b>	<u>\$20,000,000</u>	<b>17.1%</b>			<b>20.0%</b>	<b>Yes</b>		
<b>Federal Agencies</b>								
Federal Home Loan Bank (FHLB)	\$9,000,000	7.7%			33.3%	Yes	5 Years	Yes
Federal Farm Credit (FFCB)	7,000,000	6.0%			33.3%	Yes	5 Years	Yes
Fannie Mae (FNMA)	8,000,000	6.9%			33.3%	Yes	5 Years	Yes
Freddie Mac (FHLMC)	2,000,000	1.7%			33.3%	Yes	5 Years	Yes
Farmer Mac (FAMCA)	1,000,000	0.9%			33.3%	Yes	5 Years	Yes
Tennessee Valley Authority (TVA)	2,000,000	1.7%			33.3%	Yes	5 Years	Yes
<b>Total Federal Agencies (22)</b>	<u>\$29,000,000</u>	<b>24.9%</b>			<b>60.0%</b>	<b>Yes</b>		
<b>Total Portfolio</b>	<b>\$116,653,800</b>	<b>100.0%</b>						



**CITY OF MANHATTAN BEACH**  
**TREASURER'S REPORT**  
**October 31, 2023**

<b><u>Investments</u></b>	<b>Book Value</b>
LAIF	\$26,653,799.67
Treasury Securities	40,038,193.86
Federal Agency Issues-Coupon	28,758,474.33
Medium Term Notes	19,075,910.29
<b>Subtotal Investments</b>	<b><u>\$114,526,378.15</u></b>
<b><u>Demand Deposit/Petty Cash</u></b>	
Cash in Bank	\$4,986,897.23
Petty Cash	2,280.41
<b>Subtotal Demand Deposit</b>	<b><u>\$4,989,177.64</u></b>
<b>Subtotal City Cash &amp; Investments</b>	<b><u>\$119,515,555.79</u></b>
<b><u>Bond Funds Held in Trust</u></b>	
Police Fire Refunding	\$59.55
Fire Station 2 COPs	75.49
Marine Ave Park Refunding	0.05
Metlox & Water/Wastewater Refunding	202.11
Utility Assessment Districts	1,159,649.08
Pension Obligation Bonds	2,746.43
<b>Subtotal Bonds Held in Trust</b>	<b><u>\$1,162,732.71</u></b>
<b><u>Investment Trust Funds</u></b>	
PARS Pension Rate Stabilization Trust	2,719,723.53
<b>Treasurer's Balance</b>	<b><u>\$123,398,012.03</u></b>



# PMIA/LAIF Performance Report as of 11/14/23



## Quarterly Performance Quarter Ended 09/30/23

LAIF Apportionment Rate <sup>(2)</sup> :	3.59
LAIF Earnings Ratio <sup>(2)</sup> :	0.00009812538629360
LAIF Administrative Cost <sup>(1)*</sup> :	0.29
LAIF Fair Value Factor <sup>(1)</sup> :	0.986307739
PMIA Daily <sup>(1)</sup> :	3.48
PMIA Quarter to Date <sup>(1)</sup> :	3.42
PMIA Average Life <sup>(1)</sup> :	256

## PMIA Average Monthly Effective Yields<sup>(1)</sup>

<b>October</b>	<b>3.670</b>
September	3.534
August	3.434
July	3.305**
June	3.167
May	2.993

