City of Santa Monica
California

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

City of
Santa
Monica

City of Santa Monica
California

Annual Comprehensive Financial Report

Year ended June 30, 2025

Prepared by the Finance Department

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CITY OF SANTA MONICA, CALIFORNIA

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

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INTRODUCTORY SECTION

City of
Santa Monica

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March 3, 2026

Dear Honorable Mayor and Members of the City Council, City Manager, and the community of Santa Monica:

Attached is the Annual Comprehensive Financial Report (ACFR) for the City of Santa Monica (City) for the fiscal year ended June 30, 2025 (FY 2024-25).

The ACFR has been prepared by Finance Department staff in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), the authoritative body establishing U.S. generally accepted accounting principles for local governments.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The ACFR has been compiled in a manner designed to fairly set forth the financial positions and results of operations of the City. The ACFR includes disclosures designed to enable the reader to gain an understanding of the City's financial affairs.

In accordance with generally accepted accounting principles, a narrative overview and analysis of the basic financial statements in the form of Management's Discussion and Analysis (MD&A) is provided and can be found immediately following the independent auditor's report. This letter of transmittal complements the MD&A and should be read in conjunction with it.

LSL, LLP has issued an unmodified opinion on the City of Santa Monica's basic financial statements for FY 2024-25. Their report is located at the front of the financial section of this report.

PROFILE OF THE CITY OF SANTA MONICA

The City of Santa Monica, bordered by the City of Los Angeles on three sides and by the Pacific Ocean on the west, encompasses an area slightly greater than eight square miles and serves a residential population of 92,408 making it the 18th largest of the 88 cities in Los Angeles County.

The City of Santa Monica, incorporated in 1886, adopted its City Charter in 1945, and established a council-manager form of government in 1947. Elections are held every two years for either three or four Council members elected to serve four-year terms on the seven-member City Council. In the past, elected Council members selected a Mayor and a Mayor Pro-Tempore to preside over Council meetings. However, beginning in December 2022, the Council shall select the longest continuously serving Councilmember, whether initially elected or appointed, to serve as Mayor for a 1 year term. Each subsequent December the next longest continuously serving Councilmember shall be selected as Mayor for a 1 year term, then rotating each December to select the Mayor in order of the next longest serving Councilmember.

The City Council (Council) appoints a City Manager, a City Attorney and a City Clerk. The City Manager, responsible for supervising day-to-day operations of the City and for carrying out policies set by the Council, appoints Department directors.

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Santa Monica's level and breadth of services surpass those of other cities of comparable size. The City provides a full range of services, including police and fire protection, water and wastewater, street maintenance, public landscaping, a regional transit system that serves 8.6 million riders each year, parking, parks and recreation including 245 acres of beaches, five public libraries, planning, building and safety, the iconic Santa Monica Pier, an airport, a cemetery, and a high level of support for social services, cultural programs and public education. Elementary and secondary education is provided by the Santa Monica Malibu Unified School District, and community college education is provided by the Santa Monica Community College District. Court, health, and social services are provided by the County of Los Angeles. Gas and telephone services are provided by private utility companies, while power is purchased through the Clean Power Alliance, a joint powers authority made up of public agencies across Los Angeles and Ventura counties working together to bring clean, renewable power to Southern California, and delivered by a private utility company.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by GASB.

FINANCIAL CONDITION AND OUTLOOK

Factors Impacting Financial Condition

The national economy remains stable but is showing signs of gradual cooling. The Federal Reserve cut its benchmark interest rate to roughly 3.66% in December 2025 – the third cut this year and the lowest level in nearly three years – as it balances slower job growth with persistent inflation above the target of 2%. Inflation remains still elevated and sticky amid tariffs and supply cost pressures. Economic growth has been solid but is expected to moderate. Gross Domestic Product expanded at a strong 3.8% annualized rate in the second quarter of 2025. Forecasts indicate that growth will ease to around 2.9% in the third quarter as the economy gradually cools.

California data and forecasts show slow or flat GDP growth for 2025, with regional contractions. Conditions in the labor market reflect this shift. Job growth has slowed compared to last year, and while the unemployment rate remains relatively low by historical standards, it has risen to 4.4%. California has lost jobs for four straight months, with unemployment rising to about 5.6%, with the nation rate at 4.3%.

Financial markets have responded to these changing dynamics. The 2-year U.S. Treasury yield has declined by roughly 0.70% since the start of the year, though it still stands about 1.50% above its average over the past two decades.

In 2025, Santa Monica's tourism faced a complex landscape with a decline in overall visitor volume, primarily driven by a fall in domestic and international travel to California in general. However, the local industry is proactively implementing strategies and experiencing positive localized trends. With Santa Monica's proximity to the Greater Los Angeles area, the 2026 World Cup is projected to bring hundreds of millions in new revenue, temporary jobs, and international visitors.

Overall, the economy remains resilient but is transitioning into a period of slower growth, easing interest rates, and inflation that is improving, but still elevated. These trends should continue to influence both public-sector planning and local economic conditions in the year ahead.

Local Economy

For decades, Santa Monica has been among California's most prosperous and well-run cities, with strong civic finances and vibrant downtown and waterfront districts. In 2018, the City's General Fund held $435.8 million in fund balance, reflecting decades of prudent management and careful fiscal planning.

That strength allowed Santa Monica to weather emergencies such as the COVID-19 pandemic, which devastated economies worldwide and hit tourism-dependent cities especially hard. Even amid unprecedented liabilities and disruption, all three major rating agencies reaffirmed Santa Monica's high-quality credit rating in their most recent reviews, a testament to the City's long tradition of fiscal discipline.

Yet fiscal strength has eroded in the years since. The pandemic collapsed tourism, shuttered businesses, and emptied public spaces. Compounding challenges include rising public safety incidents, growing homelessness, high office (35%) and retail (16%) vacancy rates, deferred infrastructure maintenance, and declining public confidence. Revenues have dropped sharply as compared to original budgeted estimates, with FY 2024-25 showing a 6% decline in sales tax and a 10% decline in transient occupancy tax (TOT), contributing to what was projected to be $29 million General Fund deficit by FY 2026-27.

Additionally, fund balance has fallen to approximately $155 million in non-restricted reserves, with only $95 million unobligated. Much of this decline stems from sexual-abuse claim settlements totaling nearly $230 million to date.

While Santa Monica remains rich in potential, its fiscal and organizational strength has been significantly depleted.

<u>Santa Monica Realignment Plan</u>

Against this backdrop, the City has embarked on a comprehensive Realignment Plan to restore fiscal stability while strengthening the foundations of civic life. Adopted in October 2025, the plan organizes a series of interlocking programs and projects around five strategic priorities. Three of these, **Achieving Safe Neighborhoods & Clean Streets, Activating Economic Opportunity & Growth, and Developing Affordable, Livable & Secure Housing for All**, were identified by the City Council. Two additional priorities, **Creating Organizational Capacity and Building Organizational Health**, were added to reinforce the City's internal strength. Together, these priorities provide a coordinated roadmap to build a more resilient, inclusive, and livable community.

The plan responds to pressing fiscal challenges, including a projected structural deficit of nearly $29 million by FY 2026–27 and a steep decline in reserves. To address these headwinds, the framework blends cost discipline, revenue diversification, and strategic asset management, with the goal of achieving a structurally balanced budget by FY 2027–28.

The plan begins with expenditure realignment. By carefully managing vacancy rates and staffing levels, the City expects to save approximately $6 million annually. Additional efficiencies will come from refocusing underperforming programs, such as parking enforcement and fire inspections, which are projected to generate $1.4 million in new revenues each year. Bond refinancing will add another $100,000 in annual savings. Together, these measures contribute about $7.5 million per year in ongoing fiscal benefit.

On the revenue side, the City is implementing a series of initiatives designed to create sustainable streams of income. A new ambulance operator program, set to launch in 2026, will recover the full cost of emergency medical transport, generating $7 million annually. Adjustments to parking rates and operations are expected to yield $9 million per year, while credit card convenience fees will add $1 million. Digital signage concessions, user fee updates, and investment earnings together contribute another $7 million. Altogether, these revenue measures are projected to deliver $24 million annually once fully phased in.

To further strengthen the fiscal outlook, the City is exploring a parcel tax measure in 2026 that could generate $12 million annually to offset school funding obligations. While still under assessment, this measure would provide a dedicated revenue source to sustain the City's longstanding partnership with the Santa Monica-Malibu Unified School District.

At the same time, the Realignment Plan is not only about fiscal discipline, it is also about revitalizing Santa Monica's civic identity and economic vitality. A key pillar of the plan is **activating economic opportunity and growth through major events and cultural programming**. In December 2025, the City Council approved preliminary agreements with private partners to host a series of landmark activations that will place Santa Monica on the global stage:

- Michelob ULTRA Pitchside Club (2026): A World Cup fan experience at the Pier blending live match viewing, interactive games, and celebrity appearances.
- Goldenvoice Beach Music Festival (2026–2028): A new annual festival drawing 30,000–35,000 attendees, designed to boost local hotels, restaurants, and retail.

- ESPN Fan Festival (2027): Broadcasts and community programming staged against the coastline, engaging nonprofits and local vendors.
- Club France (2028): The French Olympic Committee's official hospitality house at the Annenberg Community Beach House, offering cultural programming and community events.
- Santa Monica Nations Village & Broadcast Center (2028): A hub at Crescent Bay Park showcasing international hospitality houses, immersive content production, and global media visibility.

These activations exemplify how the Realignment Plan's priorities translate into action: they establish a framework for producing and hosting large events in the City, generate new rental and service fee revenues under the City's updated pricing model, strengthen local business participation, and provide free or low-cost public programming that uplifts residents.

Recognizing the immediate need for stability, the plan also deploys $60 million in reserves previously set aside by the City Council. These funds act as a bridge, supporting operations and program implementation until new revenues are fully realized. At the same time, the City is preparing to monetize key downtown land assets. By optimizing development strategies, the identified properties could generate sufficient funds to begin rebuilding reserves by 2028.

In conclusion, the Realignment Plan is both a roadmap for civic renewal and a disciplined financial strategy. Through expenditure controls, diversified revenues, strategic reserve use, asset monetization, and global event activations, Santa Monica is positioned to stabilize its budget, rebuild resilience, and restore the vitality that has long defined the community.

POLICIES, RESERVES AND TRANSPARENCY

The City has consistently demonstrated its commitment to safeguarding public resources through the adoption of prudent fiscal policies and the maintenance of strong reserves. For more than a decade, the City sustained an Economic Uncertainty Reserve of $9.7 million, complemented by a General Fund Rainy Day Fund Contingency Reserve historically equal to 15 percent of annual operating and capital expenditures. These reserves provided essential flexibility during the severe economic downturn caused by the pandemic, allowing the use of contingency and uncertainty funds while preserving a Rainy Day Fund reserve level of 12.5 percent of ongoing expenditures to address future emergencies.

At the close of FY 2024-25, the City's Contingency Reserve has been increased to 14.0 percent. As revenues continue to recover, the City remains committed to incrementally increasing the reserve by 0.5 percentage points annually, restoring the reserve to 15 percent in FY 2026-27. This disciplined approach underscores the City's long-standing priority of fiscal stability, ensuring reserves remain sufficient to mitigate economic volatility while sustaining essential services and long-term community investment.

The City ended the fiscal year with a positive operating balance and a General Fund fund balance of $168.1 million which includes nonspendable, restricted, committed, assigned, and unassigned fund balances, each with varying constraints that control how amounts can be spent.

In addition to a comprehensive set of fiscal policies, the Council has approved a Fiscal Sustainability Philosophy, a Compensation Philosophy, and Guiding Principles to Handle Pension Liability. The Compensation Philosophy, adopted on July 24, 2018, established a consistent methodology for determining if the City's processes to recruit and retain highly qualified staff continue to be in line with the City's overarching goal of being an "employer of choice" while continuing to be fiscally responsible with a goal of this being evaluated every five years.

On June 25, 2019, the Council adopted a Fiscal Sustainability Philosophy included in the City's Fiscal Policy. The philosophy commits the City to a long-term view of financial planning that addresses economic and fiscal risks to ensure the City lives within its means and has the resources to invest in its infrastructure, facilities, equipment, training and workforce to preserve and enhance community wellbeing.

The Audit Subcommittee of the City Council, made up of three Council members and two residents with financial backgrounds, meets a minimum of four times per year to review the work and reports of the City's internal and external auditors and the progress made on internal controls and departmental efficiency process improvements recommended by the City's internal auditor.

MANAGING FISCAL CHALLENGES

In addition to the extraordinary fiscal challenges the City is facing during and in the aftermath of the pandemic, longstanding areas of pressure on our finances continue to be considered in our fiscal management. The City continues to proactively manage its longstanding challenges in the areas of pension liabilities, healthcare and workers compensation costs by longer term contracts fixing rates at low levels, and focused claims administration, respectively. While challenges persist, these approaches continue to mitigate the liabilities. Further detail on these actions is included below.

Contingent liabilities and long-term planning

In previous years, the City noted a significant contingent liability related to sexual abuse claims against a former employee. From May 2020 to July 2022, the City settled with 104 claimants, totaling $107.325 million. On April 25, 2023, the City Council approved an additional settlement agreement to pay $122.5 million on additional claims related to one of the former employees. The City has tendered the full amount, totaling $229.825 million, to its excess liability insurers for reimbursement. Given the significant burden of these payments on the General Fund, on top of the significant revenue losses that the General Fund suffered as a result of the COVID pandemic, other funding sources in addition to the General Fund were needed to make the payment. The non-General Fund funding sources include $6.5 million from the General Fund portion of the Workers' Compensation Fund, $25 million from the Housing Trust Fund's General Fund contributions, $5.9 million from deferral of the FY 2020-21 and $5.6 million from the deferral of the FY 2022-23 Measure GSH contribution from the General Fund to the Housing Trust Fund, and $15 million from Boeing Gillette settlement funds held in the Water Fund. Furthermore, in FY 2023-24 and FY 2024-25, the City deferred an additional $5.7 million and $5.0 million, respectively, of Measure GSH contributions from the General Fund to the Housing Trust Fund. The General and non-General Fund reserves used were not legally restricted as to use, but it is the City's intent that the fund balances of all affected funds be replenished. On October 25, 2023, the City Council approved a plan to replenish these funds over time, prioritizing the operational and financial stability of the General Fund.

As of the date of this report, the City continues to face significant liability exposure from ongoing childhood sexual-abuse litigation. The City now faces another 178 plaintiffs under AB 218. Management is vetting the new claims, and these cases are now moving into formal discovery and trial for the first time. Settlement discussions are proceeding on a parallel track. Resolution, whether through trial or settlement, is expected to extend over the next two years or longer.

Additionally, an ongoing contingent liability is the litigation over a request to transition to district elections. The case was recently heard by the California Supreme Court, which issued an opinion referring the case back to the Court of Appeal for further proceedings. The Court of Appeals remanded the case back to the trial court based on the California Supreme Court ruling. If the City loses the case, the financial impacts to the City will be high.

Pension liability

With respect to pension liabilities, the City has continually programmed increases in pension costs reflecting the phasing in of the California Public Employees' Retirement System (CalPERS) discount rate from 7.5% to 6.8%, and additional changes to the methods by which liability is amortized, all of which have the effect of stabilizing the pension fund but resulting in higher contribution rates for employers.

Several initiatives mitigate the pressure of pension costs on the budget.

- 62% of current employees earn a reduced level of pension benefits either because of mandated Public Employee Pension Reform Act (PEPRA) reduced benefit levels for staff members hired after January 1, 2013, or the City's own "Tier 2" levels established on July 1, 2012, six months before the enactment of PEPRA, for non-public safety sworn employees who entered the City and CalPERS during those six months as new Miscellaneous bargaining group employees, and for non-public safety sworn employees who continue to join the City but who were already enrolled in CalPERS as Classic (non-PEPRA) employees at a different agency. This lower benefit has a lower required contribution rate than Classic members.
- All employee groups have eliminated the employer paid member contribution (EPMC) benefit and the employee-paid portion of the pension cost is deducted from employees' paychecks and paid directly to PERS. This lowers pensionable compensation which in turn reduces the unfunded liability and contributions.
- In addition to paying the employee portion of the contribution, members of public safety employee bargaining groups who joined CalPERS prior to January 1, 2013 (before PEPRA benefits were established) and have a higher level of benefits also pay a portion of the annual pension contribution cost.
- The City has a long history of paying down its unfunded pension liability at a level above each year's actuarially determined contribution. These payments have reduced the City's net pension liability by decreasing interest costs over time. In 2014, Council adopted a policy to continue to program paydowns of at least $1 million from the General Fund and proportional amounts from all other funds' annual budgets, with the potential to increase this paydown amount if funds were available. In June 2017, responding to the prospect of additional significant pension contribution rate increases beginning in FY 2018-19, Council approved a $45 million pay down of the City's pension unfunded liability. To date the City has paid $88 million in additional paydowns of the unfunded liability.
- In FY 2018-19 the City convened a Pension Advisory committee who recommended a 13-year amortization period. The City implemented this plan and made one additional contribution but due to cash flow issues caused by the pandemic the City suspended the additional payments in 2023. Based on the City's financial health, the additional payments may resume in the future.
- The City has prepaid its annual employer contributions to CalPERS since FY 2007-08. The City continued this practice up to FY 2020-21. Discounts received from such prepayments are used for pay downs of the net pension liability. In FY 2025-26, the City prepaid its contributions as it was projected that interest rates earned on its portfolio would not exceed the discount rate.

The CalPERS preliminary portfolio returns for FY 2024-25 were 11.6%, significantly higher than the expected 6.8%. This will reduce future contribution rates (CalPERS rates lag returns by two years) as well as the unfunded liability reported in the financial statements (the FY 2024-25 unfunded liability will be reported in the FY 2025-26 financial statements).

In November 2025 as part of the Asset Liability Management process, the CalPERS Board of Administration voted to maintain the discount rate at 6.8% and adopted a Total Fund Portfolio Management investment strategy. The new CalPERS investment strategy will start July 1, 2026, replacing the Strategic Asset Allocation Model. The CalPERS Board adopted updated economic and demographic actuarial assumptions, including increasing the price inflation assumption from 2.3% to 2.5% and the wage growth assumption from 2.8% to 3.0%. These updated assumptions will affect employer contribution rates beginning in FY 2027-28 for public agencies. To plan for the change in contribution rates that will follow, City staff is projecting future year pension contributions with the revised returns, using the CalPERS Pension Outlook modeling tool.

<u>Other Post Employment Benefit liability</u>
In FY 2014-15, the City began to prefund its Other Post Employment Benefits (OPEB) obligation by paying into an Internal Revenue Code Section 115 irrevocable trust administered through the California Employees' Retirement Benefit Trust (CERBT), an affiliate of CalPERS. The City paid the equivalent of its annual actuarially determined OPEB contribution into the irrevocable trust each year. This has allowed the City to benefit from a higher discount rate used in calculating its OPEB unfunded liability.

Health insurance costs

To counter the trend of health insurance cost increases, all members from the City's collective bargaining groups contribute to health insurance premiums. The current contract reflects an industry-wide increase in rates of approximately 10.0%.

Workers' compensation liabilities

Risk Management is implementing and managing a variety of measures to help control workers' compensation costs. Among the cost control measures in place are a comprehensive case management program for public safety staff that reduces the number of litigated claims, a return to work program that provides employees recovering from work-related injuries with temporary light duty assignments, maintaining a connection to the workplace and lowering temporary disability costs, and the use of a third party administrator for Big Blue Bus claims management, which has lowered liabilities, open claim inventory, and expenses for this fund.

As a result of these measures, the City's Workers' Compensation program showed encouraging results from FY 2019-20 to FY 2022-23. In particular, total program liabilities (i.e., the total value of all open claims) dropped to a seven-year low of $27.8 million by June 30, 2023. However, in FY 2023-24, total program liabilities increased significantly by $8.2 million from the previous fiscal year. This sharp increase is primarily attributed to three catastrophic claims that accounted for $7.9 million of the total increase. In FY 2024-25, total program liabilities stabilized at $36.7 million, a modest 2 percent increase from FY 2023-24. Program liabilities under the City's direct responsibility, known as the Self-Insured Retention (SIR), also remained stable. Under the self-insurance structure, the City currently maintains a $1 million SIR, meaning it is responsible for workers' compensation losses up to this threshold. Any losses beyond the SIR are covered by PRISM, a joint powers authority, which provides insurance coverage up to statutory limits without a cap. Although SIR liabilities rose by $1.6 million from FY 2023-24 after reaching a decade-low the prior year, they continue to remain below historical averages.

Looking ahead, maintaining effective cost control measures will be essential to ensure stable program liabilities under the City's Workers' Compensation SIR, as staff anticipates higher claim costs in the future outside of catastrophic claims. Over the past several years, cumulative trauma injuries have emerged as the predominant type of claim filed across the City. These injuries, which develop from repetitive physical and/or mental stress over extended periods, are particularly common in aging workforces. Cumulative trauma claims present significant challenges for employers because they are both costly and difficult to prevent.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Santa Monica for its ACFR for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of State and local government ACFR. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Santa Monica has received a Certificate of Achievement for each of the last forty years. We believe our current ACFR also conforms to the Certificate of Achievement program requirements.

A copy of this ACFR can be viewed by appointment in the City Clerk's Office. Electronic copies have been provided to City Council and Audit Subcommittee members, City management personnel, bond rating agencies, and other agencies which have expressed an interest in the financial affairs of the City. It is also available at www.santamonica.gov/departments/finance. Physical copies can be provided upon request to the City's Finance Department.

ACKNOWLEDGEMENTS

The preparation and development of this report would not have been possible without the year-round work of the Finance Department staff and their special efforts, working in conjunction with the City's independent auditors, to produce this report.

I would like to take this opportunity to compliment and thank the staff members of the City who were associated with the preparation of this report. I would also like to thank the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Oscar Santiago

O Santiago

Director of Finance/City Treasurer

OFFICIALS OF THE CITY OF SANTA MONICA
As of November 24, 2025

City Council
Lana Negrete, Mayor

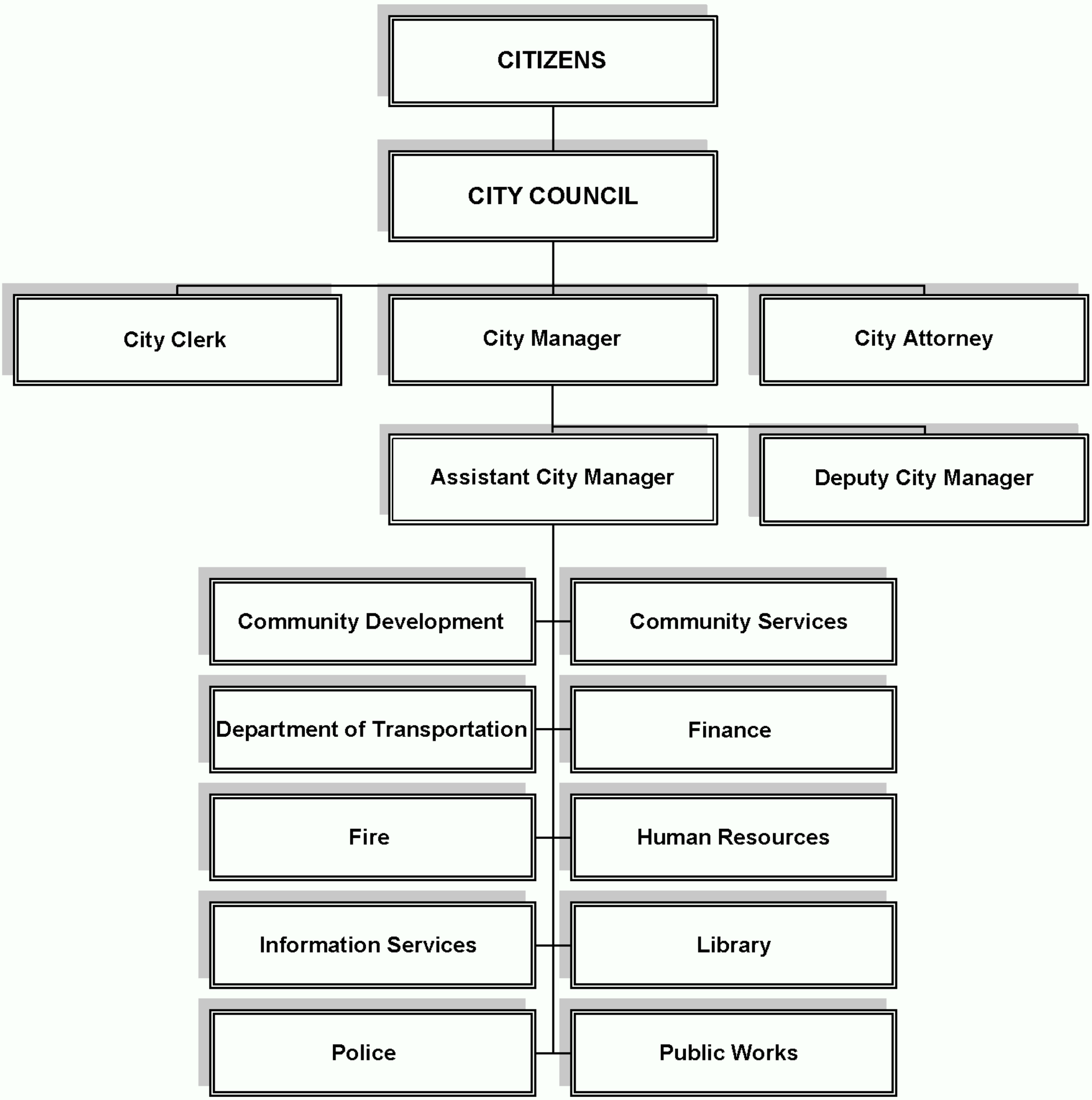
Caroline Torosis, Mayor Pro Tempore
Dan Hall
Ellis Raskin
Barry Snell
Natalya Zernitskaya
Jesse Zwick

Administration and Department Heads

City Manager	Oliver Chi
Assistant City Manager	Susan Cline
Deputy City Manager	Peter James
City Clerk (Director of Records and Election Services)	Nikima Newsome
Director of Finance/City Treasurer	Oscar Santiago
Director of Human Resources	Dana Brown
Chief Information Officer	Feroz Merchhiya
Acting Chief of Police	Darrick Jacob
Fire Chief	Matthew Hallock
Director of Community Development	Jing Yeo
City Librarian	Erica Cuyugan
Director of Transit Services	Anuj Gupta
Director Recreation and Arts	Jenny Rogers
Director of Public Works	Rick Valte
Interim Director of Housing and Human Services	Natalie Verlinich

ORGANIZATION OF THE CITY OF SANTA MONICA

as of June 30, 2025



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Santa Monica
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

LSL

INDEPENDENT AUDITORS' REPORT

To Honorable Mayor and Members of the City Council
City of Santa Monica, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Monica (hereafter, the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position of the, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

<u>Change in Accounting Principle</u>

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparisons for the General Fund and the major special revenue funds, and required pension and other post-employment benefits schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

LSL

To the Honorable Mayor and Members of the City Council
City of Santa Monica, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
March 3, 2026

Management's Discussion and Analysis (Unaudited)

Financial Highlights for Year Ended June 30, 2025

As management of the City of Santa Monica, California (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and the ACFR transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources, also known as net position, by $1,521.1 million as of June 30, 2025. Of this amount, $1,134.6 million represents net investment in capital assets, $329.3 million represents net position restricted for specific purposes, and $57.2 million represents unrestricted net position. Governmental activities and business-type activities reported unrestricted net positions of $(51.3) million and $108.5 million, which is an increase of $1.4 million and $1.6 million respectively. The increase in governmental activities is due to the reductions in the City's pension liability offset by softening revenues including decreases in transient occupancy taxes and sales and use taxes. The increase in business type activities is primarily due to reduced remodeling expenses at the Airport and Resource Recovery and Recycling office. $949.7 million represents net position for governmental activities and $571.4 million represents net position for business-type activities.

- At the end of the current fiscal year, the City's governmental funds reported total ending fund balances of $567.3 million, compared to $550.8 million, at the end of the prior fiscal year, which is an increase of $16.5 million or 3.0% primarily due to a decrease in the General Fund of $6.5 million (as described below) and an increase of $14.8 million from third tier documentary transfer tax revenue in the Measure GS fund and an increase of $6.6 million across the non-major funds.

- The General Fund reported an ending fund balance of $168.1 million as of June 30, 2025, compared to $174.6 million, as of June 30, 2024, which represents a decrease of $6.5 million or 3.7%. The overall decrease in fund balance was driven primarily by a sharp decline in tourism and visitor-related revenues, which are a major source of funding for the City's general services expenses. Because these operating costs are largely balanced with annual revenues, any drop in revenues without a commensurate decrease in expenses reduces the fund balance. The revenue decline reflects the impact of national policies, including tariffs and immigration related actions, that reduced international visitation; and the significant impact of the Palisades fire in January 2025, which created widespread misperceptions that Santa Monica's air quality was unsafe and that the fire had reached City limits. These tourism specific impacts were compounded by broader economic pressures, including elevated office vacancies associated with the shift to hybrid and remote work and persistent inflation, both of which further constrained revenue growth.

- The City's net capital assets decreased by $2.1 million, or about 0.1%, to $1,457.3 million as of June 30, 2025, from$1,459.4 million, as of June 30, 2024.

- The City's long-term debt (excluding unamortized issuance premiums) decreased by $9.7 million or 3.0%, from $319.0 million as of June 30, 2024, to $309.3 million as of June 30, 2025. The decrease is due to annual debt service payments made during FY 2024-25.

- The City's net pension liability decreased from $504.3 million at June 30, 2024 to $485.3 million at June 30, 2025, a decrease of $18.9 million or 3.8%. The decrease in the liability was due to the normal amortization of the unfunded liability plus greater than projected CalPERS investment portfolio returns of 9.3% in FY 2023-24. In accordance with the Governmental Accounting Standards Board, the financial statements report the City's net pension liability measured as of June 30, 2024.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements.

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

The *statement of net position* presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the assets, deferred outflows of resources, liabilities, and deferred inflow of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (police and fire), general services, library, housing and community services, and community development. The business-type activities of the City include water, wastewater, stormwater, resource recovery and recycling, pier, airport, cemetery, transit services, and parking.

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and have either the same governing board as the City or a governing board appointed by the City of Santa Monica City Council. The blended component units include the Santa Monica Public Financing Authority, the Parking Authority of the City of Santa Monica, the Housing Authority of the City of Santa Monica, and the Santa Monica Redevelopment Successor Agency.

The government-wide financial statements can be found on pages 41 through 45 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances are accompanied by a reconciliation to the government-wide financial statements in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 20 individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Special Revenue Source Fund, Low and Moderate Income Housing Asset Fund, and Measure GS Fund, which are considered to be major funds. Data for the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the nonmajor funds supplementary information section of this report.

The City Council adopts an annual appropriated budget for its General Fund and thirteen of the special revenue funds (no budget is adopted for the Rent Control Fund and Asset Seizure Fund) and one capital project fund (the Clean Beaches and Ocean Parcel Tax Fund). The City Council does not adopt budgets for the two permanent funds (the cemetery and mausoleum perpetual care funds) or the one debt service fund. A comparison schedule has been provided for the General Fund, Special Revenue Source Fund, Low and Moderate Income Housing Asset Fund, and Measure GS Fund, in the required supplementary information to the basic financial statements.

The governmental funds financial statements can be found on pages 47 through 52 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for water, wastewater, airport, recycling, and bus operations, which are considered to be major funds of the City. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle operations, risk management program, and information technology and communications operations. The vehicle operations and insurance services for bus operations primarily benefit business-type activities and are included within business-type activities in the government-wide financial statements. All other risk management functions, information technology, and communication services primarily benefit governmental funds and are included within governmental activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the supplementary information section of this report.

The proprietary funds financial statements can be found at pages 54 through 63 of this report.

Fiduciary funds. Fiduciary funds consist of a private-purpose trust fund and a custodial fund. A private-purpose trust fund was created in 2012 and is used to pay enforceable obligations of the former Redevelopment Agency (Former Agency). The City's sole custodial fund, the General Trust Fund, is used to account for resources held by the City for the benefit of parties outside of the City. The fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the City's operations.

The fiduciary funds financial statements can be found on pages 65 through 66 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 68 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,521.1 million at the close of the current fiscal year.