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 10/31/23 \$165.7 billion

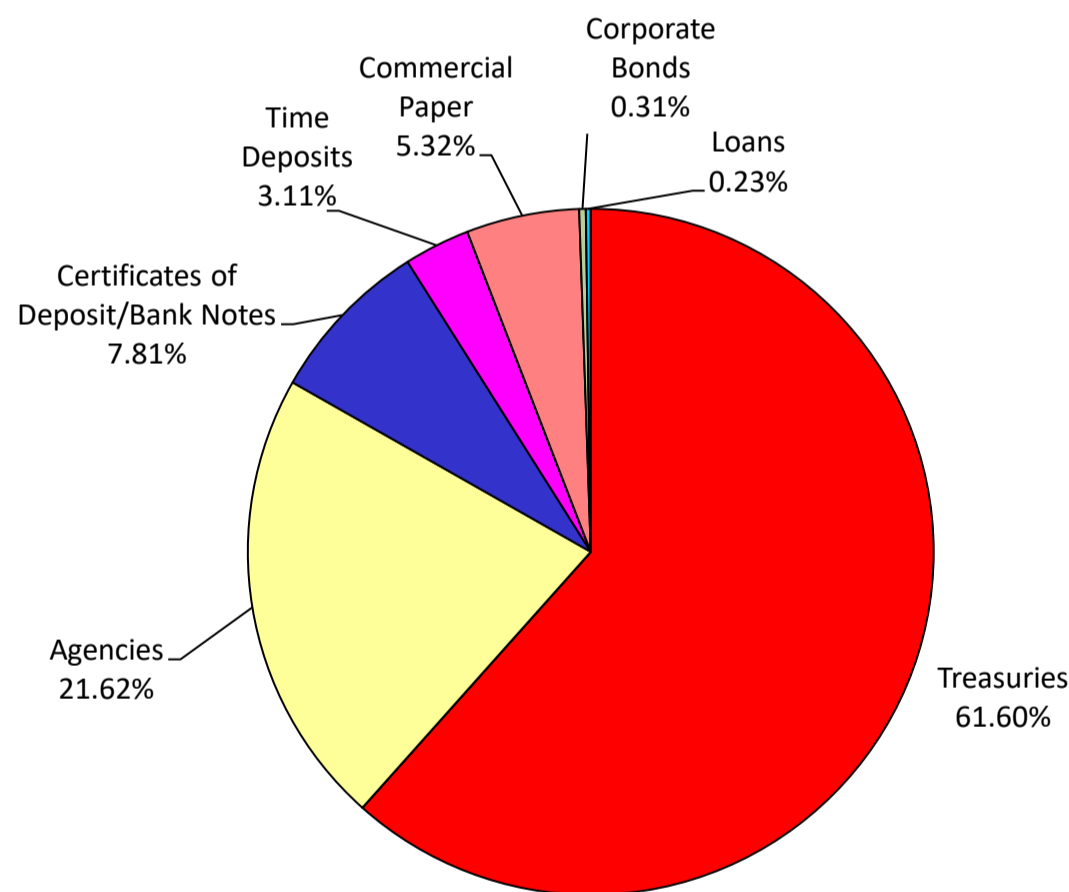


Chart does not include \$2,300,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

\*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

\*\* Revised

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller



## CITY OF MANHATTAN BEACH FINANCE SUBCOMMITTEE STAFF REPORT

**TO:** Members of the Finance Subcommittee

**THROUGH:** Steve S. Charelian, Finance Director

**FROM:** Libby Bretthauer, Financial Services Manager  
Emy-Rose Hanna, Revenue Services Supervisor

**SUBJECT:** FY 2023-2024 Monthly Schedule of Transient Occupancy Tax, Lease Payments and Miscellaneous Accounts Receivables

**DATE:** December 12, 2023

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### **RECOMMENDATION:**

Staff recommends that the Finance Subcommittee receive this report.

### **FISCAL IMPLICATION:**

There are no fiscal implications associated with the recommended action. The information presented in the attachments reflect the City's diligent efforts to bill and collect payment for various revenue programs.

### **DISCUSSION:**

The Revenue Services Division invoices for miscellaneous accounts receivable and collects all City revenues. The attached schedule identifies Transient Occupancy Taxes (TOT), lease revenue, franchise revenue and other payments.

The attached Aging Statistical Report identifies the number of days outstanding for all miscellaneous accounts receivable invoices. Accounts at least 120 days past due and considered uncollectable by the City are written off per City policy.

### Attachments:

1. FY 2023-2024 Monthly Schedule of TOT, Lease and Miscellaneous Payments
2. FY 2023-2024 Accounts Receivable Aging Statistical Report



**FY 2023/2024**  
**City of Manhattan Beach**  
**Monthly Schedule of TOT, Lease and Miscellaneous Payments**  
**As of: 11/30/2023**

MONTHLY REVENUES																
		Due Date	Acct #	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	TOTALS
<b>HOTEL BED TAX:</b>																
1	The Belamar (19)	M	20TH	100-41211	7/20/2023	8/19/2023	9/22/2023	10/18/2023	11/17/2023							
2	Hotel Pacific (47 rms)*	M	20TH	100-41211	7/17/2023	8/17/2023	9/18/2023	10/18/2023	11/20/2023							
3	Man Village Inn (19)	M	20TH	100-41211	7/10/2023	8/10/2023	9/11/2023	10/10/2023	11/14/2023							
4	Best Western Plus (53)	M	20TH	100-41211	7/20/2023	8/10/2023	9/12/2023	10/18/2023	11/17/2023							
5	Hi-View Motel (20)	M	20TH	100-41211	7/21/2023	8/24/2023	9/21/2023	10/23/2023	11/20/2023							
6	Wave Hotel (44)	M	20TH	100-41211	7/17/2023	8/7/2023	9/18/2023	10/18/2023	11/20/2023							
7	Man Bch Motel (13)	M	20TH	100-41211	7/21/2023	8/20/2023	9/21/2023	10/20/2023	11/20/2023							
8	Marriott (380)	M	20TH	100-41211	7/19/2023	8/21/2023	9/20/2023	10/20/2023	11/20/2023							
9	Residence Inn (176)	M	20TH	100-41211	7/20/2023	8/18/2023	9/22/2023	10/23/2023	11/20/2023							
10	Sea Horse Inn (33)	M	20TH	100-41211	7/19/2023	8/16/2023	9/13/2023	10/13/2023	11/16/2023							
11	Sea View Inn (18)	M	20TH	100-41211	7/20/2023	8/21/2023	9/20/2023	10/20/2023	11/20/2023							
12	Shade (38)	M	20TH	100-41211	7/19/2023	8/18/2023	9/15/2023	10/16/2023	11/17/2023							
13	Hotel Correa (1)	M	20TH	100-41211	7/3/2023	8/2/2023	9/5/2023	10/2/2023	11/2/2023							
	<b>Sub Total</b>				<b>\$ 648,584</b>	<b>\$ 867,354</b>	<b>\$ 870,688</b>	<b>\$ 729,154</b>	<b>\$ 776,351</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,892,131</b>
<b>SHORT TERM RENTAL TOT:</b>																
14	\$ Amount of TOT	M	20TH	100-41212	\$ 59,766	\$ 124,903	\$ 110,051	\$ 41,161	\$ 75,777							\$ 400,409
15	# of Short Term Rental TOT Payments				60	66	69	52	74							
<b>MB STUDIOS:</b>																
16	CRP MB Studios %	M	20TH	100-41221	8/1/2023	9/12/2023	10/18/2023	11/20/2023								\$ 38,481
17	CRP MB Studios-Fire	M	20TH	100-42204	8/1/2023	9/27/2023	10/18/2023	11/20/2023								\$ 1,060
18	CRP MB Studios-Fire Inv.	M	1ST	100-42201	9/27/2023	10/18/2023										\$ 4,167
19	CRP MB Studios Annual Fire Fee	M	20TH	100-42201	10/18/2023	10/18/2023	11/20/2023	11/20/2023								\$ 28,000
<b>LEASES:</b>																
20	Metlox	M	1ST	100-44401	\$ 20,083	\$ 20,083	\$ 20,083	\$ 20,083	\$ 20,083							\$ 100,417
21	Metlox - Profit	A	MARCH	100-44401												\$ -
22	Bay Club- Bldg Rent	M	10TH	100-44404	\$ 4,390	\$ 4,390	\$ 4,390	\$ 4,508	\$ 4,508							\$ 22,185
23	Bay Club-%	M	10TH	100-44403	\$ 29,210	\$ 29,210	\$ 29,210	\$ 29,999	\$ 29,999							\$ 147,627
24	Bay Club - Tennis Rent	M	10TH	100-44402	\$ 29,210	\$ 29,210	\$ 29,210	\$ 29,999	\$ 29,999							\$ 147,627
25	Bay Club -Parking	M	10TH	100-44405	\$ 3,188	\$ 3,188	\$ 3,188	\$ 3,274	\$ 3,274							\$ 16,110
26	County Library Parking	M	15TH	100-44411	\$ 783	\$ 783	\$ 783	\$ 783	\$ 783							\$ 3,917
27	Sprint	M	30TH	100-44421	\$ 6,679	\$ 6,679	\$ 6,679	\$ 6,679								\$ 26,717
28	AT & T	M	1ST	100-44421	\$ 7,056	\$ 7,056	\$ 7,056	\$ 7,650	\$ 7,409							\$ 36,228
29	Verizon 16/Valley lease	M	25TH	100-44421	\$ 5,837	\$ 5,837	\$ 5,837	\$ 5,837	\$ 5,837							\$ 29,183
30	Marriott-Min	M	20TH	100-44406	\$ 33,333	\$ 33,333	\$ 33,333	\$ 33,333	\$ 33,333							\$ 166,667
31	Marriott - %	Q	31ST	100-44407	\$ 459,137			\$ 474,110								\$ 933,247
32	Marriott Golf Course	Q	31ST	100-44408	\$ 6,620			\$ 6,402								\$ 13,022
33	United States Post Office	M	1ST	100-44410	\$ 4,858	\$ 4,858	\$ 4,858	\$ 4,858								\$ 19,433
34	Village Mall Parking	M	25TH	100-44409	\$ 16,409	\$ 16,409	\$ 17,695	\$ 10,319								\$ 60,831
35	Shade #1	M	15TH	100-44412	\$ 993	\$ 993	\$ 993	\$ 993	\$ 993							\$ 4,965
36	Storage Shade #2	M	15TH	100-44412	\$ 840	\$ 840	\$ 840	\$ 863	\$ 863							\$ 4,244
37	Triolgy Day Spa Storage	M	15TH	100-44412	\$ 850	\$ 809										\$ 1,659
38	Metlox (shared maint.)	Q	15th	520-47307	\$ 3,389			\$ 3,729								\$ 7,117
39	Lemonade	M	1st	100-44412	\$ 614	\$ 614	\$ 614									\$ 1,841