As shown on the next page, the largest portion of the City's net position, $1,134.6 million or 74.6%, reflects the City's investment in capital assets less any related outstanding debt and associated deferred outflows/inflows of resources used to acquire those assets (net investment in capital assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and associated deferred outflows/inflows of resources, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the City's net position, $329.3 million or 21.6%, represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the City reported positive balances in net investment in capital assets and restricted net assets for governmental activities and all three categories of net position for business-type activities; however, the City reported negative unrestricted assets in governmental activities. The City reported positive net position in all three categories of net position, reflecting continued stabilization of revenues and expenditures, partially offset by prior payments of legal claims. Recent fiscal performance has been influenced by broader economic conditions and federal policy actions that have affected visitor activity, tourism-related revenues, and office occupancy levels, which in turn have impacted revenues. The City continues to utilize long-held practices to manage its financial challenges, including pension and health benefits cost sharing with employees, and pension contribution prepayments when the return on City investments does not exceed the CalPERS discount rate. Additionally, the City uses a CalPERS trust to prefund its post-employment healthcare to reduce its future liability and interest expense.

A summary of the government-wide statement of net position follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	795.7	785.8	481.0	473.5	1,276.7	1,259.3
Capital assets	901.4	908.3	555.9	551.2	1,457.3	1,459.5
Total assets	1,697.1	1,694.1	1,036.9	1,024.7	2,734.0	2,718.8
Deferred outflows of resources	142.4	173.9	26.9	38.3	169.3	212.2
Current and other liabilities	101.8	119.8	165.2	151.5	267.0	271.3
Long-term liabilities	737.9	753.8	246.7	255.2	984.6	1,009.0
Total liabilities	839.7	873.6	411.9	406.7	1,251.6	1,280.3
Deferred inflows	50.1	63.5	80.6	91.0	130.7	154.5
Net position:						
Net investment in capital assets	683.0	690.6	451.6	446.8	1,134.6	1,137.4
Restricted	318.0	293.0	11.3	11.5	329.3	304.5
Unrestricted	(51.3)	(52.7)	108.5	106.9	57.2	54.2
Total net position	**$ 949.7**	**$ 930.9**	**$ 571.4**	**$ 565.2**	**$ 1,521.1**	**$ 1,496.1**

Total current and other assets increased $17.4 million or 1.4% from the prior fiscal year. Governmental activities increased by $9.9 million and business-type activities increased by $7.5 million.

GASB 68 and 75 require that certain differences between expected and actual net liability components are reported on the Statement of Net Position as deferred outflows of resources in the fiscal period they arise and are subsequently amortized. Total deferred outflows of resources decreased $42.9 million or 20.2% from the prior fiscal year. Governmental activities decreased by $31.5 million and business-type activities decreased by $11.4 million. The decrease is primarily due to the amortization of the deferral of the difference between the expected and actual returns on the CalPERS portfolio from prior periods. Total current and other liabilities decreased $4.3 million or 1.6% from the prior fiscal year. Governmental activities decreased by $18.0 million and business-type activities increased by $13.7 million, primarily from decreases and increases in unearned grant revenue respectively.

Total deferred inflows of resources decreased by $23.8 million or 15.4%. Governmental activities decreased by $13.4 million and business-type activities decreased by $10.4 million. The decrease was related to leases reported under GASB 96 offset by a decrease due to amortization of deferred inflows related to the less than projected CalPERS and OPEB trust investment returns which are amortized over 5 years.

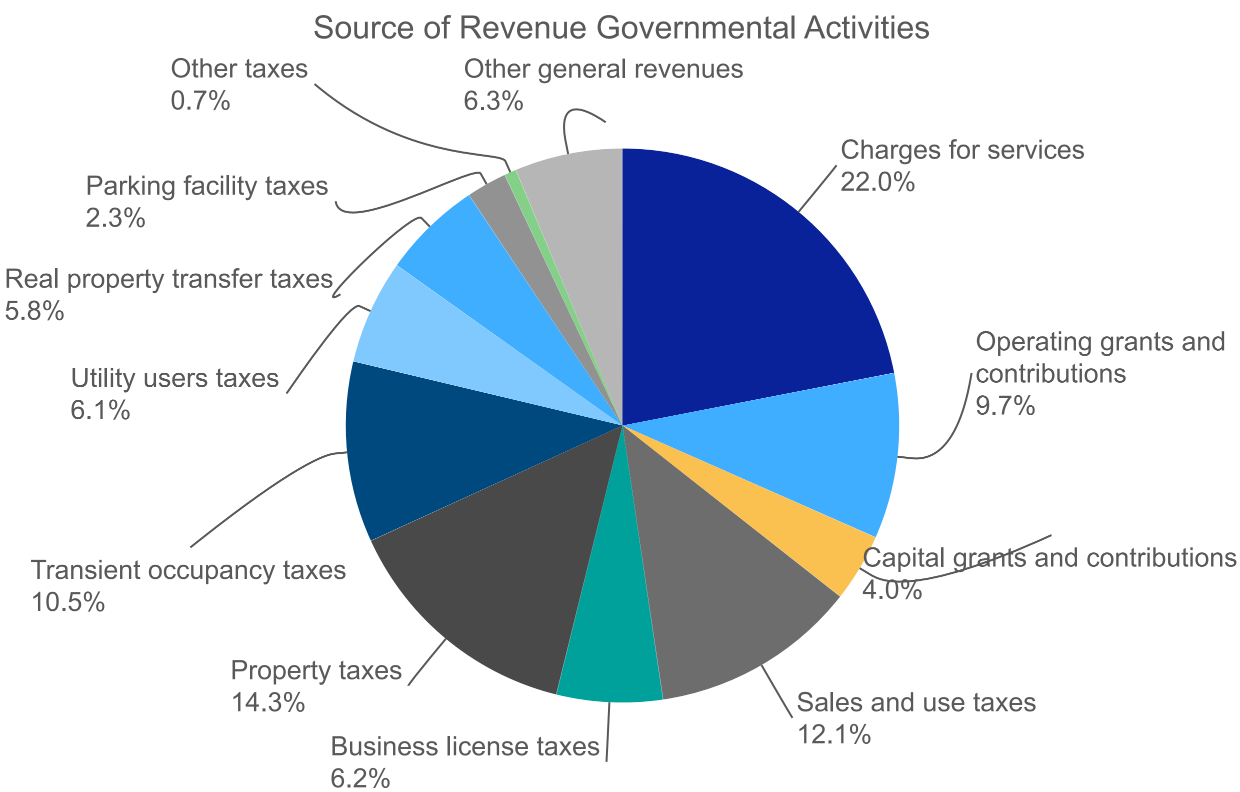
Total long-term liabilities decreased $24.4 million or 2.4% from the prior fiscal year. The decrease in this category is primarily due to the decrease in net pension and OPEB liabilities of $23.3 million offset by $11.1 million in reductions in loans and bonds payable.

A summary of the government-wide statement of changes in net position follows:

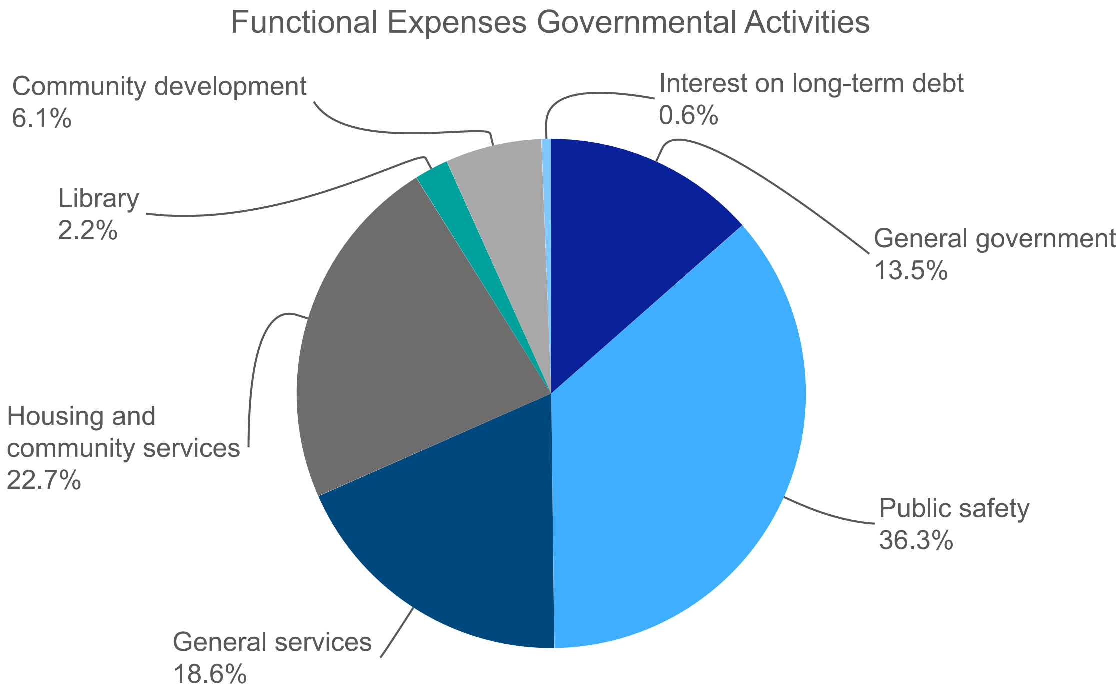
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges For Services	$ 131.8	$ 122.7	$ 145.6	$ 140.1	$ 277.4	$ 262.8
Operating Grants And Contributions	58.1	48.7	66.0	63.0	124.1	111.7
Capital Grants And Contributions	23.8	0.2	15.6	14.2	39.4	14.4
General Revenues:						
Property Taxes	86.0	84.2	-	-	86.0	84.2
Sales And Use Taxes	72.4	72.8	-	-	72.4	72.8
Transient Occupancy Taxes	63.3	65.9	-	-	63.3	65.9
Utility Users Taxes	36.6	36.7	-	-	36.6	36.7
Business License	37.2	39.5	-	-	37.2	39.5
Parking Facility Taxes	14.1	11.1	-	-	14.1	11.1
Real Property Transfer Taxes	35.0	47.5	-	-	35.0	47.5
Other Taxes	4.2	4.0	-	-	4.2	4.0
Investment Income	25.9	22.1	21.9	12.4	47.8	34.5
Other Revenue	11.8	32.6	8.9	8.8	20.7	41.4
Total Revenues	600.2	588.0	258.0	238.5	858.2	826.5
Expenses:						
General Government	78.1	65.4	-	-	78.1	65.4
Public Safety	209.1	195.6	-	-	209.1	195.6
General Services	107.2	101.6	-	-	107.2	101.6
Housing And Community Services	131.0	123.9	-	-	131.0	123.9
Library	12.4	13.5	-	-	12.4	13.5
Community Development	35.3	38.5	-	-	35.3	38.5
Interest On Long-term Debt	3.5	3.7	-	-	3.5	3.7
Business-type Activities:					-	-
Water	-	-	43.0	35.1	43.0	35.1
Resource Recovery And Recycling	-	-	37.8	40.6	37.8	40.6
Pier	-	-	8.9	9.0	8.9	9.0
Wastewater	-	-	29.5	24.8	29.5	24.8
Airport	-	-	23.7	28.1	23.7	28.1
Stormwater Management	-	-	0.4	0.5	0.4	0.5
Cemetery	-	-	3.0	2.6	3.0	2.6
Big Blue Bus	-	-	105.0	101.2	105.0	101.2
Parking Authority	-	-	0.1	0.1	0.1	0.1
Total Expenses	576.6	542.2	251.4	242.0	828.0	784.2
Excess (Deficiency) Before Transfers	23.6	45.8	6.6	(3.5)	30.2	42.3
Transfers	(0.5)	0.7	0.5	(0.7)	-	-
Changes In Net Position	23.1	46.5	7.1	(4.2)	30.2	42.3
Net Position - Beginning	930.9	884.4	565.2	569.4	1,496.1	1,453.8
Change In Accounting Principle	(4.2)	-	(0.9)	-	(5.1)	-
Net Position - Beginning, As Restated	926.6	884.4	564.3	569.4	1,490.9	1,453.8
Net Position - Ending	**$ 949.7**	**$ 930.9**	**$ 571.4**	**$ 565.2**	**$ 1,521.1**	**$ 1,496.1**

Governmental Activities. The City's governmental activities net position increased by $23.1 million, or 2.5%, including the $(4.2) million restatement for the change in accounting principle. Analysis of revenues and expenses are discussed below and on the following pages.

Revenue Sources: Governmental Activities. As shown in the chart below, the largest category of revenue for governmental activities is charges for services, which represents 22.0% of total governmental activities revenue. The category totaled $131.8 million in FY 2024-25, compared to $122.7 million in FY 2023-24, which is an increase of $9.1 million or 7.4% due to increases in Fire department billable services related to mutual aid deployments, digital kiosk licensing agreement revenues as kiosk installations were completed during FY 2025, and a one-time reimbursement from the Local California Housing Trust Fund (LHTF). The second largest category is property taxes, which represent 14.3% of total governmental activities revenue. Property taxes increased $1.8 million or 2.1% from the prior fiscal year. The increase was primarily due to a continued growth in the City's assessed valuation. The third largest category is sales and use taxes, which represent 12.1% of total governmental activities revenue, which decreased $0.4 million or less than 0.1% from the prior fiscal year. Sales tax growth across the State during the fiscal year was notably weak, reflecting a partial reversal of the unusually strong gains that followed the pandemic-era spending surge. In Santa Monica, returns from the business and industrial sector declined as several firms reported lower sales activity in a difficult economic climate. The Palisades fire in January 2025 also disrupted tourism and daily life, leading to reduced business for local restaurants, hotels, and retail stores. Additionally impact sales and use taxes were the City's auto dealership luxury and EV vehicle activity softened after previously surging in FY2023-24. Transient Occupancy Taxes decreased $2.6 million from $65.9 million to $63.3 million or 3.9% primarily due to the lingering effects of Los Angeles-area wildfires and global geopolitical uncertainty, which has impacted tourism and visitor related revenues.

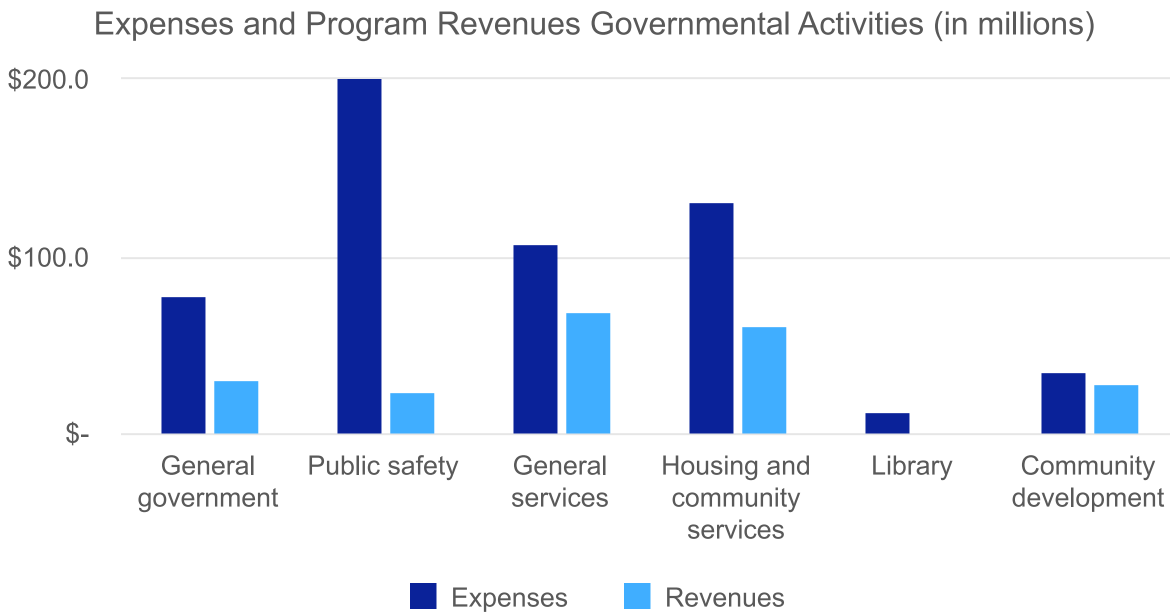


Functional Expenses: Governmental Activities. As displayed in the chart below, general government, public safety, general services, housing and community services, and community development accounted for 97.2% of total governmental activities expenses.



Total governmental activities expenses increased $34.4 million or 6.3% from the prior fiscal year after restatement. The three categories with the largest variance from the prior year were general government, public safety, and housing and community services. General government expenses increased $12.7 million or 19.4%. Public safety increased $13.5 million or 6.9%. Housing and community services increased by $7.1 million or 5.7%. General government increased due to the OPEB and pension expense from the amortization of the deferred inflows/outflows for both pensions and OPEB, as well as the recognition of subscription-based information technology arrangements under GASB 96. Public safety expenses increased primarily due to additional overtime expenses incurred by the Fire department related to mutual aid where City's firefighters are sent to events outside the City for which the City is reimbursed. Other increases included those related to the Palisades fire where a portion of the City was evacuated and the Police department provided 24-hour security in these areas. The City is seeking reimbursement for these expenses from FEMA. Additionally, there was a comparable agency pay increase to Police sworn positions, as well as City filled more vacant sworn Police personnel than in previous years, due to increased recruitment efforts. Community development increased due to expenses related to one time grant funds.

Program Expenses: Governmental Activities. The following chart compares program revenues and expenses for governmental activities (excluding interest on long-term debt):



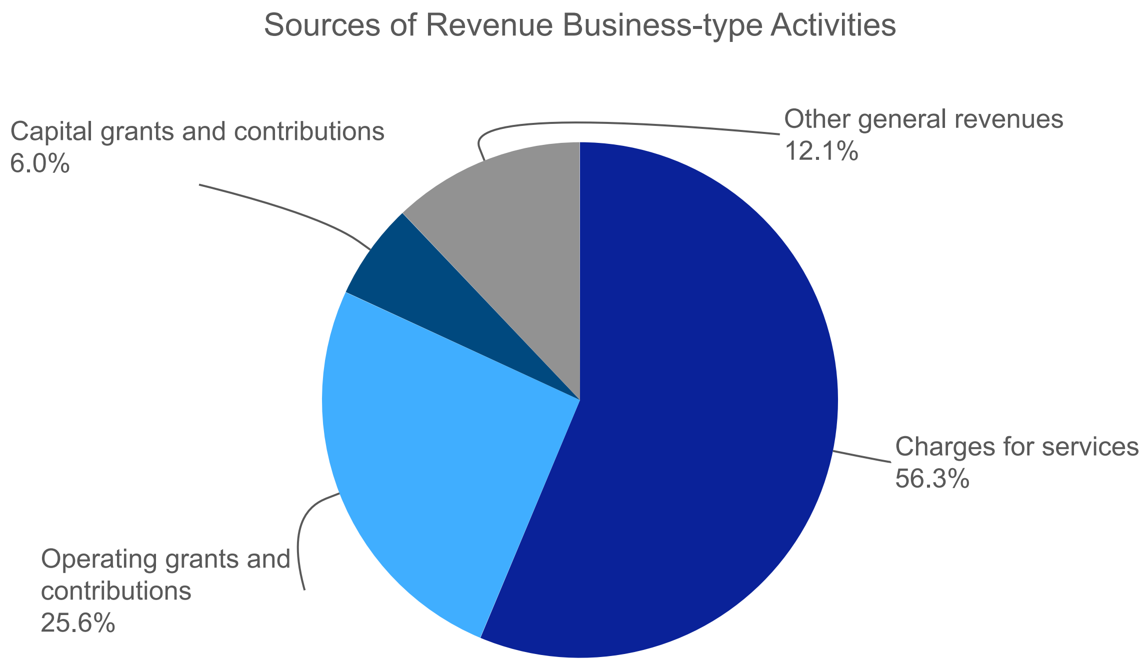
The comparison of direct expenses and program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the City. A higher percentage of program revenues to direct expenses indicates that a function is generally self-financed through program revenues generated by activities within that function. In contrast, a lower percentage of program revenues to direct expenses indicates that a function is primarily financed through general revenues.

The function with the highest percentage of program revenues to direct expenses in FY 2024-25 is community development, which had expenses of $35.3 million and program revenues of $28.8 million, a ratio of 81.4%. This high percentage indicates that all the expenses in this category are financed by revenues generated by activities within the community development category.

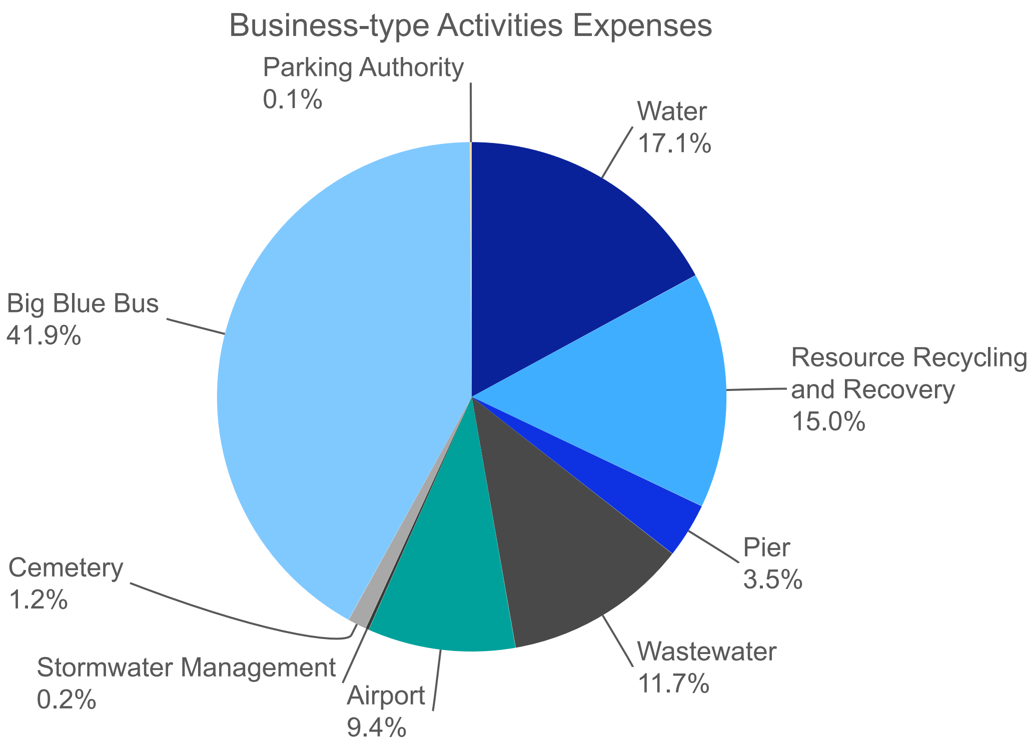
The function with the lowest percentage of program revenues to direct expenses in FY 2024-25 is the library, which had expenses of $12.4 million and program revenues of $0.4 million, a ratio of 3.2%. This low percentage indicates that most of the expenses in this category are financed by the general revenues of the City.

Business-type Activities. The City's business-type activities net position increased $6.2 million or 1.1% from the prior fiscal year.

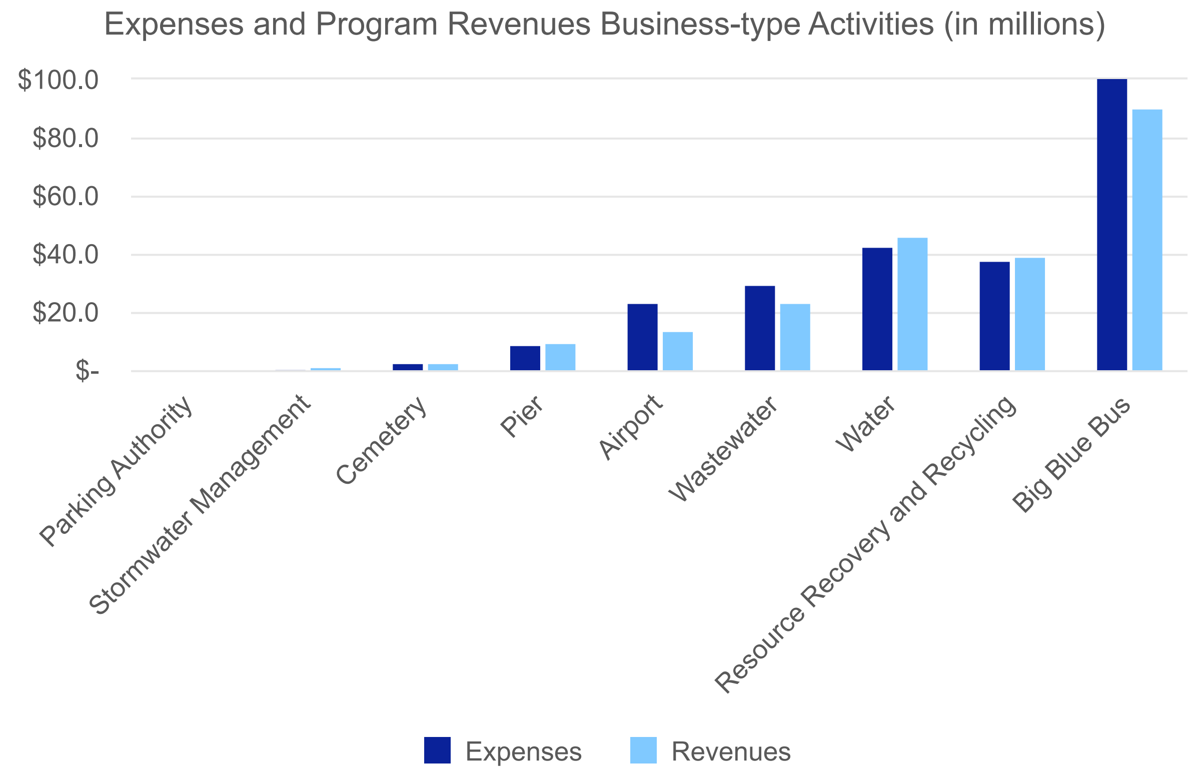
Revenue Sources: Business-type activities. The chart below displays the key sources of revenue for business-type activities as a percentage of total revenues. The top three sources of revenue for business-type activities are charges for services, operating grants and contributions, and other general revenues. These three categories account for 94.0% of the total business-type activities revenues of $258.0 million.



Expenses: Business-type Activities. The chart below displays individual business-type activities as a percentage of total business-type activity expenses. The Big Blue Bus, water, resource recovery and recycling, and airport activities accounted for 83.4% of total business-type activity expenses. Other business-type activities of the City include the wastewater, pier, cemetery, stormwater management, and Parking Authority.



Program Revenues and Expenses: Business-type Activities. The following chart compares program revenues and expenses for business-type activities:



For discussion and analysis of key points of business-type activities, see the following section on the City's major proprietary funds.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements.

The City's governmental funds total fund balance increased $16.5 million or 3.0% from the prior fiscal year. The primary reasons for the increase are discussed on the following pages.

General Fund

The General Fund is the chief operating fund of the City. Total fund balance in the General Fund decreased $6.5 million or 3.7% from the prior fiscal year.

Key factors in changes in revenues and expenditures from the prior year are as follows:

1. Total General Fund revenues, including unrealized gains and losses on the City's pooled investments, decreased $7.4 million or 1.6% from the prior fiscal year. The largest revenue source in the General Fund is property taxes followed by sales and use taxes, and finally transient occupancy taxes. Combined, these three categories represented 49.3% of the total General Fund revenues for FY 2024-25. Property taxes increased $1.9 million or 2.2% from the previous year as assessed value increases begin to slow. Transient occupancy taxes decreased $2.5 million or 3.9%, primarily due to the lingering effects of Los Angeles-area wildfires and global geopolitical uncertainty, which has impacted tourism and visitor related revenues. Investment income increased by $0.7 million due to a stronger-than-expected market performance, bolstered by continued portfolio diversification.

2. Total General Fund expenditures increased $18.0 million or 4.2% from the prior fiscal year. This increase was due primarily to an increase in public safety expenditures of $9.7 million or 5.4% and an increase in general services expenditures of $2.2 million or 2.9%. Public safety, general services, and general government represent the largest expense categories of the General Fund which account for 77.7% of all General Fund expenditures for FY 2024-25. The main driver of the increases are primarily comparable agency pay increase to Police sworn positions and filling of more sworn officer vacancies than in previous years. Additionally, the costs incurred related to the Palisades fire in January of 2025 when both Police and Fire were deployed. Higher general liability and auto insurance premiums are the primary contributor to the increase in the general services category.

Special Revenue Source Fund

Total fund balance in the Special Revenue Source Fund increased $0.9 million or 0.4% from the prior fiscal year. Total revenues increased $2.8 million or 61.4%, primarily from developer fees and an Opioid settlement payment.

Measure GS Fund

Total fund balance in the Measure GS Fund increased $14.8 million as compared to the prior year's fund balance of $18.2 million. The variance from the prior year is driven by timing of actual payments and accruals. When the Measure first took effect in March 2023, only four months of costs were recorded in FY 2022–23. To properly reflect a full year of obligations for that first year, the City booked an additional $8.0 million in FY 2023–24. That one-time catch-up made FY 2023–24 appear higher than normal. FY 2024–25 shows a standard, full-year amount with no catch-up needed. The year-to-year change is simply the result of accounting adjustments. Note that total revenues for the fund decreased from $37.1 to $24.8 million as sales of properties qualifying for Measure GS tax decreased.

Low and Moderate Income Housing Asset Fund

Total fund balance in the Low and Moderate Income Housing Asset Fund increased $0.8 million or 1.2% from the prior fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The total net position of all the City's enterprise funds increased $7.7 million, or 1.5%, from the prior fiscal year.

Some proprietary fund revenues may not be spent in the year they are recognized, instead they are held for futures capital purposes. Fee increases include both an operating and capital component.

Water Fund

The total net position of the Water Fund increased $7.2 million, or 12.0% from the prior fiscal year. The increase is primarily tied to revenues, which reflect a $5.4 million increase in water service charges from a 14% water rate increase and increased customer water usage as workers continue to return to office and business activity increased.

Wastewater Fund

The total net position of the Wastewater Fund decreased $1.4 million, or 0.7% from the prior fiscal year. The primary reason was an increase in charges for services revenue and investment income, partially offset by an increase in contractual services expenses of $4.9 million. The increased costs were related to contractual services for City's new SWIP treatment plant and increases in the payments to the City of Los Angeles for sewage disposal which included a true up payment for FY 2023-24 activity.

Resource Recovery and Recycling Fund

The total net position of the Resource Recovery and Recycling Fund increased $2.2 million or 1,189.8%. The increase was primarily related to revenue from charges for services and decreased expenses for the purchase of vehicles, offset by large increases in contractual services costs for recycling and disposal services, as the City had to find a new disposal site once the Chiquita Canyon landfill closed. Additionally, Council approved new refuse collection rate increases of approximately 11% on June 13, 2023, which took effect on August 23, 2023.

Big Blue Bus Fund

The total net position of the Big Blue Bus Fund decreased $3.4 million, or 2.1% from the prior fiscal year.The primary reason was a decrease in advertising revenue and an increase in personnel expenses to restore BBB service to approximately 80% of pre-pandemic levels. At June 30, 2025, the Big Blue Bus reported unearned income of $117.1 million that can be used to fund future operations and capital purchases.

Airport Fund

The total net position of the Airport Fund decreased $3.9 million, or 10.3% from the prior fiscal year. The primary reason was the increase expenses for the continued refurbishment of the Airport office space.

General Fund Budgetary Variances

Revenue Original Budget to Final Amended Budget. The final revenue budget of $456.0 million for the General Fund was $2.8 million (0.6%) less than the original budget of $458.8 million. Revenue budget changes are approved by the City Council. The primary components of the variance were increased budgets for business license tax and parking facility tax, partially offset by decreased budget for license and permits.

Revenue Final Amended Budget to Actuals. Actual General Fund revenues of $449.5 million were $6.5 million (1.4%) less, when including unrealized gain and losses, than the final budget of $456.0 million. Actual revenues, not including a decrease in unrealized losses were $11.1 million, less than the final budget of $456.0 million, as the City's revenues, particularly sales and use tax, transient occupancy tax and parking revenues flattened due to national and regional economic pressures and reductions in tourism.

Expenditure Original Budget to Final Amended Budget. The final General Fund expenditure budget is greater than the original budget by $33.5 million, or 7.5%. The variance is primarily attributable to the reappropriation of prior-year funding for multi-year capital projects and the carryover of unspent encumbrances and grant funds within the operating budget. These amounts are set aside in Assigned Fund Balance, as described in note 13D. The majority of the variance is reflected in capital outlay, as the original budget includes only new capital appropriations approved for the biennial cycle. Because major construction projects typically span multiple fiscal years, unspent prior-year funds are carried forward to support continued project delivery. Accordingly, the final budget incorporates both newly approved capital funding and prior-year amounts that rolled over, resulting in a higher final expenditure budget. Significant projects with prior-year funding reappropriated into the final budget include the Pier Bridge Improvements, City Yards Modernization, Memorial Park Expansion, and Fire Apparatus Replacement.