**FY 2023/2024**  
**City of Manhattan Beach**  
**Monthly Schedule of TOT, Lease and Miscellaneous Payments**  
**As of: 11/30/2023**

MONTHLY REVENUES				July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	June 2024	TOTALS
<b>FRANCHISES:</b>																
40	Verizon/Frontier Comm.	Q	QUARTERLY	100-41213		\$ 50,340			\$ 48,051							\$ 98,391
41	Verizon/ Frontier PEG	A	FEBRUARY	100-21312		\$ 4,110			\$ 3,857							\$ 7,967
42	Charter Communications (PEG)	Q	QUARTERLY	100-21311		\$ 16,300			\$ 15,637							\$ 31,936
43	Charter Communications (Basic)	Q	QUARTERLY	100-41213		\$ 81,498			\$ 78,184							\$ 159,682
44	Van Lingen Towing	M	15TH	100-46207	\$ 6,821	\$ 6,767	\$ 5,480	\$ 4,849								\$ 23,917
45	So Cal Edison	A	APRIL	100-41213												\$ -
46	So Cal Gas	A	APRIL	100-41213												\$ -
<b>MISC. PAYMENTS</b>																
47	Waste Mgmt-Recycle	A	JUNE	510-46415	\$ 40,000											\$ 40,000
48	Waste Mgmt-CRC	M	QUARTERLY	100-46412	\$ 23,041			\$ 17,571								\$ 40,612
49	Waste Mgmt-PaintCare	M	QUARTERLY	100-46452	\$ 390			\$ 383								\$ 773
49	Mrs. June Mikrut	A	AUG \$25	503-46402				\$ 25								\$ 25
50	Median-Hermosa Bch	A	AUGUST	100-46421				\$ 2,157								\$ 2,157
51	Median-Redondo Bch	A	AUGUST	100-46421												\$ -
52	Panchos-Pkg Spaces	M	1ST	520-47301	\$ 975	\$ 975	\$ 1,024	\$ 975								\$ 3,949
53	Signals-Target	A	DEC	100-46113				\$ 1,256								\$ 1,256
54	Fusion Sushi 270 Sq. Ft	M	20Th	100-42105	\$ 810	\$ 810	\$ 810	\$ 810	\$ 810							\$ 4,050
55	Summers 44 Sq. Ft.	A	JULY	100-42105												\$ -
56	Uncle Bills 195 Sq. Ft	M	1ST	100-42105	\$ 585	\$ 585	\$ 585	\$ 585	\$ 585							\$ 2,925
57	Ocean View 270 Sq. Ft	M	1ST	100-42105	\$ 810	\$ 810	\$ 810	\$ 810	\$ 810							\$ 4,050
58	Legacy Inmate Comm	M	1ST	100-21402	\$ 40	\$ 32	\$ 69									\$ 140
59	Northrop Grumman	A	JULY	100-42105			\$ 1,484									\$ 1,484
60	DBID - Dekralite (Annual Pmt)	M	FEB	100-46452												\$ -
<b>COVID 19 BUSINESS LOANS</b>																
61	Crimson Hotel (Kaluba LLC)	M	1ST	100-44302 & 100-44301	\$ 217	\$ 217	\$ 217	\$ 217	\$ 6,303							\$ 7,170
62	Wave Hotel (Veejeta LP)	M	1ST	100-44302 & 100-44301	\$ 217	\$ 217	\$ 217	\$ 217	\$ 6,303							\$ 7,170
63	Salvatore's Shoe Repair	M	1ST	100-44302 & 100-44301	\$ 289	\$ 288	\$ 289	\$ 289	\$ 289							\$ 1,444
63	Gelato Angels	M	1ST	100-44302 & 100-44301	\$ 289	\$ 289	\$ 289	\$ 289								\$ 1,156
64	Harry's Cleaners	M	1ST	100-44302 & 100-44301	\$ 289	\$ 289	\$ 289	\$ 289	\$ 289							\$ 1,445
65	4 Corner's Deposition Summaries, In	M	1ST	100-44302 & 100-44301	\$ 289	\$ 289	\$ 289	\$ 289	\$ 229							\$ 1,385
66	TY Engineering and Design, Inc	M	1ST	100-44302 & 100-44301	\$ 2,000	\$ 2,000	\$ 2,000	\$ 65								\$ 6,065
67	Three Thirteen Salon	M	1ST	100-44302 & 100-44301												\$ -
68	BBK Retail	M	1ST	100-44302 & 100-44301	\$ 289	\$ 289	\$ 289	\$ 289	\$ 289							\$ 1,445
69	Aesthetics on Highland	M	1ST	100-44302 & 100-44301	\$ 228	\$ 228	\$ 228	\$ 217	\$ 217							\$ 1,116
70	Le Nour LLC	M	1ST	100-44302 & 100-44301	\$ 289	\$ 303	\$ 289	\$ 289	\$ 289							\$ 1,459
71	Kasai Hair	M	1ST	100-44302 & 100-44301	\$ 289	\$ 289	\$ 289	\$ 289	\$ 289							\$ 1,445
72	Roundhouse	M	1ST	100-44302 & 100-44301	\$ 274											\$ 274

A - Annual  
Q - Quarterly  
M - Monthly



## FY 2023-2024 City of Manhattan Beach Miscellaneous Accounts Receivable Aging Statistical Report

### Dollars

	Total AR	0	1-30	30-60	60-90	90-120	>120
July	\$342,546	20,792	\$286,580	\$11,670	\$4,948	\$1,183	\$17,373
August	179,696	31,296	33,343	103,567	1,879	1,271	8,339
September	165,071	120,335	23,241	2,980	7,508	1,879	9,128
October	239,419	93,559	117,413	16,281	670	5,435	6,062
November	248,308	113,102	102,868	24,287	850	215	6,987
December							
January							
February							
March							
April							
May							
June							
<b>Avg.</b>	<b>\$235,008</b>	<b>\$75,817</b>	<b>\$112,689</b>	<b>\$31,757</b>	<b>\$3,171</b>	<b>\$1,997</b>	<b>\$9,578</b>

### Percentages

	Total AR	0	1-30	30-60	60-90	90-120	>120
July	100%	6%	84%	3%	1%	0%	5%
August	100%	17%	19%	58%	1%	1%	5%
September	100%	73%	14%	2%	5%	1%	6%
October	100%	39%	49%	7%	0%	2%	3%
November	100%	46%	41%	10%	0%	0%	3%
December							
January							
February							
March							
April							
May							
June							
<b>Avg.</b>	<b>100%</b>	<b>36%</b>	<b>41%</b>	<b>16%</b>	<b>2%</b>	<b>1%</b>	<b>4%</b>



## CITY OF MANHATTAN BEACH FINANCE SUBCOMMITTEE STAFF REPORT

**TO:** Members of the Finance Subcommittee

**THROUGH:** Steve S. Charelian, Finance Director

**FROM:** Libby Bretthauer, Financial Services Manager  
Emy-Rose Hanna, Revenue Services Supervisor

**SUBJECT:** Bad Debt Write-Offs to Collections from April 1, 2023 – June 30, 2023

**DATE:** December 12, 2023

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### **RECOMMENDATION:**

Staff recommends that the Finance Subcommittee receive the attached summary report of write-offs within the authority of the Finance Director (not to exceed \$5,000 per line item).

### **FISCAL IMPLICATION:**

Financial Credit Network (FCN), the City's collection agency, is paid a commission based on the amount of funds collected. The commission percentage is 25% for regular collections or 35% for accounts requiring legal action. It is important to note that FCN helps facilitate payment on behalf of the City for accounts that are at least 120 days past due and are otherwise deemed uncollectable by the City.