Expenditure Final Amended Budget to Actuals. Actual General Fund expenditures on a budgetary basis were $463.7 million, compared to a final budget of $480.6 million, resulting in a $16.9 million (3.5%) variance. Most of the variance between actuals and the final budget occurred in capital outlay, where actual spending totaled $3.1 million compared to a $19.1 million final budget, a variance of $15.9 million. Because many capital projects span multiple fiscal years, this variance reflects the timing difference between the establishment of project budgets and the pace of actual spending.

Actual operating expenditures were $450.0 million, compared to a $461.5 million final budget, which includes prior-year reappropriations. The operating variance was driven primarily by vacancy savings across departments, partially offset by higher Public Safety overtime costs associated with mutual-aid deployments and the January 2025 Palisades fire.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets (net of accumulated depreciation and amortization) as of June 30, 2025, amounted to $1,457.3, a decrease of $2.1 million from the prior fiscal year.

This investment in a broad range of capital assets, including land, infrastructure, buildings and improvements, equipment, and construction in progress, is detailed as follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 200.3	$ 200.3	$ 53.4	$ 53.4	$ 253.7	$ 253.7
Land Held Under Easement	72.4	72.4	-	-	72.4	72.4
Construction In Progress	106.7	96.8	102.6	91.7	209.3	188.5
Subscription Asset - Software As A	11.5	10.6	1.0	2.3	12.5	12.9
Buildings	460.1	460.1	150.1	150.1	610.2	610.2
Improvements Other Than Buildings	231.9	222.2	32.9	32.8	264.8	255.0
Machinery And Equipment	63.3	63.5	266.2	252.7	329.5	316.2
Infrastructure	414.8	413.2	343.0	338.7	757.8	751.9
Utility Systems	1.7	1.7	-	-	1.7	1.7
Intangibles	7.5	5.4	128.3	124.9	135.8	130.3
Less Accumulated Depreciation	(668.8)	(638.0)	(521.6)	(495.4)	(1,190.4)	(1,133.4)
Capital Assets, Net	$ 901.4	$ 908.2	$ 555.9	$ 551.2	$ 1,457.3	$ 1,459.4

Some of the City's major capital asset events in FY 2024-25 were:

Governmental Activities:

1. Major projects included $2.9 million for the Pier Bridge Improvements, $9.9 million for the City Yards Microgrid and $2.0 million for the Stewart and Pennsylvania Enhancements project.

Business-Type Activities:

1. Major projects included $4.4 million for the Smart Water Meters, a $3.4 million payment to the City of Los Angeles for capital improvements to the Amalgamated Sewer System and the Big Blue Bus purchased 2 new electric buses totaling $2.1 million.

Additional information on the City's capital assets can be found in note 5 to the basic financial statements.

As of June 30, 2025, the City had $94.7 million in construction commitments. For additional information on commitments, see note 16.

Long-term Debt. At the end of the current fiscal year, the City's total long-term debt outstanding (excluding issuance premiums) was $309.3 million, a decrease from the prior year of $9.7 million or 3.0%. This decrease was due to scheduled debt service payments.

	Governmental		Business-type		Total	
	2025	2024	2025	2024	2025	2024
Lease Revenue Bonds (backed by revenues)	$ 190.9	$ 197.8	$ 67.7	$ 69.1	$ 258.6	$ 266.9
Notes and loans	-	-	50.7	52.1	50.7	52.1
Total long-term debt	$ 190.9	$ 197.8	$ 118.4	$ 121.2	$ 309.3	$ 319.0

The City of Santa Monica maintains a "AAA" rating from Fitch, and a "Aaa" rating from Moody's. There were no changes to any bond ratings during FY 2024-25. Subsequent to year end, both Moody's and Fitch issued "negative outlooks" on the City's Lease Revenue rating citing uncertainty surrounding the City's future claims liability and projected general fund deficits during the next two years that could lower the City's reserves to much weaker levels.

Additional information on the City's long-term debt can be found in note 10 to the basic financial statements.

ECONOMIC FACTORS AND BIENNIAL BUDGET

The City's adopted General Fund budget for FY 2025-26 supports the core responsibilities of local government, advances the policy interests of the City Council, and responds to the diverse concerns of residents. It outlines a plan to rebuild and enhance services amid continued economic uncertainty shaped by labor shortages, supply chain disruptions, inflationary pressures, and global conflicts, while also addressing significant local liabilities and mounting deferred maintenance.

The budget and the accompanying realignment plan function as a coordinated roadmap that organizes a series of interdependent programs and projects around five strategic priorities. Three priorities reflect City Council identified objectives, and two additional priorities focus on restoring internal capacity and strengthening the organization. Together, these priorities are:

- Achieving Safe Neighborhoods and Clean Streets
- Activating Economic Opportunity and Growth
- Developing Affordable, Livable, and Secure Housing for All
- Creating Organizational Capacity
- Building Organizational Health

Developed under City Council direction, the realignment plan marks a turning point for Santa Monica. It serves as both a blueprint for civic renewal and a call for sustained fiscal discipline, a comprehensive effort to restore public safety, economic vitality, and organizational strength.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This management's discussion and analysis is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please visit the City of Santa Monica's Finance Department website at https://www.santamonica.gov/departments/finance or call (310) 458-8281.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (note 2)	$ 383,772,226	$ 296,698,134	$ 680,470,360
Receivables (net of uncollectibles):			
Accounts	10,333,418	20,879,541	31,212,959
Interest	3,850,498	2,177,427	6,027,925
Taxes	27,063,805	33,722	27,097,527
Leases (note 3)	3,231,377	6,826,834	10,058,211
Notes and loans receivable (note 4)	226,697,264	-	226,697,264
Other governments	15,791,342	11,615,963	27,407,305
Internal balances	15,875,893	(15,875,893)	-
Inventory	-	3,704,442	3,704,442
Deposits	276,628	-	276,628
Prepaids	3,412,688	161,371	3,574,059
Restricted cash and investments (note 2)	42,343,866	50,569,525	92,913,391
Restricted cash with fiscal agent (note 2)	35,725,525	29,002,552	64,728,077
Lease receivables, non-current	27,293,105	75,245,415	102,538,520
Capital assets (note 5):			
Capital assets not being depreciated:			
Land	200,323,023	53,380,750	253,703,773
Land held under easement	72,384,923	-	72,384,923
Construction in progress	106,745,667	102,559,422	209,305,089
Capital assets being depreciated:			
Subscription asset	11,543,525	986,229	12,529,754
Buildings	460,081,033	150,050,361	610,131,394
Improvements other than buildings	231,936,443	32,937,630	264,874,073
Utility systems	1,742,912	-	1,742,912
Machinery and equipment	63,285,470	266,244,581	329,530,051
Infrastructure	414,784,467	343,042,542	757,827,009
Intangibles	7,475,596	128,279,134	135,754,730
Less accumulated depreciation and amortization	(668,859,824)	(521,595,821)	(1,190,455,645)
Total capital assets, net	901,443,235	555,884,828	1,457,328,063
Total assets	**1,697,110,870**	**1,036,923,861**	**2,734,034,731**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions (note 12)	127,153,266	25,315,587	152,468,853
Deferred outflows from OPEB (note 12)	15,320,808	1,577,830	16,898,638
Total deferred outflows of resources	**142,474,074**	**26,893,417**	**169,367,491**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	30,388,553	18,184,856	48,573,409
Accrued liabilities	13,413,372	4,830,250	18,243,622
Accrued interest payable	3,777,416	1,326,790	5,104,206
Contracts payable (retained percentage)	1,390,861	1,019,129	2,409,990
Unearned revenue (note 7)	41,249,883	119,769,524	161,019,407
Due to other governments	10,000,000	-	10,000,000
Deposits payable from restricted assets	1,609,782	20,094,741	21,704,523
Long-term liabilities:			
Due within one year:			
Subscriptions (note 6)	1,767,070	165,543	1,932,613
Compensated absences (note 8)	14,410,396	4,250,534	18,660,930
Claims payable (note 9)	19,639,182	4,094,581	23,733,763
Loans and bonds payable (note 10)	7,150,000	2,903,091	10,053,091
Pollution remediation obligation (note 11)	385,130	7,486,966	7,872,096
Due in more than one year:			
Subscriptions due in more than one year (note 6)	5,481,604	279,567	5,761,171
Compensated absences due in more than one year (note 8)	6,117,623	955,648	7,073,271
Claims payable due in more than one year (note 9)	54,019,374	5,041,275	59,060,649
Loans and bonds payable due in more than one year (note 10)	202,791,943	122,365,833	325,157,776
Pollution remediation obligation due in more than one year (note 11)	183,956	14,754,649	14,938,605
Net OPEB liability due in more than one year (note 12)	22,625,435	2,330,103	24,955,538
Net pension liability due in more than one year (note 12)	403,304,098	82,024,643	485,328,741
Total liabilities	**839,705,678**	**411,877,723**	**1,251,583,401**
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	325,804	-	325,804
Deferred inflows from leases	27,461,309	77,522,677	104,983,986
Deferred inflows from pensions (note 12)	5,967,825	1,376,797	7,344,622
Deferred inflows from OPEB (note 12)	16,380,583	1,686,972	18,067,555
Total deferred inflows of resources	**50,135,521**	**80,586,446**	**130,721,967**
NET POSITION			
Net investment in capital assets	683,001,476	451,627,151	1,134,628,627
Restricted:			
Community development	207,549,739	-	207,549,739
Housing and community services	4,755,565	-	4,755,565
Transportation	37,885,404	-	37,885,404
Clean beaches and ocean parcel tax	19,372,862	-	19,372,862
Debt service	10,998,989	2,298,946	13,297,935
Other	16,483,280	-	16,483,280
Perpetual care - nonexpendable	20,904,188	-	20,904,188
Prop 1B	-	8,968,440	8,968,440
Unrestricted	(51,207,758)	108,458,572	57,250,814
Total net position	**$ 949,743,745**	**$ 571,353,109**	**$ 1,521,096,854**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	$ 78,057,192	$ 26,242,185	$ 4,818,052	$ -
Public safety	209,191,172	19,181,063	4,300,667	41,504
General services	107,156,523	34,540,598	11,164,541	22,955,201
Housing and community services	130,976,599	24,810,273	35,747,892	724,488
Library	12,370,179	64,006	227,255	118,834
Community development	35,341,579	26,997,462	1,779,684	300
Interest on long-term debt	3,510,405	-	-	-
Total governmental activities	**576,603,649**	**131,835,587**	**58,038,091**	**23,840,327**
Business-type activities:				
Water	42,965,620	46,106,241	-	-
Wastewater	29,492,026	23,537,938	-	-
Stormwater management	453,216	1,446,891	-	-
Pier	8,890,830	9,445,078	-	-
Resource recovery and recycling	37,761,322	39,541,395	-	-
Airport	23,670,657	13,846,413	-	-
Cemetery	2,957,412	2,889,410	-	-
Big Blue Bus	105,009,401	8,746,191	66,037,778	15,615,014
Parking authority	174,443	-	-	-
Total business-type activities	**251,374,927**	**145,559,557**	**66,037,778**	**15,615,014**
Total primary government	**$ 827,978,576**	**$ 277,395,144**	**$ 124,075,869**	**$ 39,455,341**

General revenues and transfers:
General revenues:
Property taxes
Sales and use taxes
Transient occupancy taxes
Utility users taxes
Business license taxes
Parking facility taxes
Real property transfer taxes
Other taxes
Other revenue
Investment income
Transfers

Total general revenues and transfers

Change in net position

Net position-beginning, as originally reported

Change in accounting principle

Net position-beginning, as restated

Net position-ending

CITY OF SANTA MONICA, CALIFORNIA
Statement of Activities
For the Year Ended June 30, 2025

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (46,996,955)	$ -	$ (46,996,955)
(185,667,938)	-	(185,667,938)
(38,496,183)	-	(38,496,183)
(69,693,946)	-	(69,693,946)
(11,960,084)	-	(11,960,084)
(6,564,133)	-	(6,564,133)
(3,510,405)	-	(3,510,405)
(362,889,644)	**-**	**(362,889,644)**
-	3,140,621	3,140,621
-	(5,954,088)	(5,954,088)
-	993,675	993,675
-	554,248	554,248
-	1,780,073	1,780,073
-	(9,824,244)	(9,824,244)
-	(68,002)	(68,002)
-	(14,610,418)	(14,610,418)
-	(174,443)	(174,443)
-	**(24,162,578)**	**(24,162,578)**
(362,889,644)	**(24,162,578)**	**(387,052,222)**
85,970,092	-	85,970,092
72,412,063	-	72,412,063
63,318,760	-	63,318,760
36,618,147	-	36,618,147
37,117,978	-	37,117,978
14,124,830	-	14,124,830
35,012,952	-	35,012,952
4,187,528	-	4,187,528
11,807,873	8,851,898	20,659,771
25,903,758	21,865,495	47,769,253
(486,920)	486,920	-
385,987,061	**31,204,313**	**417,191,374**
23,097,417	**7,041,735**	**30,139,152**
930,859,064	565,220,656	1,496,079,720
(4,212,736)	(909,282)	(5,122,018)
926,646,328	564,311,374	1,490,957,702
$ 949,743,745	**$ 571,353,109**	**$1,521,096,854**

CITY OF SANTA MONICA, CALIFORNIA

Major Governmental Fund Financial Statements

General Fund – To account for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, parks and open space management.

Special Revenue Source Fund (Special Revenue Fund Type) – To account for receipt and expenditure of monies restricted, committed or assigned for specific uses.

Measure GS (Special Revenue Fund Type) - To account for receipt and expenditure of Measure GS documentary tax.

Low and Moderate Income Housing Asset Fund (Special Revenue Fund Type) – Under Senate Bill 341, housing assets transferred to the City's Housing Successor Agency together with any funds generated from those housing assets, shall be maintained in a separate Low and Moderate Income Housing Asset Fund. These funds can be used as previously allowed under the Low and Moderate Income Housing Fund established under Community Redevelopment Law, program monitoring and preserving the long-term affordability of units subject to affordability restrictions, homeless prevention and rapid rehousing services, and for the development of affordable housing for lower income households. Under SB107, 20% of all Successor Agency/City loan payments are distributed to this Fund.

CITY OF SANTA MONICA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

		Special Revenue Funds		
	General Fund	**Special Revenue Source Fund**	**Measure GS Fund**	**Low and Moderate Income Housing Asset Fund**
ASSETS				
Cash and investments (note 2)	$ 151,526,852	$ 66,975,793	$ 42,370,525	$ 14,489,926
Restricted cash and investments (note 2)	432,349	-	-	-
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	8,113,760	363,247	-	-
Leases (note 3)	18,914,745	-	-	-
Notes (note 4)	-	151,356,842	-	53,561,840
Taxes	26,277,812	-	670,000	-
Interest	2,470,900	150,242	-	102,558
Other governments	173,828	-	-	-
Due from other funds	8,794,080	-	-	-
Deposits	273,371	-	-	-
Prepaids	3,412,432	-	-	-
Restricted assets:				
Restricted cash with fiscal agent (note 2)	4,034,104	-	-	-
Advances to other funds (note 17)	3,952,314	1,450,000	-	-
Total assets	**$ 228,376,547**	**$ 220,296,124**	**$ 43,040,525**	**$ 68,154,324**
LIABILITIES				
Accounts payable	$ 21,323,158	$ 691,045	$ -	$ -
Accrued liabilities	11,954,828	-	-	-
Contracts payable (retained percentage)	391,205	162,908	-	-
Due to other funds (note 17)	-	-	-	-
Due to other governments	-	-	10,000,000	-
Unearned revenue (note 7)	8,145,412	29,088,209	-	-
Deposits payable	1,193,199	30,000	-	-
Advances from other funds (note 17)	-	-	-	-
Total liabilities	**43,007,802**	**29,972,162**	**10,000,000**	**-**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (note 7)	2,832	-	-	-
Deferred inflows from leases	17,313,182	-	-	-
Total deferred inflows of resources	**17,316,014**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	7,638,117	-	-	-
Restricted	4,964,372	76,367,677	33,040,525	68,154,324
Committed	-	113,956,285	-	-
Assigned	93,330,348	-	-	-
Unassigned	62,119,894	-	-	-
Total fund balances (deficits)	**168,052,731**	**190,323,962**	**33,040,525**	**68,154,324**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 228,376,547**	**$ 220,296,124**	**$ 43,040,525**	**$ 68,154,324**

CITY OF SANTA MONICA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2025

	Total Nonmajor Funds	Total Governmental Funds
ASSETS		
Cash and investments (note 2)	$ 28,031,289	$ 303,394,385
Restricted cash and investments (note 2)	41,911,517	42,343,866
Receivables (net, where applicable, of allowances for uncollectible):		
Accounts	1,841,570	10,318,577
Leases (note 3)	11,609,737	30,524,482
Notes (note 4)	21,778,582	226,697,264
Taxes	115,993	27,063,805
Interest	566,637	3,290,337
Other governments	15,617,514	15,791,342
Due from other funds	-	8,794,080
Deposits	3,257	276,628
Prepaids	256	3,412,688
Restricted assets:		
Restricted cash with fiscal agent (note 2)	31,691,421	35,725,525
Advances to other funds (note 17)	-	5,402,314
Total assets	**$ 153,167,773**	**$ 713,035,293**
LIABILITIES		
Accounts payable	$ 6,293,583	$ 28,307,786
Accrued liabilities	556,905	12,511,733
Contracts payable (retained percentage)	772,063	1,326,176
Due to other funds (note 17)	8,527,475	8,527,475
Due to other governments	-	10,000,000
Unearned revenue (note 7)	4,016,262	41,249,883
Deposits payable	386,583	1,609,782
Advances from other funds (note 17)	5,402,314	5,402,314
Total liabilities	**25,955,185**	**108,935,149**
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue (note 7)	9,374,069	9,376,901
Deferred inflows from leases	10,148,127	27,461,309
Total deferred inflows of resources	**19,522,196**	**36,838,210**
FUND BALANCES (DEFICITS)		
Nonspendable	20,904,444	28,542,561
Restricted	109,176,144	291,703,042
Committed	-	113,956,285
Assigned	-	93,330,348
Unassigned	(22,390,196)	39,729,698
Total fund balances (deficits)	**107,690,392**	**567,261,934**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 153,167,773**	**$ 713,035,293**

See accompanying Notes to the Basic Financial Statements

CITY OF SANTA MONICA, CALIFORNIA
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2025

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

Total fund balances - governmental funds		$ 567,261,934
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		899,661,476
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	$ 126,523,182	
Deferred outflows-OPEB related	15,289,354	
Deferred inflows-pension related	(5,933,558)	
Deferred inflows-OPEB related	(16,346,953)	
Total deferred outflows and inflows related to postemployment benefits		119,532,025
Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.		19,239,647
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds payable	(209,941,944)	
SBITA payable	(5,825,079)	
Compensated absences	(21,047,353)	
Accrued interest payable on long-term debt	(3,777,416)	
Pollution remediation liability	(569,086)	
Net pension liability	(401,262,573)	
Net OPEB liability	(22,578,984)	
Total long-term liabilities		(665,002,435)
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	$ (325,803)	
Total premiums, discounts, and deferred items		(325,803)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		9,376,901
Net position of governmental activities		**$ 949,743,745**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Special Revenue Funds		
	General Fund	Special Revenue Source Fund	Measure GS Fund	Low and Moderate Income Housing Asset Fund
REVENUES				
Property taxes	$ 85,970,092	$ -	$ -	$ -
Sales and use taxes	72,412,063	-	-	-
Transient occupancy taxes	63,318,760	-	-	-
Utility user taxes	36,618,147	-	-	-
Real property transfer fees	10,215,627	-	24,797,325	-
Business license taxes	38,479,130	-	-	-
Parking facilities taxes	14,124,830	-	-	-
Other taxes	151,067	-	-	-
Licenses and permits	34,728,701	-	-	-
Intergovernmental	1,779,337	2,389,556	-	-
Charges for services	56,378,405	584,466	-	-
Fines and forfeitures	11,214,264	-	-	-
Investment income	13,401,437	1,040,924	-	769,388
Rental income	7,382,215	-	-	-
Settlement income	22,797	-	-	-
Other revenue	3,294,788	3,240,215	-	206,700
Total revenues	**449,491,660**	**7,255,161**	**24,797,325**	**976,088**
EXPENDITURES				
Current:				
General government	77,160,020	-	-	-
Public safety	191,496,784	49,989	-	-
General services	78,866,473	296,207	-	-
Housing and community services	61,271,576	2,363,205	10,000,000	-
Library	11,466,446	-	-	-
Community development	21,866,928	6,400	-	162
Capital outlay	3,149,907	5,291,225	-	-
Debt service:				
Principal	1,473,769	-	-	-
Interest	258,873	-	-	-
Total expenditures	**447,010,776**	**8,007,026**	**10,000,000**	**162**
Excess (deficiency) of revenues over (under) expenditures	**2,480,884**	**(751,865)**	**14,797,325**	**975,926**
OTHER FINANCING SOURCES (USES)				
Transfers in	15,094,488	4,576,471	-	-
Transfers out	(26,110,718)	(2,972,841)	-	(146,691)
Inception of lease and SBITA arrangements	1,988,506	-	-	-
Total other financing sources (uses)	**(9,027,724)**	**1,603,630**	**-**	**(146,691)**
Net change in fund balances	**(6,546,840)**	**851,765**	**14,797,325**	**829,235**
Fund balances-beginning	174,599,571	189,472,197	18,243,200	67,325,089
Fund balances-ending	**$ 168,052,731**	**$ 190,323,962**	**$ 33,040,525**	**$ 68,154,324**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Total Nonmajor Funds	Total Governmental Funds
REVENUES		
Property taxes	$ -	$ 85,970,092
Sales and use taxes	-	72,412,063
Transient occupancy taxes	-	63,318,760
Utility user taxes	-	36,618,147
Real property transfer fees	-	35,012,952
Business license taxes	-	38,479,130
Parking facilities taxes	-	14,124,830
Other taxes	4,036,461	4,187,528
Licenses and permits	91,182	34,819,883
Intergovernmental	76,162,406	80,331,299
Charges for services	20,270,994	77,233,865
Fines and forfeitures	-	11,214,264
Investment income	6,514,930	21,726,679
Rental income	1,192,403	8,574,618
Settlement income	-	22,797
Other revenue	2,687,803	9,429,506
Total revenues	**110,956,179**	**593,476,413**
EXPENDITURES		
Current:		
General government	650,874	77,810,894
Public safety	4,853,580	196,400,353
General services	4,327,629	83,490,309
Housing and community services	52,326,978	125,961,759
Library	87,785	11,554,231
Community development	5,811,038	27,684,528
Capital outlay	30,428,696	38,869,828
Debt service:		
Principal	6,906,044	8,379,813
Interest	7,716,688	7,975,561
Total expenditures	**113,109,312**	**578,127,276**
Excess (deficiency) of revenues over (under) expenditures	**(2,153,133)**	**15,349,137**
OTHER FINANCING SOURCES (USES)		
Transfers in	17,505,753	37,176,712
Transfers out	(8,799,376)	(38,029,626)
Inception of lease and SBITA arrangements	-	1,988,506
Total other financing sources (uses)	**8,706,377**	**1,135,592**
Net change in fund balances	**6,553,244**	**16,484,729**
Fund balances-beginning	101,137,148	550,777,205
Fund balances-ending	**$ 107,690,392**	**$ 567,261,934**

See accompanying Notes to the Basic Financial Statements

CITY OF SANTA MONICA, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds:		$ 16,484,729
Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.		
Capital outlay	$ 29,107,850	
Depreciation/amortization expense	(31,587,548)	
Total adjustment		(2,479,698)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned but unavailable grant revenues	3,078,494	
Total adjustment		3,078,494
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position.		
Loss/(gain) on disposal of capital assets	(5,393,162)	
Total adjustment		(5,393,162)
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.		
Subscription repayments	(411,984)	
Amortization of bond premiums and discounts	1,142,758	
Amortization of deferred amounts on refunding	61,819	
Principal payments	6,840,000	
Total adjustment		7,632,593
Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities.		9,343,493
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.		
Accrued interest on long-term debt	145,750	
Compensated absences	(2,131,423)	
Pollution remediation	373,912	
Changes in pension liabilities and related deferred outflows and inflows of resources	(5,475,388)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	1,518,117	
Total adjustment		(5,569,032)
Change in net position of governmental activities		**$ 23,097,417**

Proprietary Fund Financial Statements

Major Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services.

Water Fund – To account for revenues and expenses of providing water service to the citizens of the City.

Wastewater Fund – To account for revenues and expenses associated with maintaining the sanitary sewer systems within the City.

Resource Recovery and Recycling Fund – To account for revenues and expenses of operating the City's refuse collection, street sweeping and cleaning, and recycling programs.

Airport Fund – To account for the activities of the Santa Monica Municipal Airport.

Big Blue Bus Fund – To account for revenues and expenses related to operation of the City's municipal bus lines.

Internal Service Funds – To account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governments, on a cost-reimbursement basis.

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			
	Water Fund	Wastewater Fund	Resource Recovery and Recycling Fund	Airport Fund
ASSETS				
Current assets:				
Cash and investments (note 2)	$ 5,364,885	$ 45,265,830	$ 4,504,711	$ 35,803,560
Restricted cash and investments (note 2)	355,474	2,298,946	-	1,278,418
Receivables (net of uncollectibles):				
Accounts	8,109,319	4,063,034	6,396,984	362,818
Interest	101,413	326,458	172,651	319,392
Leases (note 3)	44,690	-	-	4,103,323
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaids	54,132	-	-	2
Total current assets	14,029,913	51,954,268	11,074,346	41,867,513
Noncurrent:				
Restricted cash and investments (note 2)	479,210	541,347	17,791,855	-
Restricted cash with fiscal agent (note 2)	29,002,552	-	-	-
Leases receivable	2,984,352	-	-	62,136,071
Capital assets, net of depreciation and amortization (note 5)	132,458,919	211,446,864	1,743,722	2,934,220
Total noncurrent assets	164,925,033	211,988,211	19,535,577	65,070,291
Total assets	**178,954,946**	**263,942,479**	**30,609,923**	**106,937,804**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	2,630,194	939,609	3,242,633	666,601
Deferred outflows from OPEB	309,770	27,847	149,328	23,960
Total deferred outflows of resources	**2,939,964**	**967,456**	**3,391,961**	**690,561**
LIABILITIES				
Current liabilities:				
Accounts payable	3,857,985	4,859,440	1,508,378	1,364,263
Accrued liabilities	463,641	145,732	525,091	109,709
Accrued interest payable	870,620	456,170	-	-
Contracts payable (retained percentage)	266,388	17,000	54,623	577,023
Unearned revenue (note 7)	-	-	-	2,698,117
Due to other funds (note 17)	-	-	-	-
Compensated absences, due within one year (note 8)	453,229	189,959	500,316	132,392
Claims payable, due within one year (note 9)	-	-	-	-
Liabilities payable from restricted assets - deposits	231,517	-	17,776,855	1,645,252
Pollution remediation obligation, due within one year (note 11)	7,486,966	-	-	-
Loans and bonds payable, due within one year (note 10)	1,495,000	1,408,091	-	-
Subscription liability, due within one year (note 6)	64,351	43,108	-	-
Total current liabilities	15,189,697	7,119,500	20,365,263	6,526,756

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			
	Water Fund	Wastewater Fund	Resource Recovery and Recycling Fund	Airport Fund
Noncurrent liabilities:				
Compensated absences, due in more than one year (note 8)	195,581	84,029	144,559	45,001
Subscription liability, due in more than one year (note 6)	69,563	47,052	-	-
Claims payable, due in more than one year (note 9)	-	-	-	-
Pollution remediation obligation, due in more than one year (note 11)	14,754,649	-	-	-
Loans and bonds payable, due in more than one year (note 10)	73,088,414	49,277,419	-	-
Net OPEB liability, due in more than one year (note 12)	457,461	41,123	220,524	35,384
Net pension liability, due in more than one year (note 12)	8,522,050	3,044,413	10,506,406	2,159,843
Total noncurrent liabilities	97,087,718	52,494,036	10,871,489	2,240,228
Total liabilities	**112,277,415**	**59,613,536**	**31,236,752**	**8,766,984**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension (note 12)	143,044	51,101	176,352	36,253
Deferred inflows from OPEB (note 12)	331,197	29,773	159,657	25,618
Deferred inflows from leases (note 3)	1,891,260	-	-	64,559,838
Total deferred inflows of resources	**2,365,501**	**80,874**	**336,009**	**64,621,709**
NET POSITION				
Net investment in capital assets	85,174,195	158,785,787	1,743,722	2,917,500
Restricted for Prop 1B	-	-	-	-
Restricted for debt service	-	2,298,946	-	-
Unrestricted	(17,922,201)	44,130,792	685,401	31,322,172
Total net position	**$ 67,251,994**	**$205,215,525**	**$ 2,429,123**	**$ 34,239,672**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			
	Big Blue Bus	**Other Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
ASSETS				
Current assets:				
Cash and investments (note 2)	$ 130,280,507	$ 21,737,806	$ 242,957,299	$ 134,118,676
Restricted cash and investments (note 2)	17,557,727	10,266,548	31,757,113	-
Receivables (net of uncollectibles):				
Accounts	1,201,682	720,028	20,853,865	40,517
Interest	711,421	182,456	1,813,791	923,797
Leases (note 3)	932,766	1,746,055	6,826,834	-
Taxes	-	33,722	33,722	-
Due from other governments	11,615,963	-	11,615,963	-
Inventory	3,701,652	-	3,701,652	2,790
Prepaids	107,237	-	161,371	-
Total current assets	166,108,955	34,686,615	319,721,610	135,085,780
Noncurrent:				
Restricted cash and investments (note 2)	-	-	18,812,412	-
Restricted cash with fiscal agent (note 2)	-	-	29,002,552	-
Leases receivable	6,327,189	3,797,803	75,245,415	-
Capital assets, net of depreciation and amortization (note 5)	155,567,450	29,372,510	533,523,685	24,142,902
Total noncurrent assets	161,894,639	33,170,313	656,584,064	24,142,902
Total assets	**328,003,594**	**67,856,928**	**976,305,674**	**159,228,682**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	15,844,299	929,381	24,252,717	1,692,954
Deferred outflows from OPEB	918,680	96,492	1,526,077	83,207
Total deferred outflows of resources	**16,762,979**	**1,025,873**	**25,778,794**	**1,776,161**
LIABILITIES				
Current liabilities:				
Accounts payable	3,802,430	420,210	15,812,706	4,452,917
Accrued liabilities	3,228,951	163,329	4,636,453	341,561
Accrued interest payable		-	1,326,790	-
Contracts payable (retained percentage)	92,743	11,352	1,019,129	64,685
Unearned revenue (note 7)	117,053,525	17,882	119,769,524	-
Due to other funds (note 17)	-	-	-	266,605
Compensated absences, due within one year (note 8)	2,613,623	194,593	4,084,112	316,690
Claims payable, due within one year (note 9)	-	-	-	23,733,763
Liabilities payable from restricted assets - deposits	159,194	281,923	20,094,741	-
Pollution remediation obligation, due within one year (note 11)	-	-	7,486,966	-
Loans and bonds payable, due within one year (note 10)	-	-	2,903,091	-
Subscription liability, due within one year (note 6)	25	-	107,484	484,909
Total current liabilities	126,950,491	1,089,289	177,240,996	29,661,130

CITY OF SANTA MONICA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			
	Big Blue Bus	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Noncurrent liabilities:				
Compensated absences, due in more than one year (note 8)	243,253	130,090	842,513	197,408
Subscription liability, due in more than one year (note 6)	-	-	116,615	-
Claims payable, due in more than one year (note 9)	-	-	-	59,060,649
Pollution remediation obligation, due in more than one year (note 11)	-	-	14,754,649	-
Loans and bonds payable, due in more than one year (note 10)	-	-	122,365,833	1,159,697
Net OPEB liability, due in more than one year (note 12)	1,356,687	142,497	2,253,676	122,878
Net pension liability, due in more than one year (note 12)	51,336,870	3,011,272	78,580,854	5,485,314
Total noncurrent liabilities	52,936,810	3,283,859	218,914,140	66,025,946
Total liabilities	**179,887,301**	**4,373,148**	**396,155,136**	**95,687,076**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension (note 12)	861,697	50,545	1,318,992	92,072
Deferred inflows from OPEB (note 12)	982,228	103,166	1,631,639	88,963
Deferred inflows from leases (note 3)	6,140,317	4,931,262	77,522,677	-
Total deferred inflows of resources	**7,984,242**	**5,084,973**	**80,473,308**	**181,035**
NET POSITION				
Net investment in capital assets	154,019,602	29,346,477	431,987,283	19,998,032
Restricted for Prop 1B	8,968,440	-	8,968,440	-
Restricted for debt service	-	-	2,298,946	-
Unrestricted	(6,093,012)	30,078,203	82,201,355	45,138,700
Total net position	**$ 156,895,030**	**$ 59,424,680**	**525,456,024**	**$ 65,136,732**
Beginning net position, business-type activities - internal service funds			61,772,978	
Net adjustment to reflect the allocation of the internal service funds net income			(15,875,893)	
Net position of business-type activities			**$ 571,353,109**	