### **BACKGROUND:**

City Council approved a policy delegating write-off authority for uncollectable accounts based on the following thresholds:

- The Finance Director is delegated to approve write-offs up to \$5,000
- The Finance Subcommittee is delegated to approve write-offs from \$5,000 to \$10,000
- The City Council is delegated to approve write-offs over \$10,000.

### **DISCUSSION:**

The City reviewed outstanding accounts that were more than 120 days past due as of



April 1, 2023 – June 30, 2023. The accounts listed below were within the \$5,000 signing authority of the Finance Director and have been sent to FCN for collection.

WRITE-OFF CATEGORY	QUANTIT Y	AMOUNT	WRITE-OFF PERIOD
Misc. Accounts Receivable	1	\$1,272.24	April 1, 2023 – June 30, 2023
Utility Billing	29	\$12,635.03	April 1, 2023 – June 30, 2023
Ambulance Billing	112	\$202,423.36	April 1, 2023 – June 30, 2023

The write-offs summarized above include the following activity:

- Misc. Accounts Receivable: Write-offs in this category (\$1,272.24) include cost recovery for DUI incidents that require police emergency response and personnel.
- Utility Billing: Write-offs in this category (\$12,635.03) are limited to closed utility accounts only (customers that have moved out of town), which have remained past due for at least 120 days.
- Ambulance Billing: Write-offs in this category (\$202,423.36) include ambulance billings that are billed at full cost (\$1,800-\$2,500+) and are deemed uncollectable due to lack of insurance, lack of qualifying Medicare/Medical coverage and/or non-responsiveness from patients that are billed directly.

To provide further insight, the process of sending accounts to collections begins once an account remains unpaid for 120 days or more. Once deemed uncollectable by City staff, the appropriate authority is asked to approve the account for write-off, and then pertinent information is sent to the collection agency to begin their collection process. Depending upon time and effort, the collection agency may earn up between 25% - 35% commission for the amount they collect.

Additionally, each December staff provides annual information on the success rate (“recovery rate”) achieved by our collection agency, Financial Credit Network (FCN). Based on data collected by FCN, we are pleased to report that the City maintains a higher recovery rate than industry standards based on the California Average, meaning the City has a better success rate than most cities in the State (please see table below).

City of Manhattan Beach - Collection Recovery Rate Compared to California Average

Debt Type	Recovery Rate for City of Manhattan Beach	Average Recovery Rate in California	Percentage Higher than California Average
Utility Billing	33.94%	17.30%	16.64%+
Ambulance Billing	11.36%	10.00%	1.36%+
Miscellaneous AR	19.55%	17.58%	1.97%+

Several factors can affect the success and recovery rates for collections. These factors can include:

- Legislation that restricts credit reporting on past due amounts
- Inability to credit report on ambulance balances over \$500
- Inability to credit report on ambulance bills until 6 months have passed
- Other legal restrictions that are placed on collections agencies

Staff recommends that the Finance Subcommittee receive the attached summary report of write-offs within the authority of the Finance Director (not to exceed \$5,000 per line item).

Attachments:

1. Summary of Write-Offs (not to exceed \$5,000 per line item) from April 1, 2023 – June 30, 2023



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

MISCELLANEOUS ACCOUNTS RECEIVABLE			
No.	Invoice No.	Type	Balance
1	116968	ACCOUNTS RECEIVABLE	\$ 1,272.24
<b>TOTAL MISCELLANEOUS ACCOUNTS RECEIVABLE</b>			<b>\$ 1,272.24</b>
UTILITY BILLING ACCOUNTS			
No.	Customer ID	Type	Balance
1	112921	UTILITY BILLING	\$ 56.28
2	107034	UTILITY BILLING	\$ 63.68
3	105541	UTILITY BILLING	\$ 73.61
4	113282	UTILITY BILLING	\$ 97.91
5	113407	UTILITY BILLING	\$ 133.53
6	116265	UTILITY BILLING	\$ 153.87
7	116220	UTILITY BILLING	\$ 162.74
8	104926	UTILITY BILLING	\$ 176.31
9	106193	UTILITY BILLING	\$ 186.21
10	116849	UTILITY BILLING	\$ 186.47
11	100704	UTILITY BILLING	\$ 200.43
12	102717	UTILITY BILLING	\$ 202.39
13	102470	UTILITY BILLING	\$ 229.18
14	116282	UTILITY BILLING	\$ 322.40
15	115692	UTILITY BILLING	\$ 400.51
16	103480	UTILITY BILLING	\$ 405.50
17	104208	UTILITY BILLING	\$ 456.02
18	106343	UTILITY BILLING	\$ 471.57
19	115724	UTILITY BILLING	\$ 491.24
20	111382	UTILITY BILLING	\$ 502.79
21	104847	UTILITY BILLING	\$ 519.31
22	100247	UTILITY BILLING	\$ 548.20



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

23	101417	UTILITY BILLING	\$ 619.56
24	105988	UTILITY BILLING	\$ 633.70
25	107629	UTILITY BILLING	\$ 717.50
26	106525	UTILITY BILLING	\$ 773.20
27	100880	UTILITY BILLING	\$ 777.73
28	101434	UTILITY BILLING	\$ 1,188.48
29	100054	UTILITY BILLING	\$ 1,884.71
<b>TOTAL UTILITY BILLING ACCOUNTS</b>			<b>\$ 12,635.03</b>

**AMBULANCE BILLING ACCOUNTS**

No.	Account No.	Type	Balance
1	555951	AMBULANCE BILLING	\$ 1,938.00
2	558965	AMBULANCE BILLING	\$ 2,839.00
3	855608	AMBULANCE BILLING	\$ 2,712.00
4	759573	AMBULANCE BILLING	\$ 50.00
5	855880	AMBULANCE BILLING	\$ 1,864.00
6	855892	AMBULANCE BILLING	\$ 2,043.00
7	855503	AMBULANCE BILLING	\$ 255.00
8	855950	AMBULANCE BILLING	\$ 2,053.00
9	713723	AMBULANCE BILLING	\$ 1,978.00
10	686916	AMBULANCE BILLING	\$ 2,007.00
11	855934	AMBULANCE BILLING	\$ 2,970.00
12	855562	AMBULANCE BILLING	\$ 1,826.00
13	667634	AMBULANCE BILLING	\$ 2,007.00
14	596342	AMBULANCE BILLING	\$ 2,208.00
15	606916	AMBULANCE BILLING	\$ 1,955.00
16	855983	AMBULANCE BILLING	\$ 100.73
17	855977	AMBULANCE BILLING	\$ 2,116.00
18	855951	AMBULANCE BILLING	\$ 1,932.00



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

19	855509	AMBULANCE BILLING	\$ 50.00
20	855821	AMBULANCE BILLING	\$ 1,872.00
21	667632	AMBULANCE BILLING	\$ 2,076.00
22	855888	AMBULANCE BILLING	\$ 255.00
23	855981	AMBULANCE BILLING	\$ 2,001.00
24	686922	AMBULANCE BILLING	\$ 1,984.00
25	855848	AMBULANCE BILLING	\$ 1,853.00
26	855898	AMBULANCE BILLING	\$ 2,796.00
27	855985	AMBULANCE BILLING	\$ 1,978.00
28	855565	AMBULANCE BILLING	\$ 1,834.00
29	855622	AMBULANCE BILLING	\$ 1,845.00
30	585330	AMBULANCE BILLING	\$ 1,955.00
31	667625	AMBULANCE BILLING	\$ 1,955.00
32	650563	AMBULANCE BILLING	\$ 2,099.00
33	855973	AMBULANCE BILLING	\$ 2,001.00
34	855579	AMBULANCE BILLING	\$ 2,757.00
35	855845	AMBULANCE BILLING	\$ 1,853.00
36	855543	AMBULANCE BILLING	\$ 1,872.00
37	855506	AMBULANCE BILLING	\$ 1,978.00
38	855558	AMBULANCE BILLING	\$ 175.50
39	855611	AMBULANCE BILLING	\$ 126.75
40	855974	AMBULANCE BILLING	\$ 1,978.00
41	855830	AMBULANCE BILLING	\$ 1,864.00
42	650577	AMBULANCE BILLING	\$ 2,007.00
43	855820	AMBULANCE BILLING	\$ 1,902.00
44	855855	AMBULANCE BILLING	\$ 2,777.00
45	855966	AMBULANCE BILLING	\$ 200.00
46	855952	AMBULANCE BILLING	\$ 2,867.50