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Water Fund	Wastewater Fund	Resource Recovery and Recycling Fund	Airport Fund
OPERATING REVENUES				
Charges for services	$ 46,238,326	$ 23,537,938	$ 39,541,395	$ 16,187,316
Total operating revenues	**46,238,326**	**23,537,938**	**39,541,395**	**16,187,316**
OPERATING EXPENSES				
Personnel services	9,282,440	3,420,048	13,265,539	2,250,390
Administrative indirect	2,107,594	773,584	1,544,204	1,274,752
Contractual services	4,107,861	10,434,443	7,248,854	1,777,209
Repairs and maintenance	1,397,921	2,129,390	4,350,888	1,569,468
Materials and supplies	4,442,014	1,803,169	9,511,415	13,139,513
Utilities	2,137,487	535,668	66,049	1,352,782
Water purchases	10,909,882	-	-	-
Casualty property and liability costs	943,139	916,535	900,381	798,148
Claims expense net of claims reserve adjustment	-	-	-	-
Insurance and bonds	-	-	-	-
Miscellaneous fees and costs	120,487	-	43,375	6,511
Depreciation and amortization	2,066,165	7,424,033	4,897	263,307
Other	665,108	1,126,356	825,720	1,238,577
Total operating expenses	**38,180,098**	**28,563,226**	**37,761,322**	**23,670,657**
Operating income (loss)	**8,058,228**	**(5,025,288)**	**1,780,073**	**(7,483,341)**
NONOPERATING REVENUES (EXPENSES)				
Operating grants	-	-	-	-
Shared sales tax proceeds	-	-	-	-
Investment income	2,058,209	2,429,407	1,315,171	2,279,767
Interest expense	(1,843,634)	(928,800)	-	-
Gain or loss on disposal of capital assets	-	-	-	-
Fees	174,223	-	-	54,167
Tax credits	1,394	260	143,964	223
Rent	-	-	-	-
Other nonoperating revenues (expenses)	399,639	213,984	297,103	1,884,093
Total nonoperating revenues (expenses)	**789,831**	**1,714,851**	**1,756,238**	**4,218,250**
Income (loss) before capital contributions and transfers	**8,848,059**	**(3,310,437)**	**3,536,311**	**(3,265,091)**
Capital contributions	-	-	-	-
Transfers in	339,766	3,109,008	113,777	-
Transfers out	(2,008,208)	(1,167,106)	(1,409,298)	(649,996)
Change in net position	**7,179,617**	**(1,368,535)**	**2,240,790**	**(3,915,087)**
Net position-beginning, as originally reported	60,195,349	206,640,289	295,382	38,184,079
Change in accounting principle (note 19)	(122,972)	(56,229)	(107,049)	(29,320)
Net position-beginning, as restated	60,072,377	206,584,060	188,333	38,154,759
Net position-ending	**$ 67,251,994**	**$ 205,215,525**	**$ 2,429,123**	**$ 34,239,672**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Big Blue Bus	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 9,095,856	$ 14,168,646	$ 148,769,477	$ 77,341,371
Total operating revenues	**9,095,856**	**14,168,646**	**148,769,477**	**77,341,371**
OPERATING EXPENSES				
Personnel services	61,724,807	3,412,425	93,355,649	5,773,366
Administrative indirect	5,625,997	1,698,637	13,024,768	1,711,703
Contractual services	4,748,355	1,903,923	30,220,645	1,234,188
Repairs and maintenance	1,462,068	382,771	11,292,506	2,740,237
Materials and supplies	9,007,607	1,430,937	39,334,655	6,638,361
Utilities	1,014,979	524,720	5,631,685	132,405
Water purchases	-	-	10,909,882	-
Casualty property and liability costs	5,847,847	1,281,418	10,687,468	461,272
Claims expense net of claims reserve adjustment	-	-	-	32,363,524
Insurance and bonds	-	-	-	16,620,756
Miscellaneous fees and costs	194,314	32	364,719	6,494,733
Depreciation and amortization	14,493,524	968,445	25,220,371	4,107,472
Other	848,917	872,593	5,577,271	337,009
Total operating expenses	**104,968,415**	**12,475,901**	**245,619,619**	**78,615,026**
Operating income (loss)	**(95,872,559)**	**1,692,745**	**(96,850,142)**	**(1,273,655)**
NONOPERATING REVENUES (EXPENSES)				
Operating grants	161,832	-	161,832	-
Shared sales tax proceeds	65,875,946	-	65,875,946	-
Investment income	5,482,307	1,354,579	14,919,440	6,875,553
Interest expense	(397)	-	(2,772,831)	(66,241)
Gain or loss on disposal of capital assets	2,511	-	2,511	(26,898)
Fees	-	894,961	1,123,351	-
Tax credits	818,818	5	964,664	-
Rent	3,878,904	-	3,878,904	-
Other nonoperating revenues (expenses)	765,390	304,559	3,864,768	831,922
Total nonoperating revenues (expenses)	**76,985,311**	**2,554,104**	**88,018,585**	**7,614,336**
Income (loss) before capital contributions and transfers	**(18,887,248)**	**4,246,849**	**(8,831,557)**	**6,340,681**
Capital contributions	15,615,014	-	15,615,014	-
Transfers in	659,483	4,471,389	8,693,423	3,037,594
Transfers out	(739,162)	(1,763,464)	(7,737,234)	(3,140,869)
Change in net position	**(3,351,913)**	**6,954,774**	**7,739,646**	**6,237,406**
Net position-beginning, as originally reported	160,742,501	52,540,822	518,598,422	58,978,602
Change in accounting principle (note 19)	(495,558)	(70,916)	(882,044)	(79,276)
Net position-beginning, as restated	160,246,943	52,469,906	517,716,378	58,899,326
Net position-ending	**$ 156,895,030**	**$ 59,424,680**	**$ 525,456,024**	**$ 65,136,732**

Change in net position	$ 7,739,646
Net adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(697,911)
Changes in net position of business-type activities	**$ 7,041,735**

See accompanying Notes to the Basic Financial Statements

CITY OF SANTA MONICA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Water Fund	Wastewater Fund	Resource Recovery and Recycling Fund	Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 45,263,227	$ 23,115,534	$ 39,726,118	$ 16,017,596
Cash payments for materials and services	(29,604,679)	(11,799,411)	(21,244,768)	(20,651,069)
Cash payments to employees for services	(11,113,772)	(4,017,645)	(15,079,133)	(3,570,406)
Cash paid for claims and related services	-	(916,535)	(900,381)	(798,148)
Other receipts (disbursements)	399,639	213,984	297,103	1,884,093
Net cash provided by (used for) operating activities	**4,944,415**	**6,595,927**	**2,798,939**	**(7,117,934)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	339,766	3,109,008	113,777	-
Transfers out	(2,008,208)	(1,167,106)	(1,409,298)	(649,996)
Advances from other funds	-	-	-	-
Sales tax proceeds	175,617	260	143,964	54,390
Other operating grants	-	-	-	-
Net cash provided by (used for) noncapital financing activities	**(1,492,825)**	**1,942,162**	**(1,151,557)**	**(595,606)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions received	-	-	-	-
Acquisition and construction of capital assets	(8,650,091)	(5,620,307)	(368,594)	(1,028,171)
Payments on long-term obligations	(1,776,066)	(1,426,534)	-	-
Interest paid on long-term obligations	(1,867,550)	(941,248)	-	-
Proceeds from sale of capital assets	-	-	-	-
Net cash provided by (used for) capital and related financing activities	**(12,293,707)**	**(7,988,089)**	**(368,594)**	**(1,028,171)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,112,390	2,343,909	1,214,952	2,251,673
Leasing activities	(107,732)	-	-	-
Net cash provided by (used for) investing activities	**2,004,658**	**2,343,909**	**1,214,952**	**2,251,673**
Net increase (decrease) in cash and cash equivalents	**(6,837,459)**	**2,893,909**	**2,493,740**	**(6,490,038)**
Cash and cash equivalents-beginning	42,039,580	45,212,214	19,802,826	43,572,016
Cash and cash equivalents-ending	**$ 35,202,121**	**$ 48,106,123**	**$ 22,296,566**	**$ 37,081,978**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	$ 5,364,885	$ 45,265,830	$ 4,504,711	$ 35,803,560
Restricted cash and investments	29,837,236	2,840,293	17,791,855	1,278,418
Total cash and cash equivalents	**$ 35,202,121**	**$ 48,106,123**	**$ 22,296,566**	**$ 37,081,978**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Water Fund	Wastewater Fund	Resource Recovery and Recycling Fund	Airport Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ 8,058,228	$ (5,025,288)	$ 1,780,073	$ (7,483,341)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	2,066,165	7,424,033	4,897	263,307
Other non-operating revenue received	399,639	213,984	297,103	1,884,093
(Increase) decrease in accounts receivable	(890,166)	(422,404)	(695,926)	(94,995)
(Increase) decrease in deposits	-	-	-	-
(Increase) decrease in inventories	-	-	-	-
(Increase) decrease in prepaid items	(54,132)	-	-	(2)
Increase (decrease) in accounts payable	(2,333,411)	4,229,615	801,533	(1,567,007)
Increase (decrease) in accrued liabilities	(2,581,049)	(42,800)	(234,579)	(55,057)
Increase (decrease) in unearned revenue	-	-	-	(155,957)
Increase (decrease) in deposits payable from restricted assets	(84,933)	-	880,649	81,232
Increase (decrease) in compensated absences payable	176,792	92,104	128,375	34,121
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	213,785	126,711	(146,502)	(15,715)
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	(26,503)	(28)	(16,684)	(8,613)
Total adjustments	(3,113,813)	11,621,215	1,018,866	365,407
Net cash provided by (used for) operating activities	**$ 4,944,415**	**$ 6,595,927**	**$ 2,798,939**	**$ (7,117,934)**
SCHEDULE OF NON-CASH NON-CAPITAL, CAPITAL, AND INVESTING ACTIVITIES				
Capital assets acquired through accounts payable	$ 1,495,604	$ 1,885,409	$ -	$ 16,722

CITY OF SANTA MONICA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Big Blue Bus	**Other Enterprise Funds**	**Totals**	**Internal Service Funds**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 12,147,497	$ 14,098,155	$ 150,368,127	$ 77,394,173
Cash payments for materials and services	(20,711,313)	(5,126,769)	(109,138,009)	(14,658,082)
Cash payments to employees for services	(61,926,308)	(5,302,024)	(101,009,288)	(7,798,519)
Cash paid for claims and related services	(5,847,847)	(1,281,418)	(9,744,329)	(45,172,421)
Other receipts (disbursements)	765,390	304,559	3,864,768	831,922
Net cash provided by (used for) operating activities	**(75,572,581)**	**2,692,503**	**(65,658,731)**	**10,597,073**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	659,483	4,471,389	8,693,423	3,037,594
Transfers out	(739,162)	(1,763,464)	(7,737,234)	(3,140,869)
Advances from other funds	-	-	-	266,605
Sales tax proceeds	66,694,764	879,639	67,948,634	-
Other operating grants	9,367,112	-	9,367,112	-
Net cash provided by (used for) noncapital financing activities	**75,982,197**	**3,587,564**	**78,271,935**	**163,330**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions received	16,989,700	-	16,989,700	-
Acquisition and construction of capital assets	(9,586,255)	(575,928)	(25,829,346)	(12,465,977)
Payments on long-term obligations	-	-	(3,202,600)	(151,336)
Interest paid on long-term obligations	(304,145)	-	(3,112,943)	(66,241)
Proceeds from sale of capital assets	43,099	-	43,099	176,400
Net cash provided by (used for) capital and related financing activities	**7,142,399**	(575,928)	**(15,112,090)**	**(12,507,154)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	5,229,544	1,270,956	14,423,424	6,860,555
Leasing activities	1,972,644	-	1,864,912	-
Net cash provided by (used for) investing activities	**7,202,188**	**1,270,956**	**16,288,336**	**6,860,555**
Net increase (decrease) in cash and cash equivalents	**14,754,203**	**6,975,095**	**13,789,450**	**5,113,804**
Cash and cash equivalents-beginning	133,084,031	25,029,259	308,739,926	129,004,872
Cash and cash equivalents-ending	**$ 147,838,234**	**$ 32,004,354**	**$ 322,529,376**	**$ 134,118,676**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	$ 130,280,507	$ 21,737,806	$ 242,957,299	$ 134,118,676
Restricted cash and investments	17,557,727	10,266,548	79,572,077	-
Total cash and cash equivalents	**$ 147,838,234**	**$ 32,004,354**	**$ 322,529,376**	**$ 134,118,676**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Big Blue Bus	Other Enterprise Funds	Totals	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ (95,872,559)	$ 1,692,745	$ (96,850,142)	$ (1,273,655)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	14,493,524	968,445	25,220,371	4,107,472
Other non-operating revenue received	765,390	304,559	3,864,768	831,922
(Increase) decrease in accounts receivable	3,055,692	(49,341)	902,860	52,802
(Increase) decrease in deposits	(4,051)	-	(4,051)	-
(Increase) decrease in inventories	(11,249)	-	(11,249)	(165)
(Increase) decrease in prepaid items	588,830	-	534,696	-
Increase (decrease) in accounts payable	1,613,343	(11,793)	2,732,280	2,387,030
Increase (decrease) in accrued liabilities	(765,905)	(15,001)	(3,694,391)	(97,478)
Increase (decrease) in unearned revenue	-	(7,855)	(163,812)	-
Increase (decrease) in deposits payable from restricted assets	-	(13,295)	863,653	-
Increase (decrease) in compensated absences payable	776,383	103,174	1,310,949	(52,546)
Increase (decrease) in claims payable	-	-	-	4,805,117
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	(116,034)	(260,388)	(198,143)	(201,473)
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	(95,945)	(18,747)	(166,520)	38,047
Total adjustments	20,299,978	999,758	31,191,411	11,870,728
Net cash provided by (used for) operating activities	**$ (75,572,581)**	**$ 2,692,503**	**$ (65,658,731)**	**$ 10,597,073**
SCHEDULE OF NON-CASH NON-CAPITAL, CAPITAL, AND INVESTING ACTIVITIES				
Capital assets acquired through accounts payable	$ 1,547,825	$ 26,034	$ 4,971,594	$ 2,500,266

Fiduciary Fund Financial Statements

Private-Purpose Trust Fund is fiduciary in nature and used to receive and distribute the Redevelopment Property Tax Trust Fund distributions and use them to extinguish enforceable obligations approved by the Successor Agency Oversight Board and the California Department of Finance. The Redevelopment Agency of the City of Santa Monica was dissolved on February 1, 2012.

Custodial Fund is custodial in nature and accounts for assets held by the City as a trustee or as an agent for individuals or other governmental units. The General Trust Fund accounts for assets held by the City in an agency capacity, such as fees collected on behalf of and remitted to other governmental agencies. No trust agreement exists.

CITY OF SANTA MONICA, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trust Fund	Custodial Funds
ASSETS		
Restricted cash (note 2)	$ 4,149,872	$ 1,913,488
Money market funds with fiscal agent (note 2)	7,436,122	-
Accounts receivable	-	72,684
Total assets	**11,585,994**	**1,986,172**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	661,107	-
Total deferred outflows of resources	**661,107**	**-**
LIABILITIES		
Accrued interest payable	3,051,450	-
Loans and bonds payable, due within one year (note 18)	7,576,686	-
Loans and bonds payable, due in more than one year (note 18)	97,399,830	-
Total liabilities	**108,027,966**	**-**
NET POSITION		
Restricted for the dissolution of the Former Redevelopment Agency	(95,780,865)	-
Restricted for other governments, organizations, and individuals	-	1,986,172
Total net position	**$ (95,780,865)**	**$ 1,986,172**

CITY OF SANTA MONICA, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Property tax distribution	$ 13,687,088	$ -
Held for others	-	11,925
Fees collected for other governments	-	1,412,504
Investment income	109,602	-
Total additions	**13,796,690**	**1,424,429**
DEDUCTIONS		
Payments to other governments	-	1,036,241
Payments to organizations and individuals	-	16,400
Project expenses	320,997	-
Interest expense	6,400,027	-
Total deductions	**6,721,024**	**1,052,641**
Net increase (decrease) in fiduciary net position	**7,075,666**	**371,788**
Net position-beginning	(102,856,531)	1,614,384
Net position-ending	**$ (95,780,865)**	**$ 1,986,172**

Notes to the Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The City of Santa Monica, California (City) was incorporated November 30, 1886. The City operates under a Council-Manager form of government and provides traditional municipal services as authorized by its charter as well as various enterprise services. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the City and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The following entities are reported as blended component units because they have substantively the same governing board as the primary government and there is either a financial benefit or burden relationship between the City and the component unit or the City's management has operational responsibility for the component unit.

Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Additional detailed information and/or separately issued financial statements for these component units can be obtained from the City's Director of Finance.

The *Parking Authority of the City of Santa Monica* (Parking Authority) was established by the City in 1950 for the acquisition or building of parking facilities owned by the City Parking Authority.

The *Housing Authority of the City of Santa Monica* (Housing Authority) was established by the City in 1975 to address unsanitary and unsafe inhabited dwelling accommodations and the shortage of affordable safe and sanitary dwelling accommodations for persons with low incomes. Since January 1, 1989, the Housing Authority has administered the Section 8 Housing Assistance Payments Program funded by the United States Department of Housing and Urban Development on behalf of the City.

The *Santa Monica Public Financing Authority (PFA)* was established in 1995 for the purpose of assisting the City in financing capital improvements, working capital, and liability or other projects.

The *Successor Agency for the Redevelopment Agency of the City of Santa Monica* (Successor Agency) was established on February 1, 2012 by resolution of City Council. The Successor Agency is primarily responsible for winding down the operations of the former Redevelopment Agency and makes payments and performs existing obligations of the former Redevelopment Agency. The Successor Agency is a fiduciary component unit and is presented as a private-purpose trust fund.

The Santa Monica Arts Foundation promotes the arts by raising funds to finance art programs. On June 8, 1990, the City Council merged the City's Arts Commission with the Santa Monica Arts Foundation. While the Arts Foundation meets the requirements of being reported as a component unit of the City, the operating results are immaterial to the City as a whole and therefore it is not included in the City's basic financial statements.

No separate financial statements are available for the blended component units listed above.

The Santa Monica Pier Corporation, originally named the Santa Monica Pier Restoration Corporation, is an organization created in 1984 as a nonprofit public benefit corporation. The Pier Corporation maintains and operates public educational and recreational programs and events at the Santa Monica Pier as part of a service agreement with the City. It also assists the City with public outreach on Santa Monica Pier related issues. The governing Board of the Corporation is appointed by the City of Santa Monica City Council for the benefit of the citizens of Santa Monica. The Pier Corporation is not presented in the basic financial statements because the economic resources received or held by the individual organization are not significant to the primary government. Separate financial statements for this organization can be obtained from the City's Director of Finance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Exceptions to this general rule are charges between the City's Water Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, general services, housing and community services, library, and community development. The business-type activities of the City include water, wastewater, stormwater, resource recovery and recycling, pier, airport, cemetery, Big Blue Bus, and parking authority.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, including special assessments, which are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 60 days. Additionally, grants and similar items are recognized as receivables as soon as all eligibility requirements have been met and are recognized as revenue when amounts are considered available. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when payment is due.

In governmental funds, property taxes, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period subject to availability. Entitlements and shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met and are recorded at the time of receipt or earlier, and susceptible to accrual criteria. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City, except those required to be accounted for in other specialized funds.

The **Special Revenue Source Fund** accounts for receipt and expenditure of monies restricted, committed, or assigned for specific uses. Funding comes primarily from developer and other fees.

The **Measure GS Fund** accounts for receipt and expenditure of a third-tier documentary transfer tax of an additional 5% for property sales over $8 million with the revenue going towards homelessness prevention, affordable housings, and schools.

The **Low and Moderate Income Housing Asset Fund** under Senate Bill 341, requires that housing assets transferred to the City's Housing Successor Agency, together with any funds generated from those housing assets, be maintained in a separate Low and Moderate Income Housing Asset Fund. These funds can be used as previously allowed under the Low and Moderate Income Housing Fund established under Community Redevelopment Law, for program monitoring and preserving the long-term affordability of units subject to affordability restrictions, homeless prevention and rapid rehousing services, and the development of affordable housing for lower income households.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the activities of the City's water service to the citizens.

The **Wastewater Fund** accounts for the activities of maintaining the sanitary sewer system within the City.

The **Resource Recovery and Recycling Fund** accounts for the activities of the City's refuse collection, street sweeping and cleaning, and recycling programs.

The **Airport Fund** accounts for the activities of the Santa Monica Municipal Airport.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The **Big Blue Bus Fund** accounts for the activities of the City's municipal bus lines.

Additionally, the City reports the following fund types:

Special Revenue Funds account for proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds account for and report financial resources that are restricted to expenditures for principal and interest.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs.

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

Internal Service Funds account for vehicle operations, risk management, and information technology and communications operations that provide services to other departments of the City on a cost reimbursement basis.

Fiduciary Funds consist of a Private-purpose Trust Fund and Custodial funds. The **Private-purpose Trust Fund** was established by the City to succeed the former redevelopment agency. The City serves as a custodian for the assets of the dissolved redevelopment agency pending distribution to the Successor Agency's creditors for enforceable obligations. The **Custodial Fund** accounts for assets held by the City as a trustee for individuals or other government units. The Custodial fund is used to report fees collected on behalf of other governmental agencies and other assets held by the City in a custodial capacity.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position or Fund Balance

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal and escrow agents in accordance with related bond indentures and agreements. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of its equity from the pool by a particular fund, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average month-end balances for the prior three months and is adjusted at year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value, except for guaranteed investment contracts, which are carried at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from Securities and Exchange Commission (SEC) registered securities exchanges or National Association of Securities Dealers Automated Quotations (NASDAQ) dealers. Changes in fair value are allocated to each participating fund on an annual basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's share of Local Agency Investment Fund (LAIF) is reported to the City on a quarterly basis. LAIF operates in accordance with laws and regulations of the State of California. LAIF is not reported at fair value.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be equity in the City's cash and investment pool as well as petty cash.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables, i.e., due to/due from other funds, the current portion of interfund loans or advances to/from other funds, the non-current portion of interfund loans. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds and notes receivables, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not in spendable form and are not available for appropriation. However, if the use of the proceeds from the collection of those receivables is restricted, committed, or assigned, they will be included in the appropriate fund balance classification, rather than nonspendable fund balance.

All trade receivables are shown net of an allowance for uncollectible accounts and estimated refunds due. As of June 30, 2025, the allowance for uncollectible accounts for governmental and business-type activities is $2,407,281 and $4,861,342 respectively.

Unbilled service receivables are accrued at year-end.

Property Taxes

Assessed property values are determined on an annual basis for the period July 1 to June 30 by the Los Angeles County Assessor as of the prior January 1. Article XIII-A of the State Constitution (Proposition 13, approved by voters in June 1978) limits the real property tax rate to 1% of the full market cash value plus rates imposed to fund indebtedness approved by the voters. Locally assessed property is appraised at the 1975-76 full cash value, the base year value, and is adjusted each year after 1975 by the change in the consumer price index, not to exceed an increase of 2%. Property is reappraised to current full value upon either a change in ownership or new construction. If property values decline, the assessed value may be adjusted to reflect the lower value. Taxes are levied annually in September and become a lien on real property at January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively, at which time applicable penalties and interest are assessed.

Inventory and Prepaid Items

All materials and supplies inventory is valued at cost using the average cost method. The costs of such inventories are recorded as expenditures/expenses when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position and balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, these bond monies may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

Restricted cash represents amounts restricted under agreements with grantors, trustees, developers, customers, and lessees. Additionally, restricted cash in the Successor Agency is restricted by redevelopment dissolution legislation.

Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, intangibles, utility systems, infrastructure assets (e.g., roads, sidewalks, curbs and gutters and similar items), and subscription assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets other than buildings, improvements, and infrastructure are defined by the City as assets with an initial individual cost of $50,000 or more and an estimated useful life of more than one year except for the Big Blue Bus Fund, which follows transit funding guidelines by capitalizing any capital expense which is funded by capital grant subsidies not related to bus repairs and maintenance. The City defines buildings, improvements other than buildings, and infrastructure as assets with an individual cost of $100,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed when incurred.

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

Capital assets of the City are depreciated/amortized using a straight-line method, with a mid-year convention (one half year’s depreciation/amortization is recorded in the first and last year of the asset) over the following estimated useful lives:

Assets	Years
Buildings	5 to 85
Improvements other than buildings	5 to 50
Infrastructure	15 to 75
Utility systems	20 to 100
Intangibles	20 to 100
Machinery and equipment	2 to 30
Subscription asset	2 to 11

The City has elected not to capitalize its collection of artworks. GASB Statement No. 34 waives the requirement for artwork capitalization if the collection meets all the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City’s artwork collection meets the above criteria and therefore qualifies for the exemption from the capitalization requirement. The collection includes both permanent and portable artworks, artworks integrated into overall projects, murals, and stand-alone permanently installed paintings and sculptures, art integrated into the design of public works projects (not stand-alone), and a contemporary collection of almost 100 portable artworks, which are on display in public areas of City facilities.

The GASB Statement No. 96 subscription assets are reported with other capital assets on the statement of net position.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits up to a maximum determined by bargaining unit agreements. Employees are paid 100% of their accumulated vacation when they terminate employment for any reason. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Additionally, employees of the International Association of Sheet Metal, Air, Rail and Transportation Workers – Transportation Division are able to exchange unused sick days balances for equal dollars of medical insurance premiums. In order to qualify, the employee must have 10 years of service at retirement and at least 50 days of unused sick leave.

Long-Term Liabilities

In the government-wide financial statements, proprietary funds financial statements and private-purpose trust fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or fiduciary fund type statement of net position. Initial-issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the unamortized portion of applicable premium or discount. Deferred amounts on refunding are reported as deferred outflows or inflows of resources. Bond issuance costs, including underwriters' discount, are expensed when incurred. Amortization of bond premiums or discounts and deferred amounts on refunding are included in interest expense.

In the governmental funds financial statements, bond premiums, discounts and issuance costs are recognized during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Interest and principal payments are reported as debt service expenditures.

The GASB Statement No. 96 subscription liabilities are based on the payment provisions of the contract and reported as a long-term liability on the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position, governmental fund balance sheet, proprietary statement of net position, and statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. The deferred outflows of resources is a separate financial statement element that 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.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. The deferred inflows of resources is a separate financial statement element that 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 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following items as deferred outflows of resources:

- Deferred outflows from pensions
- Deferred outflows from OPEB

The City reports the following items as deferred inflows of resources:

- Deferred gain on refunding
- Deferred inflows from leases
- Deferred inflows from pensions
- Deferred inflows from OPEB

Deferred outflows from pensions and OPEB include contributions made subsequent to the measurement date. Deferred outflows and inflows relating to pensions and OPEB are the result of differences between the expected and actual experience, changes in assumptions, and difference between projected and actual earnings on investments. See note 12 for a detailed discussion of deferred outflows and inflows related to pensions and OPEB.

The deferred gain on refunding is attributable to the unamortized portion of the gain on refunding of debt.

Deferred inflows from leases represents inflows of resources based on the payment provisions of the contract.

Finally, on the governmental funds balance sheet, when an asset is recorded but the revenue is not available, a deferred inflow of resources is reported for unavailable revenue until such time as the revenue becomes available.

Net Position and Fund Balance

In the government-wide financial statements and proprietary funds financial statements, net position is reported in three categories: net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal of related debt. Net investment in capital assets does not include the unspent proceeds of capital debt or the related amount of debt, liabilities and deferred inflows related to those assets. Restricted net position represents assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments, or law through constitutional provisions or enabling legislation) and includes unspent proceeds of bonds issued to acquire or construct capital assets and those unspent proceeds are offset by an equivalent amount of debt and deferred inflows to those assets. The nonexpendable portion of permanent funds is reported as a component of restricted net position. The City's other components of restricted net position are temporarily restricted (ultimately expendable) assets. All other components of net position are considered unrestricted.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then use unrestricted resources as needed.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent based on the adopted City Council policy in the City’s most recently adopted budget. As of June 30, 2025, fund balances for governmental funds include nonspendable, restricted, committed, assigned and unassigned balances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are restricted for specific purposes when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purpose pursuant to constraints imposed by the government's highest level of decision making authority, the City Council, are reported as committed fund balance. The City Council can create committed fund balance through ordinance, resolution or other council action that is equally binding. Ordinances make up the local laws of the City. An ordinance is a legislative act prescribing general rules of organization or conduct relating to the corporate affairs of the municipality. Council action shall be taken by ordinance when required by law, or where prescribed conduct may be enforced by penalty and represents the most binding constraint. Once adopted, ordinances become effective upon 30 days after publication, unless otherwise set forth. A resolution is an administrative act, which is a formal statement of policy concerning matters of special or temporary character. The adoption of a resolution by the City Council can also establish, modify, or rescind a fund balance commitment previously created by resolution. Assigned fund balance are amounts that are constrained by the government's intent by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The City Council, in the City's most recently adopted budget, which included the fiscal policies contained in the fund balance policies, has delegated the authority to assign fund balances to the City Manager or their designee. Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance can also be used in other governmental funds where the fund balance is negative because a negative amount should not be reported for restricted, committed, or assigned in any fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is expended in the order of restricted, committed, assigned, and unassigned.

Self-Insurance Program

The City has self-insurance programs to provide for general liability, bus and automobile liability, and workers' compensation claims. These activities are accounted for in self-insurance internal service funds.

Premiums are charged to individual funds and are designed to cover current and future expenses. The City's Risk Manager oversees the self-insurance programs. It is his or her duty to ensure that programs are operated in accordance with City policies. The City's Risk Manager also provides budget guidance and case reserves and claims analysis. It is the City's intent to maintain cash reserves in the self-insurance funds equal to or greater than estimated losses.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit retirement plans, Miscellaneous and Public Safety Police and Fire, of the California Employees' Retirement System ("CalPERS") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post Employment Benefits (OPEB)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

GASB Statement No. 102, Certain Risk Disclosures

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	$ 680,470,360
Restricted cash and investments	92,913,391
Restricted cash with fiscal agent	64,728,077
Fiduciary funds:	
Restricted cash and investments	6,063,360
Restricted cash with fiscal agent	7,436,122
Total cash and investments	$ 851,611,310

Cash and investments as of June 30, 2025 consisted of the following:

Cash on hand	$ 20,807
Deposits with financial institutions	15,511,354
Investments	836,079,149
Total cash and investments	$ 851,611,310

All interest income legally accrues to the benefit of the General Fund in the absence of a legal provision to the contrary. Accordingly, accumulated interest income from the Special Revenue Source Fund in the amount of $1,956,039 has been included as interest income in the General Fund.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy. The table also does not address certain escrow accounts established for purposes such as construction project retention, which are governed by the specific escrow agreement(s).

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity *	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer *
Local agency bonds	Yes	5 years	None	None
U.S. Treasury obligations	Yes	15 years	None	None
U.S. agency securities/obligations	Yes	15 years	None	50%
State Obligations-California and Others	Yes	5 years	None	None
CA Local Agency obligations	Yes	5 years	None	None
Banker's acceptances	Yes	180 days	40%	10%
Commercial paper-Pooled funds	Yes	270 days	25%	10%
Commercial paper-Non-pooled funds	Yes	270 days	25%	10%
Negotiable certificates of deposit	Yes	5 years	30%	10%
CD/Deposit Placement services	Yes	5 years	50%	None
Repurchase agreements	Yes	1 year	None	None
Reverse repurchase agreements	Yes	92 days	20% of base value	None
Corporate medium term notes	Yes	5 years	30%	None
Supranationals	Yes	5 years	30%	None
Mutual funds	Yes	N/A	20%	10%
Money market mutual funds	Yes	N/A	20%	10%
Mortgage pass-through securities	Yes	5 years	20%	None
Time deposits	Yes	5 years	None	None
Collateralized certificates of deposit	Yes	5 years	None	None
County pooled investment funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	$75M
JPA pools (other investment pools)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, generally, whichever is more restrictive. However, per State law, the City Council on February 28, 2023 authorized investment of up to 15% of the portfolio in maturities between five and fifteen years in Local Agency Bonds, U.S. Treasury Obligations and/or U.S. agency securities/obligations.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

B. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
Federal Housing Administration debentures	None	None	None
U.S. agency securities	None	None	None
Time deposits	None	None	None
Unsecured certificates of deposit	180 days	None	None
Banker's acceptances	180 days	None	None
State obligations	None	None	None
Repurchase agreements	1 year	None	None
Pre-refunded municipal obligations	None	None	None
Commercial paper	270 days	None	None
Money market mutual funds	None	None	None
Investment contracts	30 years	None	None

C. Investments Authorized by Actions of the City Council

Cemetery and Mausoleum Perpetual Care funds are received from Woodlawn Cemetery users for the perpetual care of cemetery grounds and of the mausoleum. The funds are legally restricted to the extent that only earnings, and not principal, can be used for restricted perpetual care purposes. These funds represent the accumulation of unspent monies from non-government sources and are not considered by the City to constitute "surplus funds" of a local government. Accordingly, these funds are not considered by the City to be subject to the provisions of the California Government Code Section 53601 or the City's investment policy. These funds have been invested per instructions of the City Council. The table below identifies the investment types generally authorized for these investments. Current City Council instructions limit the amount invested in equities to 60% of the total portfolio with the balance to be invested primarily in fixed income securities. The timing of fair value changes as well as the timing of investment transactions may on occasion result in the percentage of equities exceeding 60% for a short period of time until the portfolio can be rebalanced. The table also identifies certain provisions of these agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Equities	None	60%	None
Corporate/Municipal bonds	None	None	None

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The fair value of callable securities is also sensitive to market changes in that if interest rates decrease between the time of purchase and the call dates, the likelihood that a bond will be called and reinvested at a lower interest rate increases. The City's portfolio also includes certain callable structured investments for which the coupon interest rate changes if the investments are not called on or before certain pre-determined dates. The fair value of these investments, which primarily falls into the Federal agency security and Supranational categories, is also sensitive to market changes. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees and others) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, callable securities are assumed to be held to maturity.

		Remaining Maturity (in Months)				
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	N/A
Held by City:						
Federal agency securities	$ 321,568,287	$ 87,770,655	$ 43,044,104	$ 115,318,688	$ 75,434,840	$ -
Corporate medium term notes	190,176,725	41,097,472	32,234,409	116,844,844	-	-
Municipal bonds	38,529,956	9,244,034	8,263,422	6,386,871	14,635,629	-
Supranationals	38,844,106	22,878,886	1,952,820	14,012,400	-	-
Treasury notes/bonds	35,684,960	-	-	35,684,960	-	-
State investment pool	70,765,259	70,765,259	-	-	-	-
Money market funds	68,345,658	68,345,658	-	-	-	-
Held by others:						
Treasury notes/bonds	4,374,181	223,481	200,936	1,459,207	2,490,557	-
Corporate medium term notes	3,757,394	594,826	633,413	2,141,546	387,609	-
Common stock	12,070,731	-	-	-	-	12,070,731
Money market funds	51,961,892	51,961,892	-	-	-	-
Total	$ 836,079,149	$ 352,882,163	$ 86,329,104	$ 291,848,516	$ 92,948,635	$ 12,070,731

E. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments as of June 30, 2025, (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated in the information provided above.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

F. Disclosures Relating to Credit Risk

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

			Actual Ratings - Standard & Poor's***			
Investment Type	Total	Minimum Legal Rating**	AAA	AA+	AA	AA-
Held by City:						
Corporate Medium term notes	$ 190,176,725	A	$ 3,015,612	$ 21,822,240	$ 14,866,194	$ 34,597,817
Municipal bonds	38,529,956	N/A	-	8,782,409	9,825,167	5,831,890
Supranationals	38,844,106	A	38,844,106	-	-	-
Treasury notes/bonds	35,684,960	N/A	-	-	-	-
State investment pool	70,765,259	N/A	-	-	-	-
Money market funds	68,345,658	N/A	-	-	-	-
Federal agency securities	321,568,287	N/A	-	-	-	-
Held by others:						
Treasury notes/bonds	4,374,181	N/A	-	-	-	-
Corporate medium term notes	3,757,394	N/A	114,486	-	-	458,730
Common stock	12,070,731	N/A	-	-	-	-
Money market funds	51,961,892	*	51,471,769	-	-	-
	$ 836,079,149		$ 93,445,973	$ 30,604,649	$ 24,691,361	$ 40,888,437

	Actual Ratings - Standard & Poor's***						
Investment Type	A+	A	A-	BBB+	BBB	BBB-	Exempt/Not Rated
Held by City:							
Corporate Medium term notes	$ 67,039,027	$ 19,221,250	$ 23,617,765	$ -	$ -	$ -	$ 5,996,820
Municipal bonds	981,510	-	2,334,570	9,344,713	-	-	1,429,697
Supranationals	-	-	-	-	-	-	-
Treasury notes/bonds	-	-	-	-	-	-	35,684,960
State investment pool	-	-	-	-	-	-	70,765,259
Money market funds	-	-	-	-	-	-	68,345,658
Federal agency securities	-	-	-	-	-	-	321,568,287
Held by others:							
Treasury notes/bonds	-	-	-	-	-	-	4,374,181
Corporate medium term notes	187,215	167,772	203,601	203,863	1,416,728	1,004,999	-
Common stock	-	-	-	-	-	-	12,070,731
Money market funds	-	-	-	-	-	-	490,123
	$ 68,207,752	$ 19,389,022	$ 26,155,936	$ 9,548,576	$ 1,416,728	$ 1,004,999	$ 520,725,716

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

**Money market mutual funds must have the highest rating of at least two nationally recognized rating organizations or must have the investment advisor registered with the SEC with no less than 5 yrs. experience and have assets under management in excess of $500 million. The unrated money market fund amount is part of the Cemetery and Mausoleum Perpetual Care Funds and therefore is not subject to the minimum legal rating. However, it does meet the second criteria of no less than 5 year experience and have assets under management in excess of $500 million.*
*** For purposes of categorization, the “minimum legal rating” applies to the entire rating category. For example, rating category “A” includes ratings of A+, A, and A-. The minimum rating applies as to the time of purchase.*
**** For bonds not rated by Standard and Poor’s but rated by Fitch Ratings and/or Moody’s, the rating from either Fitch or Moody’s is used*
Treasury notes/bonds/bills and Federal Agency securities are excluded in this table as they are not subject to credit risk disclosures.

As of June 30, 2025, all investments were in compliance with State law and the City’s Investment Policy at the time of purchase. In accordance the “prudent investor rule”, any investment subject to a credit downgrade after the time of purchase is reviewed for possible sale within a reasonable amount of time after the downgrade. Detail on bonds that were downgraded after the time of purchase are discussed in detail below:

- The portfolio holds one bond issued by PeaceHealth with a book value of $1,830,600 (less than 0.3% of total invested funds) that was downgraded by S&P from A to A- in July 2023. Since the chances of default are low, the bond will continue to be held at this time.
- The portfolio holds one bond issued by Northwestern Mutual Global Funding with a book value of $1,979,600 (less than 0.3% of total invested funds) that was downgraded by Moody’s from AAA to AA1 in May of 2025. Since the chances of default are extremely low, the bond will continue to be held at this time.

Concentration of Credit Risk

In regards to limitations on the amount held by the City that can be invested in any one issuer, the City’s investment policy generally follows stipulations by the California Government Code. However, the City’s policy adds an additional stipulation that no more than 50% of the portfolio may be invested in a single issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments (excluding investments held by others) are as follows:

Issuer	Investment Type	Reported	% of Investments
Federal Home Loan Bank	Federal agency securities	$ 242,774,607	22.6 %
Federal Farm Credit Bank	Federal agency securities	$ 60,820,098	9.1 %

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral is held by the pledging financial institution's trust department and is considered held in the City's name. The investments held by the City were not subject to custodial credit risk at June 30, 2025.

As of June 30, 2025, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

For investments identified herein as held by bond trustee, the bond trustee, under direction of the City/ Redevelopment Successor Agency selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the applicable agency.

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of City investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. As of June 30, 2025, $70,765,259 was invested in the City's account. The total amount invested by all public agencies in LAIF at that date was $24.0 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2025, the investments in the PMIA totaled $178.1 billion (exclusive of demand bank account balances), nearly all of which is invested in non-derivative financial products. The weighted average of PMIA investments was 248 days as of June 30, 2025. LAIF is not rated. LAIF does not impose limits or restrictions on participant withdrawals (other than the number of withdrawals per month and 24- hour notice required for withdrawals of $10 million and over), and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission. Deposits and withdrawals in LAIF are made on the basis of $1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

I. Fair Value Hierarchy

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. The City has the following recurring fair value measurements as of June 30, 2025:

		Input Category		
Investment Type	Total	Level 1	Level 2	Uncategorized
Federal agency securities	$ 321,568,287	$ -	$ 321,568,287	$ -
Treasury notes/bonds	35,684,960	35,684,960	-	-
Corporate medium term notes	190,176,725	-	190,176,725	-
Municipal bonds	38,529,956	-	38,529,956	-
Supranationals	38,844,106	-	38,844,106	-
Local Agency Investment Fund	70,765,259	-	-	70,765,259
Money market funds	68,345,658	-	-	68,345,658
Held by Others:				
Treasury notes/bonds	4,374,181	4,374,181	-	-
Corporate medium term notes	3,757,394	-	3,757,394	-
Common stock	12,070,731	12,070,731	-	-
Money market funds	51,961,892	-	-	51,961,892
Investments at Fair Value	$ 836,079,149	$ 52,129,872	$ 592,876,468	$ 191,072,809

Deposits and securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Federal Agency Securities, Municipal Bonds, Corporate Medium Term Notes, and Supranationals are classified in Level 2 of the fair value hierarchy and are valued using information provided by the firm FT Interactive Data using institutional bond quotes.

NOTE 3 - LEASES

A. Leases Receivables and Deferred Inflows of Resources

The City is the lessor and leases land and buildings to various companies and individuals. Under GASB Statement No. 87, the City is required to recognize a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses a 5% borrowing rate as the discount rate for leases.

NOTE 3 - LEASES (CONTINUED)

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

The City reported lease revenue of $12,800,748 and interest revenue of $5,849,291 related to lease payments received. These leases are summarized as follows:

Fund	Lease Receivable as of July 1, 2024	Additions	Deductions	Lease Receivable as of June 30, 2025
General	$ 20,655,405	$ 116,157	$ 1,856,817	$ 18,914,745
Beach	11,449,004	1,113,743	953,010	11,609,737
Water	3,071,556	-	42,514	3,029,042
Pier	7,361,947	-	1,818,089	5,543,858
Airport	68,217,899	3,140,459	5,118,964	66,239,394
Big Blue Bus	8,197,437	-	937,482	7,259,955
	$ 118,953,248	$ 4,370,359	$ 10,726,876	$ 112,596,731

Fund	Lease Revenue	Lease Interest Revenue
General	$ 3,147,962	$ 1,025,840
Beach	973,451	575,848
Water	85,833	152,612
Pier	1,894,073	325,581
Airport	5,731,937	3,381,035
Big Blue Bus	967,492	388,375
	$ 12,800,748	$ 5,849,291

General Fund Leases – There are a variety of leases including restaurants and businesses. The most significant lease agreement is with the Viceroy Hotel, which began on September 25, 2000, and the City is receiving monthly payments for sixty-five years through 2065.

Beach Fund Leases – The lease types are mostly encroachments. The most significant land lease agreement is with The Beach Club, which began on January 1, 1990, and the City is receiving annual payments for sixty-one years through 2050.

Water Fund Leases –On July 1, 1994, the City entered into a sixty-one year lease agreement with Windward School for the sports facility and classrooms above the City’s underground wells. Based on the agreement, the City is receiving monthly payments through 2055. There are no renewal options included in this lease agreement.

Pier Fund Leases – There are a variety of leases including restaurants and retail. The most significant lease agreement is with Est. 1977 SMPS CO. d.b.a. The Albright, which began on June 29, 2021, and the City is receiving monthly payments for ten years through 2031.

NOTE 3 - LEASES (CONTINUED)

Airport Fund Leases – There are a variety of leases for offices, artists, and hangars. The most significant lease agreement is with Snap, Inc., which began on January 1, 2024, and the City is receiving monthly payments for seventeen years through 2041.

Big Blue Bus Leases – The leases are with Kite Pharma, Inc. and Ocean Park Community Center's Santa Monica Shelter. The more significant lease agreement is with Kite Pharma, Inc., which began on May 1, 2018, and the City is receiving monthly payments for fourteen years through 2032.

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

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 3,231,377	$ 1,443,142	$ 4,674,519
2027	1,454,984	1,333,542	2,788,526
2028	1,480,387	1,260,321	2,740,708
2029	1,554,814	1,184,772	2,739,586
2030	1,237,261	1,113,347	2,350,608
2031-2035	3,662,290	4,852,711	8,515,001
2036-2040	2,180,605	4,224,262	6,404,867
2041-2045	2,798,499	3,606,367	6,404,866
2046-2050	3,591,477	2,813,388	6,404,865
2051-2055	2,832,332	1,931,634	4,763,966
2056-2060	2,754,482	1,300,851	4,055,333
2061-2065	3,534,989	520,345	4,055,334
2066-2070	203,872	3,868	207,740
2071-2075	7,113	1,189	8,302
Total	$ 30,524,482	$ 25,589,739	$ 56,114,221

	Business-type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 6,826,834	$ 3,933,564	$ 10,760,398
2027	5,067,542	3,639,452	8,706,994
2028	4,652,780	3,398,518	8,051,298
2029	4,347,212	3,169,163	7,516,375
2030	4,288,947	2,958,018	7,246,965
2031-2035	22,910,119	11,346,675	34,256,794
2036-2040	26,958,255	5,395,586	32,353,841
2041-2045	5,487,493	556,465	6,043,958
2046-2050	671,409	304,224	975,633
2051-2055	861,658	113,975	975,633
Total	$ 82,072,249	$ 34,815,640	$ 116,887,889

NOTE 4 - NOTES RECEIVABLE

The City issues notes receivables to various non-profit entities who construct or rehabilitate affordable housing within the City limits. The loans have been sourced from the citywide housing trust fund, CDBG, TORCA, and HOME trust funds, Low-moderate income housing asset trust fund, redevelopment replacement housing trust fund and the former redevelopment agency.

The borrowers must comply with stringent guidelines such as rent limits, tenant income eligibility, access to the property, local priority of applicants for occupancy, prevailing wages during construction or rehabilitation, and environmental factors. The loans are typically for a 55-year period with an option to extend for another 25 years. Interest rates can range from 0% to current market rates and loan payments are made only if the property achieves net cash flow (known as “residual receipts”). The borrower is also subject to annual project monitoring and reporting.

All loans are secured by deeds of trust that are subordinate to the developer’s senior financing. In the event of default or non-compliance with the loan terms, the City has the right to call the loan and or exercise its right to the underlying property.

For those developments created without low-income housing tax credits, the loans are forgiven at maturity and the City records a corresponding allowance for those amounts.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

Details of notes receivable totaling $226,697,264 are as follows:

Special Revenue Source Fund	Balance at June 30, 2024	Increases	Decreases	Balance at June 30, 2025
Community Corporation of Santa Monica (a)	$ 448,280	$ -	$ -	$ 448,280
Community Corporation of Santa Monica (b)	7,114,401	-	-	7,114,401
Community Corporation of Santa Monica (c)	4,420,698	-	-	4,420,698
FAME Santa Monica Senior Apartments (d)	7,416,347	-	-	7,416,347
Step Up (e)	2,029,437	-	-	2,029,437
Santa Monica Housing Partners (f)	19,223,242	-	241,183	18,982,059
Mountain View Mobile Home Park resident (g)	87,830	-	-	87,830
Community Corporation of Santa Monica (h)	3,350,000	-	-	3,350,000
Community Corporation of Santa Monica (i)	6,774,763	-	-	6,774,763
Community Corporation of Santa Monica (j)	10,570,940	-	-	10,570,940
EAH, Inc (k)	10,572,806	-	-	10,572,806
Community Corporation of Santa Monica (l)	3,938,399	3,816,437	-	7,754,836
Community Corporation of Santa Monica (m)	11,819,383	186,350	-	12,005,733
Community Corporation of Santa Monica (n)	13,348,057	-	-	13,348,057
Community Corporation of Santa Monica (o)	20,650,000	-	-	20,650,000
EAH, Inc (p)	5,087,439	-	77,282	5,010,157
Community Corporation of Santa Monica (q)	14,535,122	285,376	-	14,820,498
HCHC (r)	-	6,000,000	-	6,000,000
Total Special Revenue Source Fund	141,387,144	10,288,163	318,465	151,356,842
Low and Moderate Income Housing Asset Fund				
Community Corporation of Santa Monica (s)	7,979,656	-	-	7,979,656
Community Corporation of Santa Monica (t)	2,738,277	-	-	2,738,277
Community Corporation of Santa Monica (u)	4,437,001	-	-	4,437,001
FAME Santa Monica Senior Apartments (v)	4,058,652	-	-	4,058,652
Step Up (w)	3,011,818	-	-	3,011,818
Community Corporation of Santa Monica (x)	4,234,506	-	-	4,234,506
Community Corporation of Santa Monica (y)	2,900,000	-	-	2,900,000
Community Corporation of Santa Monica (z)	5,408,035	-	-	5,408,035
Step Up (aa)	5,870,000	-	-	5,870,000
Santa Monica Housing Partners (ab)	5,684,455	-	-	5,684,455
Community Corporation of Santa Monica (ac)	685,738	-	-	685,738
EAH, Inc (ad)	6,654,795	-	101,093	6,553,702
Total Low and Moderate Income Housing Asset Fund	53,662,933	-	101,093	53,561,840
Nonmajor Governmental Funds				
Low and moderate income housing (ae)	662,079	-	-	662,079
Ocean Park Community Center (af)	400,000	-	-	400,000
Community Corporation of Santa Monica (ag)	6,345,807	-	-	6,345,807
Community Corporation of Santa Monica (ah)	841,600	-	-	841,600
Community Corporation of Santa Monica (ai)	1,691,965	-	-	1,691,965
Community Corporation of Santa Monica (aj)	669,456	-	-	669,456
MERL Program (ak)	5,425,011	1,214	46,318	5,379,907
Ocean Park Community Center (al)	800,000	-	-	800,000
Step Up (am)	1,300,000	-	-	1,300,000
MERL Program (an)	3,760,510	-	72,742	3,687,768
Total Nonmajor Governmental Funds	21,896,428	1,214	119,060	21,778,582
Total Notes Receivable	$ 216,946,505	$10,289,377	$ 538,618	$ 226,697,264

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

Special Revenue Source Fund

a. A promissory note dated February 1, 2011 in the amount of $9,407,103 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2602 Broadway. This is a 55-year loan with an interest rate of 3% per annum. As of June 30, 2025, $448,280 had been disbursed to the borrower. See item "s" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

b. A promissory note dated January 12, 2009 in the amount of $6,223,333 was executed with Community Corporation of Santa Monica for an affordable housing project located at 430-508 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated January 26, 2012, which increased the note to $10,947,475, changed the interest rate to 3% and the term to 55 years. As of June 30, 2025, $7,114,401 had been disbursed to the borrower. See item "t" below for amounts disbursed from Low and Moderate Income Housing Asset Fund.

c. A promissory note dated February 2, 2009 in the amount of $5,595,897 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2802 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated November 29, 2011, which increased the note to $9,207,402, changed the interest rate to 3% and the term to 55 years. As of June 30, 2025, $4,420,698 had been disbursed to the borrower. See item "u" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

d. A promissory note dated June 16, 2009 in the amount of $4,424,711 was executed with FAME Santa Monica Senior Apartments, L.P. for an affordable housing project located at 1754 19th Street. This loan was superseded by a loan in the amount of $11,475,000 dated November 17, 2011. It is a 0% interest loan for 55 years. As of June 30, 2025, $7,416,347 had been disbursed to the borrower. See item "v" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

e. A promissory note dated December 15, 2010 in the amount of $3,645,422 was executed with Step Up on Second Street, Inc. for an affordable housing project at 520 Colorado Avenue. The loan is for the acquisition and predevelopment of the site. This loan was superseded by a loan in the amount of $5,041,255 dated January 25, 2012. It is a 3% interest loan for 55 years. As of June 30, 2025, $2,029,437 had been disbursed to the borrower. See item "w" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

f. A promissory note dated December 8, 2011 in the amount of $19,400,000 was executed with Santa Monica Housing Partners for the acquisition and predevelopment expenses for an affordable housing project located at 1725 Ocean Ave. This is a 0% interest loan with the principal amount due and payable after the 55-year anniversary of conversion to permanent financing. As of June 30, 2025, $18,982,059 had been disbursed to the borrower.

g. A shared appreciation promissory note dated October 18, 2012 in the amount of $87,830 was executed with residents for a unit purchase in Mountain View Mobile Home Park at 1930 Stewart Street. This is a 55-year loan with a 0% interest rate. As of June 30, 2025, $87,830 had been loaned to the borrower.

h. A revised promissory note dated October 26, 2004 in the amount of $3,350,000 was executed with 1424 Broadway Apartments Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1424 Broadway/1512 15th Street. This is a 55-year loan with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2025, $3,350,000 had been disbursed to the borrower. See item "y" below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

i. A revised promissory note dated March 9, 2005 in the amount of $6,774,763 was executed with Pacific Court Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 2209 Main Street. Forty-four low- and very low-income housing units were constructed on the site. This is a 55-year loan with 1% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2025, $6,774,763 had been disbursed to the borrower.

j. A revised promissory note dated March 12, 2019 in the amount of $10,570,940 was executed with Community Corporation of Santa Monica for an affordable housing project located at 1820 & 1826 14th Street. This was a 3% interest loan with a fifty-five-year term from the date the project is completed but not later than December 31, 2075. As of June 30, 2025, $10,570,940 had been disbursed to the borrower.

k. A promissory note dated March 12, 2020 in the amount of $11,400,000 was executed with Magnolia Villas EAH, LLC for the acquisition and predevelopment expenses for an affordable housing project located at 1445-1453 10th Street. This was a 3% interest loan with a fifty-five-year term. Payments are deferred during construction of the project and then payments of residual receipts are due annually once the construction has been completed. The loan is due and payable at the end of the loan term. As of June 30, 2025, $10,572,806 had been disbursed to the borrower.

l. A promissory note dated August 14, 2023 in the amount of $9,426,306 was executed with Community Corporation of Santa Monica for an affordable housing project located at 1342 Berkeley Street. This is a 3% interest loan with a fifty-five-year term and option to extend for additional twenty-five years. Payments are deferred during construction of the project and then payments of residual receipts are due annually once the construction has been completed. The loan is due and payable at the end of the loan term. As of June 30, 2025, $7,754,836 had been disbursed to the borrower.

m. A promissory note dated April 2, 2020 in the amount of $9,547,656 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2120 Lincoln Boulevard. This is 3% interest loan with a fifty-five-year term. Payments are deferred construction of the project and then payments of residual receipts are due annually once the construction has been completed. The loan is due and payable at the end of the loan term. As of June 30, 2025, $12,005,733 had been disbursed to the borrower.

n. A promissory note dated March 18, 2021 in the amount of $13,348,057 was executed with Community Corporation of Santa Monica for an affordable housing project located at 1819 Pico Boulevard et al. This is a 2% interest loan with a fifty-five-year term from the date the project is completed but not later than December 31, 2077. Payments are deferred during loan term including any extensions. The loan is due and payable at the end of the loan term. As of June 30, 2025, $13,348,057 had been disbursed to the borrower.

o. A promissory note dated November 24, 2020 in the amount of $20,650,000 was executed with Community Corporation of Santa Monica for an affordable housing project located at 1834-48 14th Street. This is a 3% interest loan with a fifty-five-year term from the date the project is completed but not later than December 31, 2077. Payments are deferred during loan term including any extensions. The loan is due and payable at the end of the loan term. As of June 30, 2025, $20,650,000 had been disbursed to the borrower.

p. A promissory note dated June 1, 2022 in the amount of $11,742,234 was executed with Laurel EAH NC, LLC for the acquisition, predevelopment, and construction expenses for an affordable housing project located at 1413 Michigan Avenue. This is a 3% interest loan with a fifty-five-year term. Payments will be made from residual receipts, if any. The loan is due and payable at the end of the loan term. As of June 30, 2025, $5,010,157 had been disbursed to the borrower. A part of the loan balance in this fund was transferred to the Low and Moderate Income Housing Asset Fund. See item "ad" below.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

q. A promissory note dated January 14, 2020 in the amount of $15,183,670 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2033-2101 Virginia Ave. Payments are deferred during loan term including any extensions. The loan is due and payable in full sixty-six (66) months from the date of the Note, unless further extended. This is a 0% interest loan. As of June 30, 2025, $14,820,498 had been disbursed to the borrower.

r. A promissory note dated May 15, 2025 in the amount of $6,000,000 was executed with Tierra Apartments, LP. for an affordable housing project located at 1402 Wilshire Blvd. Payments are deferred during loan term including any extensions. The loan is due and payable in full no later than September 30, 2026 unless further extended. This is a 0% interest loan. As of June 30, 2025, $6,000,000 had been disbursed to the borrower.

Low and Moderate Income Housing Asset Fund

s. A promissory note dated February 1, 2011 in the amount of $9,407,103 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2602 Broadway. This is a 55-year loan with an interest rate of 3% per annum. As of June 30, 2025, the outstanding balance is $7,979,656. See item “a” above for the amount disbursed from the Special Revenue Source Fund.

t. A promissory note dated January 12, 2009 in the amount of $6,223,333 was executed with Community Corporation of Santa Monica for an affordable housing project located at 430-508 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated January 26, 2012, which increased the note to $10,947,475, changed the interest rate to 3% and the term to 55 years. As of June 30, 2025, $2,738,277 had been disbursed to the borrower. See item “b” above for amounts disbursed from the Special Revenue Source Fund.

u. A promissory note dated February 2, 2009 in the amount of $5,595,897 was executed with Community Corporation of Santa Monica for an affordable housing project located at 2802 Pico Boulevard. This was a 0% interest loan with the principal amount due and payable after a two-year deferral period. It was superseded by a new loan dated November 29, 2011, which increased the note to $9,207,402, changed the interest rate to 3% and the term to 55 years. As of June 30, 2025, the outstanding balance is $4,437,001. See item “c” above for the amount disbursed from the Special Revenue Source Fund.

v. A promissory note dated June 16, 2009 in the amount of $4,424,711 was executed with FAME Santa Monica Senior Apartments, L.P. for an affordable housing project located at 1754 19th Street. This loan was superseded by a loan in the amount of $11,475,000 dated November 17, 2011. It is a 0% interest loan for 55 years. As of June 30, 2025, $4,058,652 had been disbursed to the borrower. See item “d” above for the amount disbursed from the Special Revenue Source Fund.

w. A promissory note dated December 15, 2010 in the amount of $3,645,422 was executed with Step Up on Second Street, Inc. for an affordable housing project at 520 Colorado Avenue. The loan is for the acquisition and predevelopment of the site. This loan was superseded by a loan in the amount of $5,041,255 dated January 25, 2012. It is a 3% interest loan for 55 year. As of June 30, 2025, $3,011,818 had been disbursed to the borrower. See item “e” above for the amount disbursed from the Special Revenue Source Fund.

x. A promissory note dated July 24, 2006 in the amount of $4,234,506 was executed with The Tahiti, L.P. c/o Community Corporation of Santa Monica for an affordable housing project located at 2411-2423 Centinela Avenue. The loan was for the construction of 36 affordable rental housing units. This is a 55-year loan with a simple interest rate of 3% per annum. Payments are to be made from residual receipts. As of June 30, 2025, $4,234,506 had been disbursed to the borrower.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

y. A revised promissory note dated October 26, 2004 in the amount of $2,900,000 was executed with 1424 Broadway Apartments Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1424 Broadway/1512 15th Street. This is a 55-year loan with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2025, $2,900,000 had been disbursed to the borrower. See item "h" above for the amount disbursed from the Special Revenue Source Fund.

z. Promissory notes dated October 26, 2004, October 26, 2004 and June 12, 2007 in the amount of $4,458,035, $1,691,965 and $950,000, respectively for a total of $7,100,000 were executed with 26th and Santa Monica Family Housing Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1349 26th Street. Forty-four low- and very low-income housing units were constructed on the site. They are 55-year loans with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2025, $5,408,035 had been disbursed to the borrower. This was disbursed from the Low and Moderate Income Housing Asset Fund. See item "ai" below for the amount disbursed from the CDBG Fund.

aa. Two promissory notes dated February 13, 2007, one in the amount of $5,870,000 and one for $1,300,000 for a total of $7,170,000 were executed with Step Up on Fifth, L.P. for an affordable housing project located at 1548 Fifth Street. These loans are for the acquisition and construction of the site. This is a 55-year loan with a simple interest rate of 5% per annum. Payments are to be made from residual receipts. As of June 30, 2025, $5,870,000 had been disbursed to the borrower. This was disbursed from the Low and Moderate Income Housing Asset Fund. See item "am" below for the amount disbursed from the Miscellaneous Grants Fund.

ab. An amended promissory note dated February 22, 2008, in the amount of $5,207,314 and a promissory note dated March 15, 2011 for $477,141 were executed with the Santa Monica Housing Partners, L.P. for the development of 20 units of affordable senior housing at 1458 14th Street. The loans represent land acquisition financing that achieves site control. These are 55-year loans with an interest rate of 3% per annum on the $5,207,314 loan and 4.36% on the $477,141 loan. As of June 30, 2025, the outstanding balance is $5,684,455.

ac. A promissory note dated October 21, 1987 in the amount of $778,603 was executed with Community Corporation of Santa Monica for affordable housing projects located at 504 Ashland, 518 Pier, 536 Ashland, 642 Marine, and 3005 Highland. The overall project is called Ocean Park 43 (OP43). This is a 40 year loan with an interest rate of 5% per annum. As of June 30, 2025, $685,738 had been disbursed to the borrower.

ad. A promissory note dated June 1, 2022 in the amount of $11,742,234 was executed with Laurel EAH NC, LLC for the acquisition, predevelopment, and construction expenses for an affordable housing project located at 1413 Michigan Avenue. This is a 3% interest loan with a fifty-five-year term. Payments will be made from residual receipts, if any. The loan is due and payable at the end of the loan term. As of June 30, 2025, $6,553,702 had been disbursed to the borrower. A part of this balance was transferred from the Special Revenue Source Fund. See item "p" above.