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

47	561745	AMBULANCE BILLING	\$ 182.00
48	569740	AMBULANCE BILLING	\$ 2,862.00
49	855860	AMBULANCE BILLING	\$ 1,853.00
50	601240	AMBULANCE BILLING	\$ 2,099.00
51	856708	AMBULANCE BILLING	\$ 2,987.00
52	855850	AMBULANCE BILLING	\$ 2,815.00
53	855923	AMBULANCE BILLING	\$ 1,984.00
54	650575	AMBULANCE BILLING	\$ 200.00
55	856702	AMBULANCE BILLING	\$ 2,833.00
56	855556	AMBULANCE BILLING	\$ 1,826.00
57	855831	AMBULANCE BILLING	\$ 2,693.00
58	569748	AMBULANCE BILLING	\$ 2,856.00
59	855497	AMBULANCE BILLING	\$ 468.00
60	855870	AMBULANCE BILLING	\$ 2,318.92
61	855866	AMBULANCE BILLING	\$ 150.00
62	855929	AMBULANCE BILLING	\$ 2,069.00
63	855572	AMBULANCE BILLING	\$ 115.91
64	856761	AMBULANCE BILLING	\$ 2,971.00
65	686923	AMBULANCE BILLING	\$ 1,978.00
66	561788	AMBULANCE BILLING	\$ 2,007.00
67	569742	AMBULANCE BILLING	\$ 1,978.00
68	855865	AMBULANCE BILLING	\$ 1,845.00
69	855896	AMBULANCE BILLING	\$ 1,826.00
70	855862	AMBULANCE BILLING	\$ 120.00
71	855909	AMBULANCE BILLING	\$ 120.00
72	855972	AMBULANCE BILLING	\$ 120.00
73	855877	AMBULANCE BILLING	\$ 99.12
74	855859	AMBULANCE BILLING	\$ 2,758.00



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

75	855825	AMBULANCE BILLING	\$ 1,872.00
76	855965	AMBULANCE BILLING	\$ 200.00
77	855602	AMBULANCE BILLING	\$ 1,853.00
78	555952	AMBULANCE BILLING	\$ 2,810.00
79	855834	AMBULANCE BILLING	\$ 1,902.00
80	855968	AMBULANCE BILLING	\$ 1,331.44
81	855817	AMBULANCE BILLING	\$ 1,845.00
82	580515	AMBULANCE BILLING	\$ 1,955.00
83	855583	AMBULANCE BILLING	\$ 2,158.00
84	855890	AMBULANCE BILLING	\$ 50.00
85	855610	AMBULANCE BILLING	\$ 1,853.00
86	855819	AMBULANCE BILLING	\$ 2,693.00
87	855606	AMBULANCE BILLING	\$ 1,864.00
88	855942	AMBULANCE BILLING	\$ 1,978.00
89	855568	AMBULANCE BILLING	\$ 129.00
90	856773	AMBULANCE BILLING	\$ 3,131.00
91	855919	AMBULANCE BILLING	\$ 2,839.00
92	855924	AMBULANCE BILLING	\$ 2,925.00
93	855926	AMBULANCE BILLING	\$ 2,833.00
94	855901	AMBULANCE BILLING	\$ 1,845.00
95	686917	AMBULANCE BILLING	\$ 2,856.00
96	855826	AMBULANCE BILLING	\$ 1,845.00
97	855593	AMBULANCE BILLING	\$ 1,788.00
98	855571	AMBULANCE BILLING	\$ 2,796.00
99	855853	AMBULANCE BILLING	\$ 1,921.00
100	855990	AMBULANCE BILLING	\$ 1,777.00
101	855531	AMBULANCE BILLING	\$ 153.75
102	544201	AMBULANCE BILLING	\$ 662.40



**FY 2023-2024**  
**City of Manhattan Beach**  
**Summary of Write-Offs (Under \$5,000)**

**Miscellaneous Accounts Receivable, Utility Billing, & Ambulance**  
**Period Covering April 1, 2023 - June 30, 2023**

103	611645	AMBULANCE BILLING	\$ 1,938.00
104	855604	AMBULANCE BILLING	\$ 1,845.00
105	713732	AMBULANCE BILLING	\$ 1,362.34
106	555953	AMBULANCE BILLING	\$ 2,902.00
107	642724	AMBULANCE BILLING	\$ 2,902.00
108	855936	AMBULANCE BILLING	\$ 2,948.00
109	601239	AMBULANCE BILLING	\$ 1,978.00
110	855519	AMBULANCE BILLING	\$ 1,845.00
111	855907	AMBULANCE BILLING	\$ 1,845.00
112	855941	AMBULANCE BILLING	\$ 3,093.00
		<b>TOTAL AMBULANCE ACCOUNTS</b>	<b>\$ 202,423.36</b>
<b>SUBTOTAL ALL ACCOUNTS</b>			<b>\$ 216,330.63</b>

Date: \_\_\_\_\_

Finance Director: \_\_\_\_\_