Nonmajor Governmental Funds

ae. These represent non-interest bearing, limited appreciation and shared appreciation loans made between 1991 and 2001 pursuant to Tenant Ownership Rights Charter Amendment (TORCA) Program guidelines to assist low- and moderate-income households to purchase their rental units. The loans are due upon resale, transfer or default. As of June 30, 2025, the outstanding balances of such loans total $662,079.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

af. A promissory note dated September 30, 2003 in the amount of $1,200,000 was executed with Ocean Park Community Center for congregate housing and emergency shelter for very low-income use, located at 1751 Cloverfield Boulevard. This loan is for the acquisition and rehabilitation of the site. This is a 55-year loan with 5.98% interest rate per annum with a two-year deferral period. Payments are to be made from residual receipts. As of June 30, 2025, $400,000 had been disbursed to the borrower. This was disbursed from the TORCA Fund. See item “al” below for the amount disbursed from the Miscellaneous Grants Fund.

ag. A revised promissory note dated February 8, 2006 in the amount of $6,745,807 was executed with Community Corporation of Santa Monica for an affordable housing project located at 3021-3031 Santa Monica Boulevard. This loan was for the acquisition, predevelopment expenses and construction of low- and very low-income housing. This is a 3% interest loan with the principal amount due and payable February 8, 2061, 55-years from February 8, 2006. As of June 30, 2025, $6,345,807 had been disbursed to the borrower. This was disbursed from the TORCA Fund.

ah. A promissory note dated December 22, 1988 in the amount of $841,600 was executed with Community Corporation of Santa Monica for low- and very low-income housing at 2020-2030 Cloverfield Boulevard. This is a 35-year loan with 10.44% interest rate per annum. As of June 30, 2025, $841,600 had been disbursed to the borrower. This was disbursed from the CDBG Fund.

ai. Promissory notes dated October 26, 2004, October 26, 2004 and June 12, 2007 in the amount of $4,458,035, $1,691,965 and $950,000, respectively for a total of $7,100,000 were executed with 26th and Santa Monica Family Housing Limited Partnership, c/o Community Corporation of Santa Monica, for an affordable housing project located at 1349 26th Street. Forty-four low- and very low-income housing units were constructed on the site. They are 55-year loans with 3% interest rate per annum. Payments are to be made from residual receipts. As of June 30, 2025, $1,691,965 had been disbursed to the borrower. This was disbursed from the CDBG Fund. See item “z” above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

aj. On October 22, 1998, the City executed a promissory note with Community Corporation of Santa Monica for the construction of a twenty unit, large family, affordable housing complex located at 708 Pico Boulevard. $579,000 was funded from the City’s Pico Neighborhood Trust Fund but now known as CDBG Housing Trust Fund, while $221,000 is funded from the Community Development Block Grant (CDBG) Fund. This note is a 0% interest loan to be repaid from residual receipts of the project and is due on October 22, 2053. As of June 30, 2025, the outstanding balance is $669,456.

ak. The January 17, 1994 Northridge Earthquake resulted in damaged multifamily residences in the City. To facilitate repair of damaged multifamily residences, the U.S. Department of Housing and Urban Development awarded the City a total of $33,388,000 in emergency funds to finance the City's Multifamily Earthquake Repair Loan (MERL) Program. The funds were allocated as follows: $2,027,000 – HOME Program Emergency Supplemental Fund, $6,361,000 – HOME Program Presidential Contingency Fund, and $25,000,000 – CDBG Program Emergency Supplemental Fund. Loans were made between 1995 and 2001. As of June 30, 2025, the CDBG Program Emergency Supplemental Fund outstanding balance is $5,379,907. See item “an” below for the amount disbursed from the Miscellaneous Grants Fund.

al. A promissory note dated September 30, 2003 in the amount of $1,200,000 was executed with Ocean Park Community Center for congregate housing and emergency shelter for very low-income use, located at 1751 Cloverfield Boulevard. This loan is for the acquisition and rehabilitation of the site. This is a 55-year loan with 5.98% interest rate per annum with a two-year deferral period. Payments are to be made from residual receipts. As of June 30, 2025, $800,000 had been disbursed to the borrower. This was disbursed from the Miscellaneous Grants Fund. See item “af” above for the amount disbursed from the TORCA Fund.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

am. Two promissory notes dated February 13, 2007, one in the amount of $5,870,000 and one for $1,300,000 for a total of $7,170,000 were executed with Step Up on Fifth, L.P. for an affordable housing project located at 1548 Fifth Street. These loans are for the acquisition and construction of the site. This is a 55-year loan with a simple interest rate of 5% per annum. Payments are to be made from residual receipts. As of June 30, 2025, $1,300,000 had been disbursed to the borrower. This was disbursed from the Miscellaneous Grants Fund. See item “aa” above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.

an. The January 17, 1994 Northridge Earthquake resulted in damaged multifamily residences in the City. To facilitate repair of damaged multifamily residences, the U.S. Department of Housing and Urban Development awarded the City a total of $33,388,000 in emergency funds to finance the City's Multifamily Earthquake Repair Loan (MERL) Program. The funds were allocated as follows: $2,027,000 – HOME Program Emergency Supplemental Fund, $6,361,000 – HOME Program Presidential Contingency Fund, and $25,000,000 – CDBG Program Emergency Supplemental Fund. Loans were made between 1995 and 2001. As of June 30, 2025, the Miscellaneous Grants Fund outstanding balance is $3,687,768. See item “ak” above for the amount disbursed from the CDBG fund.

The City has various notes receivable outstanding. Below is the activity for FY 2024-25 by borrower:

Borrower	Beginning	Additions	Reductions	Ending
CCSM	$ 134,902,084	$ 4,288,163	$ -	$ 139,190,247
EAH Inc.	22,315,040	-	178,375	22,136,665
FAME	11,474,999	-	-	11,474,999
Santa Monica Housing Partners	24,907,697	-	241,183	24,666,514
Step Up	12,211,255	-	-	12,211,255
HCHC Tierra Apartments	-	6,000,000	-	6,000,000
Other	11,135,430	1,214	119,060	11,017,584
Total	$ 216,946,505	$ 10,289,377	$ 538,618	$ 226,697,264

The City has previously disbursed the following amounts under note agreements that will be forgiven at maturity:

Borrower	Total Disbursed
4th St. Senior Housing Corp.	$ 2,369,060
Alternative Living for the Aging	315,000
Caritas	227,667
CCSM	147,123,362
New Directions, Inc.	400,000
Ocean Housing Foundation	1,540,000
OPCC	756,907
Retirement Housing Foundation	1,317,500
SM New Hope Courtyard Apts	900,000
Step Up On Second	12,354,578
Upward Bound House	1,390,000
Upward Bound Senior Villas	1,851,000
Volunteers of America	771,579
Non-housing	471,975
	$ 171,788,628

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the primary government for fiscal year ended June 30, 2025, is as follows:

	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 200,323,023	$ -	$ -	$ -	$ 200,323,023
Land held under easement	72,384,923	-	-	-	72,384,923
Construction-in-progress	96,832,366	21,765,283	-	(11,851,982)	106,745,667
Total capital assets, not being depreciated	369,540,312	21,765,283	-	(11,851,982)	379,453,613
Capital assets, being depreciated/amortized					
Subscription asset - software as a service	10,645,880	3,498,998	(2,601,353)	-	11,543,525
Buildings	460,081,033	-	-	-	460,081,033
Improvements other than buildings	222,247,298	10,403	-	9,678,742	231,936,443
Utility systems	1,742,912	-	-	-	1,742,912
Machinery and equipment	63,497,734	119,366	(414,852)	83,222	63,285,470
Infrastructure	413,193,451	1,591,016	-	-	414,784,467
Intangibles	5,385,578	-	-	2,090,018	7,475,596
Total capital assets, being depreciated/ amortized	1,176,793,886	5,219,783	(3,016,205)	11,851,982	1,190,849,446
Less accumulated depreciation/amortization					
Subscription asset - software as a service	(2,384,426)	(2,011,027)	754,236	-	(3,641,217)
Buildings	(172,198,425)	(9,809,386)	-	-	(182,007,811)
Improvements other than buildings	(128,301,547)	(7,629,387)	-	-	(135,930,934)
Utility systems	(1,742,917)	-	-	-	(1,742,917)
Machinery and equipment	(46,303,252)	(2,909,208)	414,853	-	(48,797,607)
Infrastructure	(285,645,186)	(9,037,487)	-	-	(294,682,673)
Intangibles	(1,466,974)	(589,691)	-	-	(2,056,665)
Total accumulated depreciation/amortization	(638,042,727)	(31,986,186)	1,169,089	-	(668,859,824)
Total capital assets, being depreciated/ amortized, net	538,751,159	(26,766,403)	(1,847,116)	11,851,982	521,989,622
Subtotal governmental activities	$ 908,291,471	$ (5,001,120)	$ (1,847,116)	$ -	$ 901,443,235

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type activities:					
Capital assets, not being depreciated					
Land	53,380,750	-	-	-	53,380,750
Construction-in-progress	91,676,076	16,657,782	-	(5,774,436)	102,559,422
Total capital assets, not being depreciated/ amortized	145,056,826	16,657,782	-	(5,774,436)	155,940,172
Capital assets, being depreciated					
Subscription asset - software as a service	2,337,665	-	(1,351,436)	-	986,229
Buildings	150,050,361	-	-	-	150,050,361
Improvements other than buildings	32,791,025	155,100	(8,495)	-	32,937,630
Machinery and equipment	252,748,014	13,127,080	(1,486,791)	1,856,278	266,244,581
Infrastructure	338,721,164	403,220	-	3,918,158	343,042,542
Intangibles	124,851,273	3,427,861	-	-	128,279,134
Total capital assets, being depreciated	901,499,502	17,113,261	(2,846,722)	5,774,436	921,540,477
Less accumulated depreciation					
Subscription asset - software as a service	(1,335,134)	(526,313)	1,351,434	-	(510,013)
Buildings	(85,891,412)	(2,323,334)	-	-	(88,214,746)
Improvements other than buildings	(23,289,355)	(744,756)	8,495	-	(24,025,616)
Machinery and equipment	(197,595,403)	(15,501,664)	1,344,552	-	(211,752,515)
Infrastructure	(133,961,453)	(6,613,893)	-	-	(140,575,346)
Intangibles	(53,298,340)	(3,219,245)	-	-	(56,517,585)
Total accumulated depreciation	(495,371,097)	(28,929,205)	2,704,481	-	(521,595,821)
Total capital assets, being depreciated/ amortized, net	406,128,405	(11,815,944)	(142,241)	5,774,436	399,944,656
Subtotal business-type activities	551,185,231	4,841,838	(142,241)	-	555,884,828
Total	$1,459,476,702	$ (159,282)	$ (1,989,357)	$ -	$1,457,328,063

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	2,275,210
Public safety		3,661,190
General services		15,344,609
Housing and community services		4,438,863
Library		1,321,738
Community development		4,545,938
Capital assets held by the government's internal service funds are charged to the various functions based on their asset's usage		398,638
Total depreciation and amortization expense - governmental activities	$	31,986,186
Business-type activities:		
Water	$	2,066,165
Resource Recovery and Recycling		4,897
Pier		478,518
Wastewater		7,424,033
Airport		263,307
Stormwater management		432,130
Cemetery		41,534
Big Blue Bus		14,493,524
Parking authority		16,263
Capital assets held by the government's internal service funds are charged to the various programs are based on their asset's usage		3,708,834
Total depreciation/amortization expense - business-type activities	$	28,929,205

The City’s infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide statements as required by GASB Statement No. 34.

NOTE 6 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A. Right-to-Use Subscription Asset and Subscription Liability

The City is a subscriber to noncancellable subscription-based information technology arrangements (subscription). Under GASB Statement No. 96, the City recognizes a subscription liability and an intangible right-to-use subscription asset for subscriptions with payments of $100,000 or more over their subscription term.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

NOTE 6 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

- The City uses a 5% borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City is reasonably certain to exercise.

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

The City reported amortization expense of $2,537,340 and interest expense of $350,837 related to subscription payments. These subscriptions are summarized as follows:

	Subscription Liability as of June 30, 2024	Additions	Deductions	Subscription Liability as of June 30, 2025	Due within one year
Governmental activities	$ 5,845,863	$ 3,411,768	$ 2,008,957	$ 7,248,674	$ 1,767,070
Business-type activities	923,421	-	478,311	445,110	165,543
Total	$ 6,769,284	$ 3,411,768	$ 2,487,268	$ 7,693,784	$ 1,932,613

	Subscription Amortization Expense	Subscription Interest Expense
Governmental activities	$ 2,011,027	$ 326,206
Business-type activities	526,313	24,631
	$ 2,537,340	$ 350,837

General Fund subscriptions – This fund contains a majority of the subscriptions including software for procurement, parking analytics, employee timekeeping, planning and permitting, digitizing physical records, and police body camera cloud-based storage systems. The most significant subscription agreement is with Versaterm Public Safety Inc. for a police and fire computer aided dispatch (CAD) system to support the timely and safe response to police, fire and medical emergencies. It began on December 8, 2023 and has an initial two-year term with nine additional one-year options to extend. The City is remitting annual payments for eleven years through 2034.

Housing Authority Fund subscriptions – On February 1, 2024, the City entered into a five-year agreement with MRI Software LLC for the use of HAPPY software-as-a-service (SaaS) and is remitting bi-annual payments through 2029.

Rent Control Fund subscriptions – On April 5, 2023, the City entered into a five-year agreement with Infor (US), LLC for the use of Rhythm for Civics SaaS and is remitting annual payments through 2028.

Water Fund and Wastewater Fund subscriptions – These funds use most of the same subscriptions including software for asset management and marking underground utilities. The most significant subscription agreement is with Mentor APM for a cloud-hosted Enterprise Asset Management System (EAMS) to track water and wastewater operation field data. It began on August 10, 2022 and the City is remitting annual payments for five years through 2027.

Big Blue Bus Fund subscriptions – This fund contains one significant subscription with Swiftly, Inc. to provide real-time bus location and predicted arrival times. It began on April 16, 2022 and the City is remitting annual payments for three years through 2025.

NOTE 6 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Vehicle Management Fund subscriptions – On June 27, 2019, the City entered into a five-year agreement with AssetWorks Inc. for a Fleet Asset Management System (FAMS) to track maintenance and repair activities. There is an option to extend for an additional five-year period and the City will remit annual payments through 2029.

Info Tech Replacement & Service Fund – There are two SBITAs in this fund: Cohesity for data protection and Cisco WebEx, a collaboration suite. The more significant agreement is for Cisco WebEx, which began on November 16, 2024, and the City is remitting annual payments for five years through 2029.

Self-Insurance Comprehensive Fund, Self-Insurance Auto Fund, and Self-Insurance Worker's Compensation Fund subscriptions – These funds use the same subscription, an automated claims management system from Origami Risk, Inc. The five-year agreement began on May 26, 2024 and the City is remitting annual payments through 2029. In addition, the Self-Insurance Worker's Compensation Fund entered into a three-year agreement that includes two one-year options to extend with Closerware, LLC. They provide a software, VolunteerMatters, that helps City staff manage onboarding, background checks, training, and reporting of volunteers and contractors. It began on October 9, 2023 and the City will remit annual payments through 2028.

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

Governmental Activities			
Fiscal Year June 30,	Principal	Interest	Total
2026	$ 1,767,070	$ 309,742	$ 2,076,812
2027	1,610,490	229,116	1,839,606
2028	1,283,793	157,831	1,441,624
2029	800,225	106,303	906,528
2030	331,963	81,716	413,679
2031-2035	1,455,133	149,206	1,604,339
Totals	$ 7,248,674	$ 1,033,914	$ 8,282,588

	Business-type activities		
Fiscal Year June 30,	Principal	Interest	Total
2026	$ 165,543	$ 17,363	$ 182,906
2027	179,181	8,759	187,940
2028	71,652	3,771	75,423
2029	27,248	321	27,569
2030	1,486	6	1,492
Totals	$ 445,110	$ 30,220	$ 475,330

NOTE 7 - UNEARNED REVENUE AND DEFERRED INFLOW OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and enterprise funds also report a liability in connection with resources that have been received as of year-end, but not yet earned (unearned revenue).

The interest on advances reported in the General Fund represents interest on advances to the Successor Agency and the nonmajor enterprise funds and is recognized in the government-wide financial statements. This interest is earned and included in promissory note balances at year-end. GASB Statement No. 34 requires the City to recognize and present interfund activity between governmental and business-type funds on the government-wide financial statements.

NOTE 7 - UNEARNED REVENUE AND DEFERRED INFLOW OF RESOURCES (CONTINUED)

The components of unearned revenue are as follows:

Governmental funds:		
General Fund:		
Unearned user fees	$	986,645
Business license tax		7,158,767
Total General Fund		8,145,412
Special Revenue Source Fund:		
Advanced lease payments		29,088,209
Total Special Revenue Source Fund		29,088,209
Nonmajor governmental funds:		
Grants received prior to meeting all eligibility requirements		3,383,000
Unearned user fees		633,262
Total nonmajor governmental funds		4,016,262
Total governmental funds	$	41,249,883
Enterprise funds:		
Big Blue Bus Fund:		
Unearned developer fees	$	185,000
Unearned rent		98,562
Grant and other funds received prior to meeting all eligibility requirements		116,769,963
Total Big Blue Bus Fund		117,053,525
Airport Fund:		
Unearned rent		2,698,117
Total Airport Fund		2,698,117
Nonmajor enterprise funds:		
Unearned rent		17,882
Total nonmajor enterprise funds:		17,882
Total enterprise funds		119,769,524
Total unearned revenue	$	161,019,407

NOTE 7 - UNEARNED REVENUE AND DEFERRED INFLOW OF RESOURCES (CONTINUED)

The components of deferred inflows of resources for unavailable revenue are as follows:

	Fund financial statements	Recognized in government-wide financials	Government-wide financial statements
Governmental funds:			
General fund			
Rent	$ 2,832	$ (2,832)	$ -
Total General Fund	2,832	(2,832)	-
Non-major governmental funds			
Grants receivable	9,372,797	(9,372,797)	
Rent	1,272	(1,272)	-
Total non-major governmental funds	9,374,069	(9,374,069)	-
Total deferred inflows of resources	$ 9,376,901	(9,376,901)	-

NOTE 8 - COMPENSATED ABSENCES

City employees earn vacation leave at varying amounts based on length of service. All employees may accrue up to the amount earned for a three-year period. In the event of termination of employee, death, or retirement, employees (or their estates) are paid for unused vacation.

	Balance at July 1, 2024, Restated	Net Change	Balance at June 30, 2025	Due within one year	Due beyond one year
Governmental Activities	$ 19,159,053	$ 1,368,966	$ 20,528,019	$ 14,410,396	$ 6,117,623
Business-type Activities	4,763,424	442,758	5,206,182	4,250,534	955,648
	$ 23,922,477	$ 1,811,724	$ 25,734,201	$ 18,660,930	$ 7,073,271

NOTE 9 - SELF-INSURANCE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with such risks of loss up to certain limits and has obtained excess liability coverage through the Authority for California Cities Excess Liability (ACCEL), a joint powers authority of thirteen medium-sized California municipalities. ACCEL is a member of PRISM (Public Risk Innovation, Solutions, and Management) Excess Insurance Authority for the purpose of providing access to excess workers' compensation coverage for major employee injury risks through a program of pooled self-insurance/re-insurance and insurance on a risk sharing basis.

The City retains self-insurance up to $1,000,000 for general liability, automobile liability, and bus operations liability. The ACCEL pool covers all general liability losses between $1,000,000 and $10,000,000 and purchases excess liability insurance to cover losses over $10,000,000 and up to $65,000,000. The City retains self-insurance up to $1,000,000 for workers' compensation. PRISM Excess Insurance Authority covers up to an additional $4,000,000 for workers' compensation and arranges for excess of workers' compensation over $5,000,000 and up to statutory limits. No claim settlements have exceeded insurance coverage in any of the past three years.

NOTE 9 - SELF-INSURANCE (CONTINUED)

In order to provide funds to pay claims, ACCEL collects premiums from each member. The premiums paid are credited with investment income at the rate earning on the Authority's investments. Based on ACCEL's June 30, 2025 audited financial statements, the City's proportionate share of ACCEL's net reserves and incurred but not reported (IBNR) amounts related to the City was $1,840,460 meaning the premiums and interest earned exceeded the City's reserves and IBNR. Accel's total net reserves and IBNR was $12,315,394. Total assets of ACCEL at June 30, 2025 were $121,515,200. ACCEL has no capital contributions.

The City's unpaid claims liabilities are based on the results of actuarial studies. The unpaid claims liabilities are compiled by the Risk Manager of the City and include amounts for claims incurred but not reported as of year-end. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Net present values of the unpaid claims liabilities are estimated for the year ended June 30, 2025, based on a 4.0% interest rate. Revenues of the risk management funds, together with funds to be provided in the future, are expected to provide adequate resources to meet liabilities as they come due. Non-incremental claims expenses have not been included as part of the liability for claims.

Changes in the liability for claims during the past two fiscal years for the self-insurance funds follow:

Fund (by fiscal year)	Beginning of year	Current-year claims and changes in estimates	Claims payments (net)	End of year	Due within one year
June 30, 2024:					
Governmental activities:					
General Liability and Automobile	$ 24,276,059	$ 4,851,816	$ (6,495,472)	$ 22,632,403	$ 8,768,373
Changes to prior year estimates	48,377,992	14,497,035	(13,483,711)	49,391,316	10,282,198
Total Governmental activities	$ 72,654,051	$ 19,348,851	$ (19,979,183)	$ 72,023,719	$ 19,050,571
Business-type activities:					
Bus	$ 5,904,809	$ 188,833	$ (128,066)	$ 5,965,576	$ 1,521,640
Total Business-type activities	$ 5,904,809	$ 188,833	$ (128,066)	5,965,576	1,521,640
June 30, 2025:					
Governmental activities:					
General Liability and Automobile	$ 22,632,403	$ 10,155,686	$ (12,749,824)	$ 20,038,265	$ 8,888,835
Changes to prior year estimates	49,391,316	17,275,734	(13,046,759)	53,620,291	10,750,347
Total Governmental activities	$ 72,023,719	$ 27,431,420	$ (25,796,583)	$ 73,658,556	$ 19,639,182
Business-type activities:					
Bus	$ 5,965,576	$ 4,572,373	$ (1,402,093)	$ 9,135,856	$ 4,094,581
Total Business-type activities	$ 5,965,576	$ 4,572,373	$ (1,402,093)	$ 9,135,856	$ 4,094,581

NOTE 10 - LONG-TERM DEBT

Changes in Long-term Debt

Long-term debt activity for the fiscal year ended June 30, 2025, was as follows:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year	Due Beyond One Year
Governmental activities:						
Lease Revenue Bonds	$ 197,785,000	$ -	$ 6,840,000	$ 190,945,000	$ 7,150,000	$ 183,795,000
Plus deferred amounts:						
For issuance premiums	20,139,702	-	1,142,759	18,996,943	-	18,996,943
Total loans and bonds payable	217,924,702	-	7,982,759	209,941,943	7,150,000	202,791,943
Business-type activities:						
Loans payable from direct borrowings	52,068,703	-	1,383,193	50,685,510	1,408,091	49,277,419
Revenue bonds	69,145,000	-	1,435,000	67,710,000	1,495,000	66,215,000
Plus deferred amounts:						
For issuance premiums	7,137,777	-	264,363	6,873,414	-	6,873,414
Total loans and notes payable	128,351,480	-	3,082,556	125,268,924	2,903,091	122,365,833
Total	$ 346,276,182	$ -	$ 11,065,315	$ 335,210,867	$ 10,053,091	$ 325,157,776

NOTE 10 - LONG-TERM DEBT (CONTINUED)

A summary of long-term debt outstanding at year-end is as follows:

	Date of issue	Original Issue	Final Maturity Date	Interest Rate	Balance at June 30, 2025
Governmental activities:					
Lease Revenue bonds (1)					
Public Finance Authority 2021	August 4, 2021	$ 64,780,000	July 1, 2051	2.125-5.00%	$ 63,540,000
Public Finance Authority Refunding 2021 (Series A)	May 5, 2021	17,860,000	July 1, 2031	4.00%	15,920,000
Public Finance Authority Refunding 2015	July 9, 2015	26,360,000	July 1, 2033	3.00-5.00%	15,725,000
Public Finance Authority Refunding 2017	Sept 14, 2017	68,565,000	July 1, 2047	3.00-5.00%	64,095,000
Public Finance Authority Refunding 2018	Jun 6, 2018	34,220,000	July 1, 2048	3.625-5.00%	31,665,000
Subtotal lease revenue bonds - governmental activities					190,945,000
Subtotal governmental activities					190,945,000
Business-type activities:					
Loans payable from direct borrowings (2):					
State Water Resources Control					
Board Construction Installment Sale Agreement	Sep 21, 2017	56,046,630	Dec 31, 2052	1.80%	50,685,510
Revenue bonds (2):					
Water Enterprise Revenue Bonds 2021	Aug 25, 2021	70,525,000	Aug 1, 2051	2.25-5.00%	67,710,000
Subtotal business-type activities					118,395,510
Total					$ 309,340,510

(1) For construction of City facilities.
(2) To fund various water projects.

Management believes it is in compliance with all debt covenants. See Note 18.

Annual debt service requirements to maturity are as follows:

Governmental Activities		
Fiscal year ending June 30,	Lease Revenue bonds Principal	Lease Revenue bonds Interest
2026	$ 7,150,000	$ 7,386,157
2027	7,490,000	7,040,707
2028	7,850,000	6,695,032
2029	8,195,000	6,349,607
2030	8,545,000	5,987,663
2031-2035	38,265,000	24,488,520
2036-2040	31,775,000	17,648,388
2041-2045	39,400,000	10,022,606
2046-2050	35,630,000	2,959,244
2051-2053	6,645,000	150,356
	$ 190,945,000	$ 88,728,280

NOTE 10 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Fiscal year ending June 30	Loans payable from direct borrowings		Revenue bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,408,091	$ 904,644	$ 1,495,000	$ 1,014,844	$ 2,903,091	$ 1,919,488
2027	1,433,437	879,512	1,555,000	1,998,588	2,988,437	2,878,100
2028	1,459,238	853,928	1,625,000	1,926,863	3,084,238	2,780,791
2029	1,485,505	827,883	1,685,000	1,865,175	3,170,505	2,693,058
2030	1,512,244	801,370	1,750,000	1,800,363	3,262,244	2,601,733
2031-2035	7,979,458	3,592,138	7,910,000	6,298,875	15,889,458	9,891,013
2036-2040	8,723,932	2,853,943	11,850,000	5,911,088	20,573,932	8,765,031
2041-2045	9,537,865	2,046,875	10,930,000	3,911,213	20,467,865	5,958,088
2046-2050	10,427,736	1,164,509	15,315,000	2,442,431	25,742,736	3,606,940
2051-2053	6,718,004	241,234	13,595,000	620,381	20,313,004	861,615
Totals	$ 50,685,510	$ 14,166,036	$ 67,710,000	$ 27,789,821	$ 118,395,510	$ 41,955,857

A. Pledged Revenue

The City has a number of debt issues that involve the pledging of revenues. The amounts and terms of the remainder of these commitments and the purposes for which the proceeds of the debt issuances are utilized are indicated in the summary of long-term bonds and loans and notes outstanding at year-end presented in this note. For the current year, debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so specified in debt covenants) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

	Annual amount of pledged revenue (net of expenses, where required)	Annual debt service payments (of all debt secured by this revenue)	Debt service as a percentage of pledged revenue	Future amount of pledged revenue
Description of pledged revenue/debt:				
Base rental payments				
Public Finance Authority 2021	$ 3,438,250	$ 3,438,250	100%	$ 89,357,579
Public Finance Authority Refunding 2021	2,651,800	2,651,800	100%	15,915,200
Public Finance Authority Refunding 2015	2,048,944	2,048,944	100%	16,429,507
Public Finance Authority 2017	4,377,525	4,377,525	100%	87,548,250
Public Finance Authority 2018	2,146,637	2,146,637	100%	40,800,603
Water charges for services				
Water Enterprise Revenue bonds 2021	3,553,187	3,553,187	100%	92,337,038

NOTE 11 - POLLUTION REMEDIATION

The City follows the guidance of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

NOTE 11 - POLLUTION REMEDIATION (CONTINUED)

On December 1, 2006, the City amended a settlement agreement that it had entered into in 2003 with a consortium of oil companies in relation to methyl tertiary butyl ether (“MTBE”) contamination that had occurred at the City’s Charnock Well Field. The Charnock Well Field is used to supply drinking water to the City. The amended 2006 agreement called for the oil companies to pay the City $131.0 million in exchange for the City's agreement to treat to applicable drinking water standards any water produced from the Charnock Well Field, which contains MTBE, tertiary butyl alcohol (“TBA”) and related petroleum hydrocarbons. Prior to this amended 2006 agreement and under the terms of other settlement agreements with other companies, the City received an additional $122.1 million also related to MTBE contamination of the City's Charnock Well Field. Of this amount, $18.0 million was deposited into an escrow account specifically to be used for the design and building of a remediation plant. The account was to be replenished by the consortium of oil companies once exhausted until the remediation construction was complete. The City has received all the proceeds from each of these agreements, including the amended 2006 agreement.

To meet its Charnock Well Field water treatment obligation, the City has constructed and is operating a water treatment remediation plant using the proceeds of the 2006 and the other earlier settlements.

On November 13, 2009, the City entered into a settlement and release agreement with The Gillette Company (Gillette), guaranteed by The Procter & Gamble Company, in relation to groundwater contamination of the City’s Olympic Well Field. The Olympic Well Field is used to supply drinking water to the City. The agreement calls for Gillette to make payments to the City ranging from $150,000 to $11,183,175 annually, totaling $64.8 million over 30 years which included the City receiving title to property valued at $3.2 million. Under the agreement, the City has agreed to construct and operate facilities for treatment of certain contaminants and treat to applicable drinking water standards any water that it produces from the Olympic Well Field. At the end of FY 2016-17, the City had received cash payments of $42,895,400. During FY 2017-18, the City and Gillette agreed to modify their agreement whereby a lump sum payment of $10,415,000 was made by Gillette in exchange for a release from any and all future liabilities.

On May 15, 2012, the City entered into a settlement and release agreement with The Boeing Company (Boeing) also in relation to groundwater contamination of the City’s Olympic Well Field. The agreement calls for Boeing to make payments to the City ranging from $150,000 to $5,000,000 annually over a ten-year period, totaling $39,500,000. On December 12, 2012, the agreement was modified with $21,000,000 being due from Boeing in January 2013 and payments of $3,670,000 being due from Boeing annually beginning in 2017 through 2021. The City received all of Boeing's payments under the agreement. In return, the City agreed to construct and operate facilities for treatment of certain contaminants and treat to applicable drinking water standards any water that it produces from the Olympic Well Field.

Using the expected cash flow technique utilizing present value, the City has measured the potential water treatment liability under the agreements by the anticipated cost of construction/remediation/operating contracts, which include a contingency of 10% for unforeseen costs. During FY 2020-21, the City revised its pollution remediation liability for both the Charnock and Olympic Well restoration projects estimate based on more current information. This increased the business type activities liability from $34,174,514 as of June 30, 2020 to $54,695,700 as of June 30, 2021. The primary reason for the increase was the refinement of the remediation process based on more current reports from the City’s consultants which estimated higher costs and longer periods of remediation than originally determined. The City believes it has sufficient funds from the Gillette/Boeing settlement to fund current and future estimated remediation costs.

Additionally, the City engages in an ongoing program of non-water pollution remediation related to its various properties. Two such sites are currently undergoing remediation in the form of either soil or vaporous contaminant removal or containment. By State law these occurrences are required to be reported to California Department of Health Services.

NOTE 11 - POLLUTION REMEDIATION (CONTINUED)

The balance of the pollution remediation liability is $569,086 in the governmental activities of which $385,130 is due within one year and $22,241,615 in the business-type activities, of which $7,486,966 is due within one year. These liabilities are reported in the business-type and governmental activities in the Statement of Net Position.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS

Santa Monica Public Employees' Retirement Plan

General Information about the Pension Plan

The City's defined benefit pension plan, Santa Monica Public Employees' Retirement Plan (Plan) provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. CalPERS issues a separate annual comprehensive financial report available from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Plan Description

All full-time employees of the City and part-time employees who have worked over 1,000 hours during a fiscal year are eligible to participate in either one of the Safety Plans (Police and Fire) or the Miscellaneous Plan (all others). The City is authorized by statute to establish and amend all plan provisions. Related benefits vest after five years of service. Upon five years of service, employees who retire are entitled to receive an annual retirement benefit according to the following Plan provision chart for each employee group:

	Miscellaneous		
Hire Date	Prior to July 1, 2012	Between July 1, 2012 and December 31, 2012	On or after January 1, 2013
Benefit formula	2.70% @ 55	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-62	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.43% to 2.42%	1.00% to 2.50%
Cost of living adjustment	2.00%	2.00%	2.00%
Required employee contribution rate	8.00%	7.00%	6.75%
Required employer contribution rate	30.72%	30.72	30.72%

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

	Police	
Hire Date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	3.00% @ 50	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.00% - 2.70%
Cost of living adjustment	2.00%	2.00%
Required employee contribution rate	9.00%	13.00%
Required employer contribution rate	70.31%	70.31

	Fire	
Hire Date	Prior to December 31, 2012	On or after January 1, 2013
Benefit formula	3.00% @ 50	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	2.40% - 3.00%	2.00% - 2.70%
Cost of living adjustment	2.00%	2.00%
Required employee contribution rate	9.00%	10.00%
Required employer contribution rate	53.05%	53.05

As of June 30, 2025, the City had 1,910 active members of which 728 were considered “classic” members (hired prior to 12/31/2012) and 1,182 fall under the decreased benefits as prescribed in the Public Employees Pension Reform Act of 2012 (PEPRA). As noted in the tables above, Safety PEPRA members pay a higher employee contribution which, by law, cannot be paid by the employer. Additionally, PEPRA employees have a higher eligible retirement age and a lower benefit formula.

For FY 2017-18, CalPERS changed payment for the employer paid amortization of the unfunded pension liability from using a level percentage of pay to a flat dollar amount. In FY 2023-24, the City paid CalPERS $22,058,676, $13,264,908 and $6,228,384 for the employer paid amortization of the unfunded liability for the miscellaneous, police and fire plans respectively. On April 11, 2023, the Council authorized staff to suspend the accelerated paydown of the City’s unfunded pension liability from FY 2022-23 to FY2027-28 or later pending restoration of City services and maintenance budgets and reserves. The was further codified in the adopted Fiscal Policies found in the adopted budget.

__Funding Policy__

Section 20814(c) of the California Public Employees’ Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Active full-time members in the Plan are required to contribute 6.75% to 8.00% (for miscellaneous employees), 9.00% to 13.00% (for Police safety employees), and 9.00% to 10.00% (for Fire safety employees), of their annual covered salary. Also, in FY2023-24 Police safety members contributed an additional 8.5% and Fire safety members contribute an additional 1%. Effective January 1, 2025, Police safety members was reduced to 6% and at June 30, 2025 the contribution will be 4%. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members earned during the year with an additional amount to amortize the unfunded accrued liability. As such, the City contributes the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Employees' share of pension costs totaled $20,288,441 for FY 2024-25.

Employees Covered

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

		Public Safety	
Employees	Miscellaneous	Police	Fire
Inactive members or their beneficiaries currently receiving benefits	1,673	358	152
Inactive members entitled to but not yet receiving benefits	215	10	0
Active members	1,524	199	122
Total	3,412	567	274

Note: Information derived from 2023 CalPERS Census Data

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability of each of the Plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined using the following actuarial methods and assumptions:

	Miscellaneous	Safety - Police	Safety - Fire
Valuation date	June 30, 2023	June 30, 2023	June 30, 2023
Measurement date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial cost method			
Actuarial assumptions:			
Discount rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Projected salary increase	Varies by entry age and service		
Investment rate of return [1]	6.80%	6.80%	6.80%
Mortality [2]	Derived using CalPERS' membership data for all funds		
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protections Allowance floor on Purchasing Power applies, 2.30% thereafter.		

[1] Net of pension plan investment expenses, including inflation.

[2] The mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. For purposes of the mortality rates, the rates incorporate generational mortality to capture on-going mortality improvement. Generational mortality explicitly assumes that members born more recently will live longer than the members born before them thereby capturing the mortality improvement seen in the past and expected continued improvement. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from all plan members will be made at 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 benefits to determine total pension liability.

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 the short- and long-term market return expectations. Using historical returns of all 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:

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Asset Class [1]	Assumed Asset Allocation	Real Return % [1, 2]
Global equity-Cap-weighted	30.0 %	4.54 %
Global equity-Non-Cap-weighted	12.0 %	3.84 %
Private Equity	13.0 %	7.28 %
Treasury	5.0 %	0.27 %
Mortgage-backed Securities	5.0 %	0.50 %
Investment Grade Corporates	10.0 %	1.56 %
High Yield	5.0 %	2.27 %
Emerging Market Debt	5.0 %	2.48 %
Private Debt	5.0 %	3.57 %
Real Assets	15.0 %	3.21 %
Leverage	(5.0)%	(0.59)%

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2022 Asset Liability Management study

Amortization of Deferred Outflows and 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 lives (EARSL) of all members that are provided benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. Also note that total future service is based on members' probability of decrementing due to an event other than receiving a cash refund.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Changes in Net Pension Liability

The following tables display the changes in net pension liability recognized over the measurement period for each of the City's Plans:

Miscellaneous:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (VD)[1]	$ 1,398,856,027	$ 1,136,311,447	$ 262,544,580
Changes recognized for the measurement period:			
Service cost	25,273,992	-	25,273,992
Interest on total pension liability	95,797,769	-	95,797,769
Changes of benefit terms	-	-	-
Differences between expected and actual experience	11,462,303	-	11,462,303
Contributions-employer	-	39,014,371	(39,014,371)
Contributions-employee	-	11,235,624	(11,235,624)
Net investment income	-	107,381,436	(107,381,436)
Benefit payments, including refunds of employee contributions	(69,163,727)	(69,163,727)	-
Administrative expense	-	(924,618)	924,618
Net changes during 2023-24	63,370,337	87,543,086	(24,172,749)
Balance at June 30, 2024 (MD)	$ 1,462,226,364	$ 1,223,854,533	$ 238,371,831

[1] *VD = Valuation Date*
[2] *MD = Measurement Date*

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Public Safety - Police:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (VD)[1]	$ 607,285,325	$ 457,107,017	$ 150,178,308
Changes recognized for the measurement period:			
Service cost	12,586,422	-	12,586,422
Interest on total pension liability	42,647,169	-	42,647,169
Differences between expected and actual experience	20,301,875	-	20,301,875
Contributions-employer	-	23,779,512	(23,779,512)
Contributions-employee	-	4,364,447	(4,364,447)
Net investment income	-	43,424,354	(43,424,354)
Benefit payments, including refunds of employee contributions	(31,610,982)	(31,610,982)	-
Administrative expense	-	(371,949)	371,949
Net changes during	43,924,484	39,585,382	4,339,102
Balance at June 30, 2024 (MD)	$ 651,209,809	$ 496,692,399	$ 154,517,410

[1] *VD = Valuation Date*
[2] *MD = Measurement Date*

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Public Safety - Fire:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023 (VD)[1]	$ 305,233,049	$ 213,683,523	$ 91,549,526
Changes recognized for the measurement period:			
Service cost	6,008,744	-	6,008,744
Interest on total pension liability	21,136,774	-	21,136,774
Differences between expected and actual experience	6,411,841	-	6,411,841
Contributions-employer	-	10,546,636	(10,546,636)
Contributions-employee	-	2,152,896	(2,152,896)
Net investment income	-	20,141,728	(20,141,728)
Benefit payments, including refunds of employee contributions	(16,638,419)	(16,638,419)	-
Administrative expense	-	(173,875)	173,875
Net changes during	16,918,940	16,028,966	889,974
Balance at June 30, 2024 (MD)	$ 322,151,989	$ 229,712,489	$ 92,439,500

[1] VD = Valuation Date

[2] MD = Measurement Date

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

The following presents the net pension liability of the Plans as of the Measurement Date, calculated using the discount rate of 6.9%, as well as the net pension liability if it were calculated using a discount rate that is 1 percentage-point lower (5.9%) or 1 percentage-point higher (7.9%) than the current rate:

Discount Rate	Plan		
	Miscellaneous	Safety - Police	Safety - Fire
1% Decrease	5.90 %	5.90 %	5.90 %
Net Pension Liability	$ 431,253,715	$ 243,196,132	$ 135,448,103
Current Discount Rate	6.90 %	6.90 %	6.90 %
Net Pension Liability	$ 238,371,831	$ 154,517,410	$ 92,439,500
1% Increase	7.90 %	7.90 %	7.90 %
Net Pension Liability	$ 78,933,870	$ 82,042,039	$ 56,985,644

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

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

For the year ended June 30, 2025, the City recognized pension expense as follows:

Plan	Pension Expense
Miscellaneous	$ 39,106,601
Safety - Police	31,844,710
Safety - Fire	14,032,346
	$ 84,983,657

As of June 30, 2025, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 42,858,534	$ -
Changes of assumptions	3,964,190	-
Differences between expected and actual experience	7,764,786	4,001,107
Net difference between projected and actual earnings on pension plan investments	18,982,120	-
Total	$ 73,569,630	$ 4,001,107

	Safety - Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 25,356,905	$ -
Changes of assumptions	3,122,983	-
Differences between expected and actual experience	16,571,427	1,017,367
Net difference between projected and actual earnings on pension plan investments	7,349,298	-
Total	$ 52,400,613	$ 1,017,367

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

	Safety - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 11,662,607	$ -
Changes of assumptions	3,867,385	-
Differences between expected and actual experience	7,379,386	2,326,148
Net difference between projected and actual earnings on pension plan investments	3,589,232	-
Total	$ 26,498,610	$ 2,326,148

The amounts above are net of outflows and inflows recognized in the pension expense for the fiscal year ended June 30, 2025.

Contributions of $79,878,046 that were made by the City subsequent to the measurement date but before the end of the reporting period are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year ended June 30, 2026, rather than in the current fiscal year.

Other amounts reported as deferred outflows and inflows of resources will be recognized in future pension expense as follows:

Fiscal Years	Deferred Outflows / (Inflows) of Resources		
Ended June 30	Miscellaneous	Safety - Police	Safety - Fire
2026	$ 3,063,125	$ 8,815,997	$ 2,345,049
2027	33,676,196	18,068,614	7,934,263
2028	(4,088,257)	1,548,467	1,128,829
2029	(5,941,075)	(2,406,737)	380,389
2030	-	-	721,325

CalPERS Funding Risk Mitigation Policy

The Funding Risk Mitigation (“FRM”) Policy seeks to reduce CalPERS funding risk over time. It establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return, and strategic asset allocation targets. The Asset Liability Management (ALM) process is an integrated review of CalPERS assets and liabilities to inform decisions designed to achieve a sound and sustainable fund.

The goal of the ALM process is to balance the expected cost of future pension payments with the expected future investment returns. During the process, the CalPERS board reviews its overall risks, taking into consideration the long-term sustainability of the system.

This formal process runs on a four-year cycle and includes a review of CalPERS’ investment portfolios and retirement plan liabilities. Capital Market Assumptions are primarily based on expectations of future investment returns. Liability projections are based on demographic and economic factors and trends, including membership dynamics, future salary and payroll growth, retirement ages, inflation, and life expectancy.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

In FY2020-21, the FRM was triggered because investment returns of 21.3% exceeded the current target rate of return (the 7% discount rate) by more than 2 percentage points, thus lowering the discount rate from 7.0% to 6.8%. The maximum amount the discount rate can be lowered in any one year is 0.25%. This will make for a higher contribution rate in future years compared to the rate that would have been used prior to the adoption of the FRM.

In April 2024, CalPERS changed their policy to eliminate the automatic rate reduction. Instead the Board will determine any rate changes.

Deferred Compensation Plans

The City offers to its employees an optional deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. This plan is available to substantially all employees and allows participants to defer a portion of their current income until future years to shelter such funds and earnings from state and federal taxation until withdrawal. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. For the fiscal year ended June 30, 2025, the total employee contributions were $13,997,097.

The City offers an employer discretionary, defined contribution plan established and governed under Internal Revenue Code Section 401(a). Employee-only contributions are calculated based upon a percentage of employee compensation under agreements with employee bargaining groups and unions. For the fiscal year ended June 30, 2025, the total employee contributions were $1,104,778.

The City offers to its as-needed employees a separate Section 457 deferred compensation plan under the Omnibus Budget Reconciliation Act (OBRA). This plan is available to all as-needed employees who are not eligible to participate in CalPERS. This plan requires equal employer and employee contributions based on a percentage of earnings. For the fiscal year ended June 30, 2025, the combined employee/employer contributions were $261,041.

These plans are administered through third-party administrators. The City does not perform the investing function and has no fiduciary accountability for the plans. Thus, plan assets and any related liabilities to plan participants have been excluded from the City's basic financial statements.

Other Postemployment Benefits

In addition to providing pension benefits through CalPERS, the City, in accordance with agreements with various bargaining units and groups, provides medical insurance benefits that are considered other postemployment benefits (OPEB) to certain retired employees under a single employer benefit plan. These benefits are subject to negotiations between the City and each bargaining unit and the related memorandum of understanding (MOU) is approved by the City Council. Employees of the Executive Pay Plan group and management employees of the Rent Control Board are eligible for a City paid medical insurance benefit if their combined retirement age and years of public agency service equals or exceeds 70. Under the terms of a MOU between the City and a coalition of the various non-sworn bargaining units (Coalition), all non-sworn permanent retirees are allowed to continue participating in one of the City's health plans at the same rate as active employees. As with other MOU's, this benefit is subject to bargaining between the City and the Coalition. The City also maintains minimum benefits for public safety employees provided by the City's contract with its healthcare provider CalPERS. The City pays for OPEB through employer only contributions to a qualified OPEB trust, with no contribution required from employees. The Plan does not issue a stand-alone financial statement.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

Employees Covered

As of the June 30, 2023, actuarial valuation date, the following current and former employees were covered by the benefit terms under the OPEB plan:

Active employees	1,879
Inactive employees or beneficiaries receiving benefits	241
Inactive employees entitled to, but not receiving benefits	135
Total	2,255

Contributions

The OPEB Plan and its contribution requirements are established by Memorandum of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and these bargaining units. The annual contribution is based on the actuarially determined contribution.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation dated June 30, 2023, based on the following assumptions:

Actuarial Assumptions:	
Discount rate	5.55%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocate the costs between service years.
Investment rate of return	6.20%
Mortality rate	Mortality rates used were those published the CalPERS 2021 experience study, using data from 2000 to 2019, except for a different basis used to project future mortality improvements, then projected using the MacLeod Watts Scale 2022 from 2017 forward.
Pre-retirement Turnover	Assumed rates of termination vary based on the current age, service and employee type (fire, police or miscellaneous) as developed by CalPERS and published in their 2021 Experience Study Report.
Healthcare Trend Rate	4.8% decreasing to 3.90%

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.4% per year in years 1 through 5 and 2.3% in years 6 and beyond.

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return % Years 1-5	Real Return % Years 6+
Global equity	34 %	3.90 %	4.70 %
Fixed Income	41 %	2.70 %	2.60 %
Global real estate	17 %	3.70 %	4.00 %
Treasury Inflation Protected Securities	5 %	1.70 %	1.40 %
Commodities	3 %	2.90 %	2.00 %

Discount Rate

The discount rate used to measure the OPEB liability was 5.55%. This discount rate was determined based on the results of analysis described in GASB 75. Plan benefits for all current and future retirees are projected from year to year from the results of the valuation. Future employer contributions are projected based on levels over the last 5 years and certain assumptions about the benefit costs of future employees. Trust assets are projected based on the projected future contributions and the assumed return on assets. Where the trust is expected to have sufficient assets to pay all retiree benefits in a particular year, the assumed trust rate of return is applied; once that trust is no longer expected to be able to pay plan benefits, the municipal bond rate is applied for the remainder of the projection period.

Changes in OPEB liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023	$ 37,882,713	$ 8,590,018	$ 29,292,695
Changes recognized for the measurement period:			
Investment experience	-	527,021	(527,021)
Service cost	1,080,743	-	1,080,743
Interest on total OPEB liability	1,963,738	-	1,963,738
Changes of assumptions	(3,205,572)	-	(3,205,572)
Contributions-employer	-	3,479,789	(3,479,789)
Net investment income	-	172,097	(172,097)
Benefit payments, including refunds of employee contributions	(1,665,246)	(1,665,246)	-
Administrative expense	-	(2,841)	2,841
Net changes during 2023-24	(1,826,337)	2,510,820	(4,337,157)
Balance at June 30, 2024	$ 36,056,376	$ 11,100,838	$ 24,955,538

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (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 the measurement period ended June 30, 2024:

	Discount Rate -1 Percent 4.55%	Current Discount Rate 5.55%	Discount Rate +1 Percent 6.55%
Net OPEB Liability	$ 28,775,612	$ 24,955,538	$ 21,717,830

Sensitivity of the Net OPEB Liability to Changes in 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, 2024.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 21,122,800	$ 24,955,538	$ 29,555,079

OPEB Plan Fiduciary Net Position

CalPERS issues publicly available financial statements for the California Employers' Retiree Benefit Trust that may be obtained from CalPERS, 400 Q Street, Sacramento, CA 95811 or at www.calpers.ca.gov.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense.

The recognition period differs depending on the source of 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 lives (EARSL) of all members that are provided benefits (active, inactive, and retired) as of the beginning of the measurement period

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025 the City recognized OPEB expense of $1,898,712. As of fiscal year ended June 30, 2025, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

NOTE 12 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 3,653,779	$ -
Changes of assumptions	5,268,995	13,178,060
Differences between expected and actual experience	7,860,114	4,889,495
Net difference between projected and actual earnings on OPEB plan investments	115,750	-
Total	$ 16,898,638	$ 18,067,555

Contributions made subsequent to the measurement date will recognized in next fiscal year.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2026	$ (571,303)
2027	(197,712)
2028	(573,372)
2029	(583,839)
2030	(961,941)
Thereafter	(1,934,529)

In prior years, pension and OPEB liabilities have been extinguished primarily by the general fund.

Medical Trusts

The City contributes, consistent with bargaining unit agreements, monies to medical trusts, a defined contribution plan that provide postemployment medical benefits to employees. The amount of benefits provided to employees under these plans is limited solely to the amount contributed (determined by negotiations between the various bargaining groups and the City) related investment earnings, and forfeitures. For the fiscal year ended June 30, 2025, the City contributed $3,621,723 towards the retiree medical trusts. These are administered through third-party administrators and the City does not perform the investing function or have other significant responsibility relating to the management of plan assets. Thus, plan assets and any related liabilities have been excluded from the City's basic financial statements.

NOTE 13 - FUND BALANCES

In the fund financial statements fund balance is displayed in categories that describe the nature and extent of constraints on resources that the City is bound to observe. See note 1 for a detailed explanation of the City's fund balance policies.

Fund balance reported on the governmental funds balance sheet as of June 30, 2025 includes the following:

A. Nonspendable fund balance

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid and advances to other funds, or are required to be maintained intact, such as funds held by the City associated with the perpetual care of the City's cemetery and mausoleum.

Nonspendable fund balances are presented as a component of fund balances as follows:

	General	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
Nonspendable						
Advances to Beach	$ 3,842,973	$ -	$ -	$ -	$ -	$ 3,842,973
Advances to Rent Control	109,341	-	-	-	-	109,341
Deposits	273,371	-	-	-	-	273,371
Perpetual Care	-	-	-	-	20,904,188	20,904,188
Prepaids	3,412,432	-	-	-	256	3,412,688
Total nonspendable	$ 7,638,117	$ -	$ -	$ -	$ 20,904,444	$ 28,542,561

B. Restricted fund balance

Restricted fund balance represents amounts that can only be spent for the specific purposes stipulated by either external resource providers or by enabling legislation that created the revenue source and restricted its use. These restrictions may be changed or lifted only with the consent of the resource providers.

The largest component of restricted fund balance is affordable housing, which represents funds received from grants, taxes, and fees that are all dedicated to ensuring the affordability of housing in the City. Most affordable housing funds are already obligated or loaned to affordable housing developers for eligible projects. The 2017 City Services Building Bonds, 2018 Fire Station 1 Bonds and the 2021 City Yards Modernization Project Bonds represent the unspent portion of lease revenue bond proceeds that were issued to finance these large-scale capital projects. Other significant categories include transportation funds, traffic, roads, and parking, which are all dedicated to improving the City's transportation systems for its citizens and visitors. Another noteworthy category is cultural and recreation services, which includes funds restricted for beach recreation activities, the upgrade and/or expansion of parks and recreation facilities, and funds that support public art programs. Overnight accommodations funds are to be used for development of low-cost lodging accommodations in the Santa Monica Coastal Zone and for the development, redevelopment, expansion, replacement, repair, operation or use of affordable overnight accommodations within the City of Santa Monica. Childcare programs are designed to assist eligible residents with childcare needs, as well as for the construction of new childcare facilities. Advances to the Beach Fund were made with funds that will be restricted upon repayment. Finally, debt service represents amounts held by trustees for the future repayment of outstanding City obligations.

NOTE 13 - FUND BALANCES (CONTINUED)

Restricted fund balances are presented as a component of fund balances as follows:

	General	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
Restricted						
2017 City Services Building Bonds	$ 256,706	$ -	$ -	$ -	$ -	$ 256,706
2018 Fire Station 1 Bonds	12,362	-	-	-	-	12,362
2021 City Yards Bonds	3,765,036	-	-	-	-	3,765,036
Advances to Beach	-	1,450,000	-	-	-	1,450,000
Affordable housing	207,709	40,084,821	68,154,324	33,040,525	31,683,514	173,170,893
Childcare programs	-	3,370,851	-	-	-	3,370,851
Clean beaches and ocean parcel tax	-	-	-	-	18,870,363	18,870,363
Community development	-	5,000,000	-	-	-	5,000,000
Consumer protection	640,025	-	-	-	-	640,025
Cultural and recreation services	-	8,927,519	-	-	-	8,927,519
Debt service	-	-	-	-	10,998,990	10,998,990
Disability	82,534	-	-	-	-	82,534
Miscellaneous	-	3,601,437	-	-	10,345,622	13,947,059
Mobility	-	-	-	-	4,230,995	4,230,995
Overnight accommodations	-	3,555,350	-	-	-	3,555,350
Parking	-	1,278,872	-	-	-	1,278,872
Roads	-	347,336	-	-	7,028,454	7,375,790
Traffic	-	2,463,981	-	-	-	2,463,981
Transit	-	6,287,510	-	-	26,018,206	32,305,716
Total restricted	$ 4,964,372	$ 76,367,677	$ 68,154,324	$ 33,040,525	$ 109,176,144	$ 291,703,042

C. Committed fund balance

Committed fund balance represents amounts that can only be used for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that originally imposed the constraint.

Committed fund balance consists of affordable housing funds received from settlement proceeds, the sale of City-owned properties, funds received from the Successor Agency, and one quarter of the City’s Transaction and Use Tax revenue, which are committed to ensuring the affordability of housing in the City. Most affordable housing funds are already obligated or loaned to affordable housing developers for eligible projects.

NOTE 13 - FUND BALANCES (CONTINUED)

	General	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
Committed						
Affordable housing	$ -	$ 113,956,285	$ -	$ -	$ -	$ 113,956,285
Total committed	$ -	$ 113,956,285	$ -	$ -	$ -	$ 113,956,285

D. Assigned fund balance

Assigned fund balance represents amounts intended to be used by the City for specific purposes expressed by the City Council or by an official to which the City Council has delegated the authority.

The largest component of assigned fund balance is working capital/operational continuity funds to support the Realignment Plan to restore safety, revitalize spaces, spur growth, expand housing, and strengthen the City - achieving fiscal balance and civic renewal by FY2027-28. Funds remaining for continuing capital projects represent funds that are dedicated to completing multiyear capital improvement throughout the City, while Yearend CIP savings have been re-appropriated by Council to new projects in the Adopted FY 2022-23 CIP Budget. Other funds are assigned for compensated absences, encumbrances and reappropriation of open contracts and purchase orders, and other key initiatives required for the health and safety of the City and its assets.

	General	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
Assigned						
Compensated absences	$ 12,175,786	$ -	$ -	$ -	$ -	$ 12,175,786
Continuing capital projects	8,410,525	-	-	-	-	8,410,525
Economic recovery fund	198,383	-	-	-	-	198,383
Encumbrances and reappropriations	9,741,804	-	-	-	-	9,741,804
Leases - GASB 87	1,598,503	-	-	-	-	1,598,503
Working Capital/ Operational Continuity	60,000,000	-	-	-	-	60,000,000
Year end CIP savings	1,205,347	-	-	-	-	1,205,347
Total assigned	$ 93,330,348	$ -	$ -	$ -	$ -	$ 93,330,348

E. Unassigned fund balance

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in other classifications. Other governmental funds may report negative unassigned fund balance if expenditures incurred for a specific purpose exceed the resources that are restricted, committed, or assigned to that purpose. This occurs when reimbursements are received after expenditures are incurred and the deficit will be eliminated as reimbursements for eligible grant expenditures are received from grantors.

NOTE 13 - FUND BALANCES (CONTINUED)

The largest component of unassigned fund balance is the emergency operating contingency, which represents funds for emergency events and circumstances. These reserves are maintained to safeguard the credit rating and basic operations of the City in the event of an economic or natural emergency or disaster. The City lowered its contingency reserves from 15% to 12.5% of the following year's operating and ongoing capital budget in order to make more one-time funds available to withstand the severe revenue decreases resulting from the COVID-19 pandemic. The City will begin increasing its reserves by 0.5 percentage points each year beginning in FY 2022-23, reaching its original 15% level in FY 2026-27. The unrealized loss represents the portion of fund balance related to investments that is not available for appropriation. Negative unassigned fund balance for nonmajor governmental funds is due to the timing of expenditures being incurred prior to reimbursement from grant and other revenue sources. The deficits will be eliminated as future revenues are received.

	General	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
Unassigned						
Contingency	$ 63,238,145	$ -	$ -	$ -	$ -	$ 63,238,145
Unrealized loss	(1,118,251)	-	-	-	-	(1,118,251)
Other unassigned	-	-	-	-	(22,390,196)	(22,390,196)
	$ 62,119,894	$ -	$ -	$ -	$ (22,390,196)	$ 39,729,698

NOTE 14 - FUND DEFICITS

A. Governmental Funds

A negative fund balance of $57,830 exists in the Beach Recreation Fund because it is still recovering from parking revenue declines due to the pandemic. The fund deficit increased from the prior year due to less spending on capital projects. It is anticipated that the fund deficit will be eliminated through increased future revenues and reduced future capital project expenditures.

A negative fund balance of $1,775,793 exists in the Miscellaneous Grants Fund because of several large capital project expenditures which include the Olympic Blvd improvements, groundwater wells, City Yard improvements and the Stewart & Pennsylvania Safety Enhancement project.

A negative fund balance of $126,059 exists in the Parks and Recreation Fund due to the negative balance from the prior year and no activity. All spending has ceased.

B. Internal Service Funds

A net deficit of $340,733 exists in the Information Technology Replacement and Services due to increased expenses on Telecommunications Services and the Computer Replacement Program.

A net deficit of $6,130,424 exists in the Self-Insurance, General Liability / Auto Fund primarily due to the ongoing settlement of several large settlements and the adjustment to the claims reserve.

A net deficit of $5,072,687 exists in the Self-Insurance Bus Fund, due to several large settlements. Increased future contributions are expected to make up the deficits.

NOTE 15 - RESTRICTED NET POSITION

In the government-wide financial statements and proprietary fund financial statements, restricted net position is reported when constraints on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or imposed by law through constitutional provisions or enabling legislation. See note 1 for a detailed explanation of the City's net position policies.

A reconciliation of the differences between the Governmental restricted fund balance and the Government- Wide restricted net position provides an understanding of the accounting basis at the fund-level in relation to the government-wide financial statements.

Reconciliation of Governmental Restricted Fund Balance to Government-Wide Restricted Net Position:

Restricted Fund Balance (Note 13)	$	291,703,042
Differences in Fund Balance:		
Capital related debt/proceeds		(4,034,104)
Unavailable revenue		9,376,901
Perpetual care - Nonexpendable		20,904,188
Total Differences in Fund Balance:		26,246,985
Total Restricted Net Position	$	317,950,027

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Litigation

Pico Neighborhood Association, et al v. City of Santa Monica. On February 23, 2017, the Pico Neighborhood Association and Maria Loya filed a First Amended Complaint alleging that the City's at-large method of electing City Council members violates the California Voting Rights Act ("CVRA") and the Equal Protection Clause of the California Constitution. Plaintiffs sought declaratory and injunctive relief, as well as an award of attorneys' fees. The City retained outside counsel, Gibson, Dunn and Crutcher, to represent the City in this lawsuit. Trial began August 1, 2018, and the presentation of evidence concluded on September 11, 2018. After extensive post-trial briefing, the trial court issued judgment in favor of Plaintiffs on both of their causes of action on February 13, 2019. Following issuance of the trial court's judgment, on March 28, 2019, Plaintiffs filed a motion seeking approximately $902,000 in costs. On April 12, 2019, the City filed a motion to strike/tax those costs to significantly reduce them. On June 3, 2019, Plaintiffs filed a motion seeking an award of more than $22 million in attorneys' fees pursuant to a provision of the CVRA. Pursuant to an agreement between the parties, the City's response to Plaintiffs' fee motion and the hearings regarding costs and fees have been continued to follow the resolution of the appellate proceedings in the Court of Appeal and the California Supreme Court. The City filed a notice of appeal from the judgment on February 22, 2019. After briefing, the Court of Appeal held oral argument on June 30, 2020. On July 9, 2020, the Court of Appeal issued an opinion holding that the City did not violate either the CVRA or the Equal Protection Clause of the California Constitution. Accordingly, the Court of Appeal reversed the trial court's judgment, awarded costs to the City, and directed the trial court to enter judgment for the City. Plaintiffs filed for rehearing, which the Court of Appeal denied on August 5, 2020. On August 18, 2020, Plaintiffs filed a petition seeking review by the California Supreme Court. On October 21, 2020, the California Supreme Court granted review only on a limited question relating to Plaintiffs' claim under the CVRA, leaving intact the Court of Appeal's ruling in the City's favor on the Equal Protection claim. The California Supreme Court issued its opinion on August 24, 2023. The Court's opinion declined to decide the ultimate question in this case: whether the City's at-large voting system complies with the CVRA and remanded the case back to the Court of Appeal. The Court did, however, resolve some key disputes between the parties—for instance, the Court rejected the plaintiffs' argument that the CVRA doesn't require evidence of dilution, and it also rejected the City's position that Latino voters must

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

account for a near majority in a hypothetical district. But the Court left many issues open for the Court of Appeal to resolve, and its decision leaves the City free to renew its many other arguments on remand. After remand, the Court of Appeal set a briefing schedule for December 6, 2023 (concurrent filing of opening briefs) and February 7, 2024 (concurrent filing of responses). The Court of Appeal issued the remittitur on April 15, 2024, returning the case to the trial court. The trial court considered oral briefing on the scope of evidence to be taken at the next trial, which is scheduled for October 26, 2026.

Litigation arising from allegations of sexual abuse of minors. Currently there are 36 active cases with 181 plaintiffs brought by former minor participants in the Santa Monica Police Activities League who allege they were sexually abused by former City civilian employee. The employee, as part of his work as a civilian employee of the Santa Monica Police Department, was assigned to a position at the Santa Monica Police Activities League (PAL) from October 5, 1989, through at least February 10, 1992. From the late 1980s through the mid-1990s, the former employee appears to have also volunteered at PAL, including serving as its Chief Financial Officer in at least some portion of 1991. From 2012 to 2017, the former employee was an instructor in the City’s Youth Tech Program, a summer program preparing high school students for careers in the tech industry. These lawsuits were filed after the City’s most last settlement with 129 additional plaintiffs/claimants alleging that they were sexually abused by the former employee. The City is represented by the private law firms of Munger, Tolles & Olsen LLP and Andrade Gonzalez LLP. Andrade Gonzalez LLP is also representing the City as plaintiff in a bad faith insurance claim to recover City’s losses in these cases. The City previously settled claims by 234 plaintiffs alleging similar types of abuse for a total of $225.825 million. Settlement negotiations via a private mediator have stalled for now. The Court ordered the parties to commence formal discovery and bellwether trials, and the parties are currently working with the Court on the process. The City continues to focus on rooting out potential fraud.

The City and SM-PAL have insurance coverage via several insurance carriers covering some of the time when the alleged abuse occurred. Despite numerous and ongoing demands to these carriers by the City, prior to initiating ligitation, the only monetary contributions to the aforementioned settlements have been $11,000,000 from ACCEL (in exchange for a release) and $163,679 from one SM-PAL insurer, Riverstone, to reimburse select defense costs. After deducting Santa Monica’s required contributions to ACCEL to cover its share of this $11 million, the net recovery from ACCEL was approximately $8,766,089.

The City initiated coverage action against Insurance Co. of the State of Pennsylvania, Insurance Co. of the West, Lexington Insurance Co., Axis Surplus Insurance Co., Arch Specialty Insurance Co. and TIG Insurance Co. for all the settlements to the victims, legal expenses, and damages in the amount sufficient to “deter similar bad faith behavior by the defendants in the future.” In FY 2023-24, the City received $12.5 million from ICW and $4.0 million from Lexington. The suit against the remaining carriers is ongoing. The parties have private mediation scheduled for December 3, 2025, with a hearing on the City’s motion for summary judgment scheduled for December 11, 2025.

Grants

The City recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Although the City’s Federal grant programs have been audited through June 30, 2024, in accordance with the Uniform Guidance requirements issued by the U.S. Office of Management and Budget, these programs may be subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction Commitments

The City has a number of construction projects currently underway. Purchase orders, contracts, and other commitments for these projects are recorded in order to reserve the portion of the applicable appropriation and are segregated at year-end as an unavailable fund balance. Approximately $94.7 million will be payable upon future performance under these contracts.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other Commitments

In 1999, the City entered into a thirty-year agreement with the City of Los Angeles for the conveyance, treatment, and disposal of wastewater. The Amalgamated System Sewerage System Charge (ASSSC) from this agreement is based on the City of Los Angeles' estimated costs and actual flows and strengths of wastewater in 2023-24. Per the City of Los Angeles, as of June 30, 2025, $9.1 million will be due under this agreement for fiscal year 2025-26. This agreement may be renegotiated by either party after the initial 10 years of the agreement.

On June 29, 2018, the City transferred ownership of the Mountain View Mobile Home Park to the Caritas Corporation (Caritas), a 501(c)3 non-profit, for $1. As part of the terms of the sale, Caritas agreed to maintain affordability and resident protections and the City will provide a loan commitment up to $500,000 to cover operating expense overages for the next five years at $100,000 per year. As of June 30, 2025, $272,333 remains to be disbursed.

Encumbrances

The City uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled. Commitments for such expenditures are encumbered to reserve applicable appropriations. As of June 30, 2025, total encumbrances for the governmental funds are reported as follows:

General Fund	$	16,730,824
Special Revenue Fund		4,263,140
Nonmajor governmental funds		29,512,746
Total	$	50,506,710

NOTE 17 - INTERFUND TRANSACTIONS

The following tables summarize the due to/from other funds, interfund advances to/from, and transfers in/out as of and for the fiscal year ended June 30, 2025.

A. Advances to/from

Advances to/from other funds at June 30, 2025, are as follows:

Advances to (receivable fund)	Advances from (payable fund)		Amount
General fund	Nonmajor governmental funds	$	3,952,314
	Total General Fund		3,952,314
Special Revenue Source Fund	Nonmajor governmental funds		1,450,000
	Total Special Revenue Source Fund		1,450,000
	Total	$	5,402,314

Advances represent loans made to cover operating shortfalls or to provide financing resources for capital projects. These amounts are expected to be repaid in future years, subject to the various loan terms.

NOTE 17 - INTERFUND TRANSACTIONS (CONTINUED)

B. Due from/to

Balances due to/from other funds at June 30, 2025, are as follows:

Due from (receivable fund)	Due to (payable fund)	Amount
General fund	Nonmajor governmental funds	$ 8,527,475
General fund	Internal Service Funds	266,605
	Total due to/from	$ 8,794,080

Due to/from other funds are primarily short-term loans made to eliminate negative cash balances at yearend. These amounts are expected to be repaid in one year.

C. Transfers

Transfers to/from other funds for the fiscal year ended June 30, 2025, are as follows:

Transfer in (receivable fund)	Transfer out (payable fund)	Amount	
General Fund	Special Revenue Source Fund	$ 2,972,841	(1)
	Nonmajor governmental funds	5,751,229	(2)
	Low/Mod Housing Fund	146,691	(3)
	Water Fund	1,918,838	(4)
	Wastewater Fund	947,469	(5)
	Airport Fund	649,996	(6)
	Resource Recovery and Recycling Fund	1,409,298	(7)
	Big Blue Bus Fund	739,162	(8)
	Nonmajor enterprise funds	320,258	(9)
	Internal service funds	238,706	(10)
	Total General Fund	15,094,488	
Special Revenue Source Fund	General Fund	4,576,471	(11)
	Total Special Revenue Source Fund	4,576,471	
Nonmajor governmental funds	General Fund	17,377,750	(12)
	Nonmajor governmental funds	61,342	(13)
	Nonmajor enterprise funds	66,661	(14)
	Total Nonmajor governmental funds	17,505,753	
Water Fund	General Fund	118,305	(15)
	Wastewater Fund	219,637	(16)
	Nonmajor governmental funds	1,824	(17)
	Total Water Fund	339,766	
Wastewater Fund	General Fund	113,051	(15)
	Water Fund	78,639	(16)
	Nonmajor governmental funds	1,540,773	(18)

NOTE 17 - INTERFUND TRANSACTIONS (CONTINUED)

	Nonmajor enterprise funds	1,376,545	(19)
	Total Wastewater Fund	3,109,008	
Resource Recovery and Recycling Fund	General Fund	113,549	(11)
	Nonmajor governmental funds	228	(17)
	Total Resource Recovery and Recycling Fund	113,777	
Big Blue Bus Fund	General Fund	57,234	(16)
	Nonmajor governmental funds	602,249	(20)
	Total Big Blue Bus Fund	659,483	
Nonmajor enterprise funds	General Fund	3,621,570	(21)
	Water Fund	10,731	(22)
	Nonmajor governmental funds	839,088	(23)
	Total Nonmajor enterprise funds	4,471,389	
Internal service funds	General Fund	132,786	(16)
	Nonmajor governmental funds	2,645	(17)
	Internal service funds	2,902,163	(24)
	Total Internal service funds	3,037,594	
	Total Transfers	$ 48,907,729	

1. Payments for property used in CityTV operations, Subsidize Community Recreation programs, Subsidize transportation programs, Subsidize Arts programs, Subsidize affordable housing programs, subsidize engineering expenditures, Subsidize police expenditures, Subsidize housing division expenditures & Subsidize administrative expenditures.

2. Subsidize watershed management programs, Subsidize transportation programs, Subsidize street infrastructure, Subsidize administrative expenditures, Subsidize library programs, FEMA Transfers and Subsidize housing division expenditures.

3. Subsidize Low/Mod Housing expenditures.

4. Subsidize environmental programs, Subsidize infrastructure improvements & programs, Subsidize engineering expenditures and Subsidize administrative expenditures.

5. Subsidize administrative expenditures, Subsidize engineering expenditures, Subsidize environmental programs and Subsidize infrastructure improvements.

6. Debt Service Transfer, Subsidize environmental programs, Subsidize Recycling program expenditures and Subsidize administrative expenditures.

7. Debt Service Transfer, Subsidize administrative expenditures, Subsidize infrastructure programs.

8. Subsidize administrative expenditures, Subsidize finance expenditures, Subsidize maintenance programs and Subsidize police expenditures.

9. Debt Service Transfer, Subsidize administrative expenditures, Subsidize environmental programs.

NOTE 17 - INTERFUND TRANSACTIONS (CONTINUED)

10. Subsidize youth programs, Subsidize risk management expenditures and Subsidize administrative expenditures.
11. Subsidize affordable housing program.
12. Debt Service Transfer, Beach Loan Transfer and Subsidize Community Recreation programs.
13. FEMA Transfer and Subsidize administrative expenditures.
14. Subsidize maintenance programs.
15. Subsidize reduced water rates for low-income families.
16. Subsidize administrative expenditures.
17. FEMA Transfer.
18. SWIP Loan Transfer and Subsidize SWIP operation expenditures.
19. Subsidize operating and maintenance of Santa Monica Urban Runoff Recycling Facility (SMURRF) expenditures.
20. FEMA Transfer and Subsidize transportation programs and infrastructures.
21. Subsidize administrative expenditures, Subsidize pier operations expenditures and Subsidize police expenditures.
22. Subsidize recycled water rebate expenditures.
23. Subsidize administrative expenditures and Subsidize cemetery operations and maintenance.
24. Subsidize risk management program expenditures.

NOTE 18 - SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT

On December 29, 2011, the California Supreme Court upheld AB 1X26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Monica that previously reported a redevelopment agency as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency (RDA), either the sponsoring city or another unit of local government will agree to serve as the “successor agency” to hold the former RDA’s non-housing assets until they are distributed to other units of state and local government and all enforceable obligations have been paid. In accordance with the Bill, the successor agency is a separate legal entity from the sponsoring city or other local government unit. The Bill also provides for the transfer of the former RDA's housing assets to the City, acting in its municipal capacity.

On January 10, 2012, the City Council elected to become the Successor Agency for the Redevelopment Agency of the City of Santa Monica in accordance with the Bill as part of City resolution number 10647.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The assets and activities of the dissolved redevelopment agency are reported in a private-purpose trust fund in the financial statements of the City.

NOTE 18 - SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT (CONTINUED)

A. Cash and Investments

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Restricted cash and investments	$ 4,149,872
Restricted cash and investments with fiscal agent	7,436,122
Total cash and investments	$ 11,585,994

Investments of the Successor Agency are governed by Government Code Section 53601 and the City's Investment Policy, which restrict the term and types of investments that can be made. For fair value, authorized investments, disclosures relating to interest rate and credit risk, see Note 2.

B. Successor Agency Long-term Liabilities

Changes in long-term liabilities:

Long-term liability activity for the fiscal year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year	Amount Due Beyond One Year
Loans and notes payable from direct borrowings	$ 34,651,764	$ -	$ 937,469	$ 33,714,295	$ 1,001,383	$ 32,712,912
Term loan from direct borrowings	13,636,364	-	3,030,303	10,606,061	3,030,303	7,575,758
Tax allocation bonds	63,860,000	-	3,390,000	60,470,000	3,545,000	56,925,000
Less: deferred amounts						
For issuance discounts	(40,417)	-	(8,083)	(32,334)	-	(32,334)
For issuance premiums	232,149	-	13,655	218,494	-	218,494
Total	$ 112,339,860	$ -	$ 7,363,344	$ 104,976,516	$ 7,576,686	$ 97,399,830

NOTE 18 - SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT (CONTINUED)

A summary of long-term bonds and loans outstanding at year-end is as follows:

	Date of issue	Original issue	Final Maturity Date	Interest rate	Balance at June 30, 2025
Tax allocation bonds:					
Earthquake Recovery Project 2011 *	June 7, 2011	$41,050,000	July 1, 2042	5.00-5.875%	$ 41,050,000
Earthquake Recovery Project Refunding 2006 *	April 27, 2006	$64,720,000	July 1, 2029	4.00-5.50%	19,420,000
Subtotal tax allocation bonds					60,470,000
Loan and notes from direct borrowings:					
Bank of America Term Loan (1) *	May 1, 2008	$50,000,000	July 15, 2028	Fed rate plus 1.7%	10,606,061
Promissory notes payable to others (2) *	Nov 1, 2010	$42,500,000	Jan 1, 2042	6.8%	33,714,295
Subtotal loans and notes					44,320,356
Total					$ 104,790,356

*Final and conclusive determination received from the Department of Finance

(1) To fund low moderate income housing projects
(2) For purchase of real estate

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Tax allocation bonds Principal	Tax allocation bonds Interest	Loans and notes payable from direct borrowings Principal	Loans and notes payable from direct borrowings Interest	Total Principal	Total Interest
2026	$ 3,545,000	$ 3,085,983	$ 4,031,687	$ 2,501,788	$ 7,576,687	$ 5,587,771
2027	3,705,000	2,922,858	4,099,960	2,370,960	7,804,960	5,293,818
2028	3,870,000	2,750,485	4,172,889	2,235,478	8,042,889	4,985,963
2029	4,050,000	2,560,225	2,735,638	2,095,109	6,785,638	4,655,334
2030	4,250,000	2,360,694	1,403,698	1,996,301	5,653,698	4,356,995
2031-2035	12,475,000	9,769,106	8,691,397	8,408,602	21,166,397	18,177,708
2036-2040	16,395,000	5,714,778	12,659,759	4,940,240	29,054,759	10,655,018
2041-2044	12,180,000	1,026,666	6,525,328	674,671	18,705,328	1,701,337
Totals	$ 60,470,000	$ 30,190,795	$ 44,320,356	$ 25,223,149	$104,790,356	$ 55,413,944

The Successor Agency's outstanding loan of $10,606,061 from a direct borrowing from Bank of America contains a provision that, upon default, increases the interest rate by 2.0% with the total interest rate not to exceed 12.0%.

The Successor Agency's $60,470,000 of outstanding tax allocation bonds agreements contain provisions that in the event of default the majority of the bondholders can declare the principal balance plus any accrued interest be immediately payable.

NOTE 18 - SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT (CONTINUED)

The Successor Agency's outstanding loan of $33,714,295 from a direct borrowing contains a provision that, upon default, the lender may, at its option, increase the interest rate by 5% over the rates otherwise provided for in the agreement, but in no event shall that the rate exceed 12.0% per annum. Additionally, upon default, the agreement allows the lender, at its option, to take one more action including the requirement for the entire amount due to be paid immediately and without prior notice.

C. Bank of America Term Loan

The Successor Agency has a term loan from Bank of America. Interest on the loan is LIBOR + 1.25%. In light of the discontinuation of the publication of USD LIBOR, the Successor Agency was notified by Bank of America that as of July 1, 2023, the interest rate on the term loan will reset to the Secured Overnight Financing Rate + 1.7%, following the USD LIBOR cessation on June 30, 2023.

D. Pledged Revenue

The Former Redevelopment Agency had a number of debt issues that were assumed by the Successor Agency that involve the pledging of revenues. The amounts and terms of the remainder of these commitments and the purposes for which the proceeds of the debt issuances are utilized are indicated in the summary of long-term bonds and loans and notes outstanding at year-end presented in this note. AB1X26 only allows sufficient tax revenues to be allocated to the Successor Agency in an amount equal to pay debt service that is deemed to be an enforceable obligation and debt service payments as a percentage of the pledged gross revenue (net of certain expenses where so specified in debt covenants) will always be 100%.

These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of pledged revenue/debt:	Annual amount of pledged revenue (net of expenses, where required)	Annual debt service payments (of all debt secured by this revenue)	Debt service as a percentage of pledged revenue	Future amount of pledged revenue
Tax increment				
Earthquake Recovery Project Refunding 2006	$ 4,448,333	$ 4,448,333	100 %	$ 21,788,181
Earthquake Recovery Project 2011	2,262,413	2,262,413	100 %	68,872,613
Note Payable to Others	3,300,000	3,300,000	100 %	58,499,995
Bank of America Term Loan	3,774,306	3,774,306	100 %	11,043,509

NOTE 19 - RESTATEMENTS

Change in Accounting Principle

For fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences, to align recognition and measurement under a single unified model to better meet the needs of financial statement users; refer to note 1. The effect of the implementation of the change in accounting principle is shown in the table below.

NOTE 19 - RESTATEMENTS (CONTINUED)

	Governmental Activities	Business-Type Activities
Beginning Net Position, as previously reported	$ 930,859,064	$ 565,220,656
Change in accounting principle	(4,212,736)	(909,282)
Beginning Net Position, as restated	$ 926,646,328	$ 564,311,374

	Business Type						
	Water Fund	Wastewater Fund	Airport	Resource Recovery and Recycling	Big Blue Bus	Pier	Cemetery
Beginning Net Position, as previously reported	$ 60,195,349	$ 206,640,289	$ 38,184,079	$ 295,382	$ 160,742,501	$ 27,753,708	$ 4,399,204
Change in accounting principle	(122,972)	(56,229)	(29,320)	(107,049)	(495,558)	(56,531)	(14,385)
Beginning Net Position, as restated	$ 60,072,377	$ 206,584,060	$ 38,154,759	$ 188,333	$ 160,246,943	$ 27,697,177	$ 4,384,819

	Internal Service Funds	
	Vehicle Management	Self-insurance Risk Management Admin
Beginning Net Position, as previously reported	$ 57,479,752	$ 165,964
Change in accounting principle	(27,238)	(52,038)
Beginning Net Position, as restated	$ 57,452,514	$ 113,926

NOTE 20 - SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through March 3, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

Required Supplementary Information

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Property taxes	$ 85,094,430	$ 86,296,573	$ 85,970,092	$ -	$ 85,970,092	$ (326,481)
Sales and uses tax	79,264,256	75,301,043	72,412,063	-	72,412,063	(2,888,980)
Transient occupancy taxes	73,661,453	70,031,671	63,318,760	-	63,318,760	(6,712,911)
Utility user taxes	35,953,000	36,269,200	36,618,147	-	36,618,147	348,947
Real property transfer fees	12,000,000	12,000,000	10,215,627	-	10,215,627	(1,784,373)
Business license taxes	34,964,500	38,164,500	38,479,130	-	38,479,130	314,630
Parking facility taxes	11,535,000	14,279,272	14,124,830	-	14,124,830	(154,442)
Other taxes	310,000	160,000	151,067	-	151,067	(8,933)
Licenses and permits	36,935,025	36,611,594	34,728,701	-	34,728,701	(1,882,893)
Intergovernmental	2,293,025	2,293,025	1,779,337	-	1,779,337	(513,688)
Charges for services	55,355,259	54,065,846	56,378,405	-	56,378,405	2,312,559
Fines and forfeitures	13,406,910	14,442,020	11,214,264	-	11,214,264	(3,227,756)
Investment income	3,700,000	3,700,000	13,401,437	-	13,401,437	9,701,437
Rental income	8,284,135	8,284,135	7,382,215	-	7,382,215	(901,920)
Settlement income	-	-	22,797	-	22,797	22,797
Other revenue	6,014,887	4,057,137	3,294,788	-	3,294,788	(762,349)
Total revenues	**458,771,880**	**455,956,016**	**449,491,660**	**-**	**449,491,660**	**(6,464,356)**
EXPENDITURES						
Current:						
General government						
City council	934,133	942,711	865,030	-	865,030	77,681
City manager	7,044,583	7,533,975	6,618,197	90,733	6,708,930	825,045
Record and election services	3,746,095	3,802,918	3,220,276	-	3,220,276	582,642
Finance	13,292,769	13,914,871	12,363,048	513,912	12,876,960	1,037,911
City attorney	14,019,634	16,105,109	16,160,472	12,175	16,172,647	(67,538)
Human resources	6,604,690	7,108,981	5,655,327	46,732	5,702,059	1,406,922
Information services	13,781,724	14,654,344	12,058,747	33,169	12,091,916	2,562,428
Public works	12,584,267	16,078,599	11,979,265	27,665	12,006,930	4,071,669
Other	11,745,274	12,508,849	8,239,658	558,811	8,798,469	3,710,380
Total general government	83,753,169	92,650,357	77,160,020	1,283,197	78,443,217	14,207,140
Public safety						
City manager	6,544,945	6,833,574	6,959,720	-	6,959,720	(126,146)
Police	118,808,313	121,041,174	124,199,211	20,961	124,220,172	(3,178,998)
Fire	55,021,452	55,120,390	60,337,853	23,815	60,361,668	(5,241,278)
Total public safety	180,374,710	182,995,138	191,496,784	44,776	191,541,560	(8,546,422)

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
General services						
Public works	54,710,021	55,937,456	53,364,111	362,234	53,726,345	2,211,111
Mobility	26,253,796	27,769,811	25,502,362	501,386	26,003,748	1,766,063
Total general services	80,963,817	83,707,267	78,866,473	863,620	79,730,093	3,977,174
Housing and community services						
Housing and community services	34,321,659	36,914,333	22,500,327	571,353	23,071,680	13,842,653
Other	30,627,939	29,692,189	38,771,249	4,704,545	43,475,794	(13,783,605)
Total housing and community services	64,949,598	66,606,522	61,271,576	5,275,898	66,547,474	59,048
Library						
Library	11,685,698	11,787,811	11,466,446	128,962	11,595,408	192,403
Total library	11,685,698	11,787,811	11,466,446	128,962	11,595,408	192,403
Community development						
Community development	23,471,474	23,788,260	21,866,928	238,574	22,105,502	1,682,758
Total community development	23,471,474	23,788,260	21,866,928	238,574	22,105,502	1,682,758
Capital outlay	1,901,625	19,099,792	3,149,907	-	3,149,907	15,949,885
Principal	-	-	1,473,769	-	1,473,769	(1,473,769)
Interest	-	-	258,873	8,895,797	9,154,670	(9,154,670)
Total expenditures	**447,100,091**	**480,635,147**	**447,010,776**	**16,730,824**	**463,741,600**	**16,893,547**
Excess (deficiency) of revenues over (under) expenditures	**11,671,789**	**(24,679,131)**	**2,480,884**	**(16,730,824)**	**(14,249,940)**	**10,429,191**
OTHER FINANCING SOURCES (USES)						
Transfers in	14,567,448	14,827,416	15,094,488	-	15,094,488	267,072
Transfers out	(30,794,518)	(30,326,643)	(26,110,718)	-	(26,110,718)	4,215,925
Debt Issuance Proceeds	-	-	1,988,506	-	1,988,506	1,988,506
Total other financing sources (uses)	**(16,227,070)**	**(15,499,227)**	**(9,027,724)**	**-**	**(9,027,724)**	**6,471,503**
Net change in fund balance	**(4,555,281)**	**(40,178,358)**	**(6,546,840)**	**(16,730,824)**	**(23,277,664)**	**$ 16,900,694**
Fund balance-beginning	174,599,571	174,599,571	174,599,571	-	174,599,571	-
Fund balance-ending	**$ 170,044,290**	**$ 134,421,213**	**$ 168,052,731**	**$ (16,730,824)**	**$ 151,321,907**	**$ 16,900,694**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Source Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	547,516	547,516	2,389,556	-	2,389,556	1,842,040
Charges for services	$ 678,107	$ 678,107	$ 584,466	$ -	$ 584,466	$ (93,641)
Investment income	-	-	1,040,924	-	1,040,924	1,040,924
Other revenue	3,710,994	3,824,658	3,240,215	-	3,240,215	(584,443)
Total revenues	**4,936,617**	**5,050,281**	**7,255,161**	**-**	**7,255,161**	**2,204,880**
EXPENDITURES						
Public safety						
Police	4,568	730,863	42,266	-	42,266	688,597
Fire	15,606	15,606	7,723	-	7,723	7,883
Total public safety	20,174	746,469	49,989	-	49,989	696,480
General services						
Public works	-	-	-	804,665	804,665	(804,665)
Mobility	337,644	756,697	296,207	45,750	341,957	414,740
Total general services	337,644	756,697	296,207	850,415	1,146,622	(389,925)
Housing and community services						
Housing and community services	3,485,690	3,607,439	2,160,317	202,390	2,362,707	1,244,732
Other	350,915	359,590	202,888	-	202,888	156,702
Total housing and community services	3,836,605	3,967,029	2,363,205	202,390	2,565,595	1,401,434
Community development						
Community development	-	44,000	6,400	37,600	44,000	-
Total community development	-	44,000	6,400	37,600	44,000	-
Capital outlay	900,000	14,436,546	5,291,225	3,172,735	8,463,960	5,972,586
Total expenditures	**5,094,423**	**19,950,741**	**8,007,026**	**4,263,140**	**12,270,166**	**7,680,575**
Excess (deficiency) of revenues over (under) expenditures	**(157,806)**	**(14,900,460)**	**(751,865)**	**(4,263,140)**	**(5,015,005)**	**9,885,455**
OTHER FINANCING SOURCES (USES)						
Transfers in	9,357,500	8,889,625	4,576,471	-	4,576,471	(4,313,154)
Transfers out	(3,049,744)	(3,049,744)	(2,972,841)	-	(2,972,841)	76,903
Total other financing sources (uses)	**6,307,756**	**5,839,881**	**1,603,630**	**-**	**1,603,630**	**(4,236,251)**
Net change in fund balance	**6,149,950**	**(9,060,579)**	**851,765**	**(4,263,140)**	**(3,411,375)**	**5,649,204**
Fund balance-beginning	189,472,197	189,472,197	189,472,197	-	189,472,197	-
Fund balance-ending	**$ 195,622,147**	**$ 180,411,618**	**$ 190,323,962**	**$ (4,263,140)**	**$ 186,060,822**	**$ 5,649,204**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure GS Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Real property transfer fees	$ -	$ -	$ 24,797,325	$ -	$ 24,797,325	$ 24,797,325
Total revenues	**-**	**-**	**24,797,325**	**-**	**24,797,325**	**24,797,325**
EXPENDITURES						
Current:						
Housing and community services						
Housing and community services	-	17,057,122	10,000,000	-	10,000,000	7,057,122
Total housing and community services	-	17,057,122	10,000,000	-	10,000,000	7,057,122
Total expenditures	**-**	**17,057,122**	**10,000,000**	**-**	**10,000,000**	**7,057,122**
Net change in fund balance	**-**	**(17,057,122)**	**14,797,325**	**-**	**14,797,325**	**31,854,447**
Fund balance-beginning	18,243,200	18,243,200	18,243,200	-	18,243,200	-
Fund balance-ending	**$ 18,243,200**	**$ 1,186,078**	**$ 33,040,525**	**$ -**	**$ 33,040,525**	**$ 31,854,447**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Low and Moderate Income Housing Asset Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Investment income	$ 100,000	$ 100,000	$ 769,388	$ -	$ 769,388	$ 669,388
Other revenue	400,000	400,000	206,700	-	206,700	(193,300)
Total revenues	**500,000**	**500,000**	**976,088**	**-**	**976,088**	**476,088**
EXPENDITURES						
Current:						
Community development						
Community development	-	-	162	-	162	(162)
Total community development	-	-	162	-	162	(162)
Total expenditures	**-**	**-**	**162**	**-**	**162**	**(162)**
Excess (deficiency) of revenues over (under) expenditures	**500,000**	**500,000**	**975,926**	**-**	**975,926**	**475,926**
OTHER FINANCING SOURCES (USES)						
Transfers out	(389,364)	(389,364)	(146,691)	-	(146,691)	242,673
Total other financing sources (uses)	**(389,364)**	**(389,364)**	**(146,691)**	**-**	**(146,691)**	**242,673**
Net change in fund balance	**110,636**	**110,636**	**829,235**	**-**	**829,235**	**718,599**
Fund balance-beginning	67,325,089	67,325,089	67,325,089	-	67,325,089	-
Fund balance-ending	**$ 67,435,725**	**$ 67,435,725**	**$ 68,154,324**	**$ -**	**$ 68,154,324**	**$ 718,599**

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BUDGETARY AND LEGAL COMPLIANCE

The City Council is required to adopt an annual budget resolution by June 30 each fiscal year for the General Fund, each special revenue fund and each capital projects fund, except the Rent Control Fund and the Asset Seizure Fund. The legal level of budgetary control is the department level. The City Council also approves annual operating budgets for the City's proprietary and internal service funds to facilitate management evaluation and control.

The budget is prepared on a non-GAAP budgetary basis, which considers encumbrances outstanding at year-end as an expenditure of that year. Encumbrances outstanding at the beginning of a fiscal year, which were recognized as budgetary expenditures in the prior year, are recognized as GAAP-basis expenditures but not as budgetary expenditures unless re-appropriated. It is the City's policy to only re-appropriate capital encumbrances and unencumbered balances of specific capital appropriations. Appropriations in governmental funds outstanding at year-end lapse, except for encumbered amounts, for which fund balances are restricted, committed or assigned at year-end for governmental funds.

The actual results of operations on a budgetary basis compared to the appropriations adopted by the City Council for budgeted major governmental funds are presented as required supplementary information. The comparisons of actual results with the budget for nonmajor funds are presented as supplementary information in the combining schedules.

The overages in the Fire Department were primarily due to unanticipated staffing shortages from retirements, workers comp injuries and Santa Monica Paid Parental Leave (SMPPL). These shortages are continued drivers of higher than budgeted overtime costs. This is a result of Santa Monica Fire Department's constant staffing requirements, which aims to ensure readiness to respond to emergencies 24 hours a day, 7 days a week with a fixed level of available staffing. Additionally, the Palisades Fire increased overtime for the Fire Department as did assisting with 20 plus wildfires as part of mutual aid strike team deployments, for which the City is fully reimbursed – this overtime is unbudgeted as it is difficult to predict from year to year. The overages in the Police Department were driven by several large scale emergencies/activations primarily the Palisades Fire where a portion of the City was evacuated and Police provided around the clock security.

The City did not adopt budgets for the Asset Seizure, Rent Control, Debt Service, and Permanent Funds.

The following funds had expenditures in excess of appropriations for the year ended June 30, 2025:

	Budget	Actual	Variance
Housing Authority	$ 29,499,325	$ 30,683,954	$ (1,184,629)
COPS	131,037	281,714	(150,677)

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 25,273,992	$ 23,971,244	$ 23,414,895	$ 23,008,107
Interest on total pension liability	95,797,769	91,665,614	88,372,749	88,117,804
Changes in benefit terms	-	1,091,674	-	-
Changes in assumptions	-	-	43,606,082	-
Difference between expected and actual experience	11,462,303	(4,528)	(43,993,486)	(6,035,074)
Benefit payments, including refunds of employee contributions	(69,163,727)	(66,564,697)	(64,295,906)	(60,892,615)
Net change in total pension liability	**63,370,337**	**50,159,307**	**47,104,334**	**44,198,222**
Total pension liability-beginning	1,398,856,027	1,348,696,720	1,301,592,386	1,257,394,164
Total pension liability-ending (a)	**1,462,226,364**	**1,398,856,027**	**1,348,696,720**	**1,301,592,386**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	39,014,371	39,554,659	36,918,832	35,463,537
Contributions-employee	11,235,624	9,775,361	9,218,079	9,089,233
Net investment income	107,381,436	66,936,805	(90,335,494)	223,034,645
Benefit payments, including refunds of employee contributions	(69,163,727)	(66,564,697)	(64,295,906)	(60,892,615)
Net plan to plan resource movement	-	-	(1,661)	-
Administrative expense	(924,618)	(799,629)	(745,442)	(989,932)
Other miscellaneous income/(expense)	-	-	-	-
Net change in fiduciary net position	**87,543,086**	**48,902,499**	**(109,241,592)**	**205,704,868**
Plan fiduciary net position-beginning	1,136,311,447	1,087,408,948	1,196,650,540	990,945,672
Plan fiduciary net position-ending (b)	**1,223,854,533**	**1,136,311,447**	**1,087,408,948**	**1,196,650,540**
Net pension liability/(asset) (a) - (b)	**$ 238,371,831**	**$ 262,544,580**	**$ 261,287,772**	**$ 104,941,846**
Plan fiduciary net position as a percentage of the total pension liability	**83.70%**	**81.23%**	**80.63%**	**91.94%**
Covered-employee payroll	$ 149,900,163	$ 144,362,063	$ 130,526,018	$ 121,534,739
Plan net pension liability/(asset) as a percentage of covered-employee payroll	**159.02%**	**181.87%**	**200.18%**	**86.35%**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes: There were no changes in benefits.

Changes of Assumptions:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Actuarial Assumptions December 2017. There were no changes in the discount rate.
In 2017, the discount rate was reduced from 7.65% to 7.15%.
In 2016, there were no changes.
In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% reduction for pension plan administrative expense).

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years

2021	2020	2019	2018	2017	2016
$ 26,940,522	$ 27,751,083	$ 27,141,560	$ 27,164,949	$ 24,044,347	$ 23,584,538
84,780,608	81,225,010	76,677,361	73,555,405	70,686,179	67,091,447
-	-	-	-	-	-
-	-	(8,896,401)	62,254,788	-	(16,726,947)
(7,677,266)	6,325,353	(5,319,485)	(14,768,176)	(7,701,743)	(12,672,814)
(53,198,960)	(49,130,828)	(44,560,263)	(41,097,884)	(36,967,774)	(35,460,612)
50,844,904	**66,170,618**	**45,042,772**	**107,109,082**	**50,061,009**	**25,815,612**
1,206,549,260	1,140,378,642	1,095,335,870	988,226,788	938,165,779	912,350,167
1,257,394,164	**1,206,549,260**	**1,140,378,642**	**1,095,335,870**	**988,226,788**	**938,165,779**
39,789,326	32,912,163	29,338,109	56,350,053	28,154,218	28,349,184
11,287,483	11,502,697	11,221,260	11,398,672	11,256,065	10,754,206
48,650,608	58,848,094	70,094,677	82,395,628	3,759,440	15,956,734
(53,198,960)	(49,130,828)	(44,560,263)	(41,097,884)	(36,967,774)	(35,460,612)
-	(1,658)	(2,066)	(61,526)	(767)	(909)
(1,333,238)	(636,732)	(1,293,232)	(1,065,974)	(436,504)	(806,463)
-	2,066	(2,455,869)	-	-	-
45,195,219	**53,495,802**	**62,342,616**	**107,918,969**	**5,764,678**	**18,792,140**
945,750,453	892,254,651	829,912,035	721,993,066	716,228,388	697,436,244
990,945,672	**945,750,453**	**892,254,651**	**829,912,035**	**721,993,066**	**716,228,384**
$ 266,448,492	**$ 260,798,807**	**$ 248,123,991**	**$ 265,423,835**	**$ 266,233,722**	**$ 221,937,395**
78.81%	**78.38%**	**78.24%**	**75.77%**	**73.06%**	**76.34%**
$ 152,120,397	$ 154,765,955	$ 149,416,791	$ 147,371,283	$ 142,942,436	$ 137,199,170
175.16%	**168.51%**	**166.06%**	**180.11%**	**186.25%**	**161.76%**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios
Police Safety Plan
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 12,586,422	$ 11,160,753	$ 11,983,989	$ 10,894,969
Interest on total pension liability	42,647,169	39,811,421	38,056,896	36,994,605
Changes of benefit terms	-	187,484	-	-
Changes of assumptions	-	-	18,737,902	-
Difference between expected and actual experience	20,301,875	4,636,052	(6,104,197)	1,492,957
Benefit payments, including refunds of employee contributions	(31,610,982)	(30,167,180)	(27,882,633)	(25,968,665)
Net change in total pension liability	**43,924,484**	**25,628,530**	**34,791,957**	**23,413,866**
Total pension liability-beginning	607,285,325	581,656,795	546,864,838	523,450,972
Total pension liability-ending (a)	**651,209,809**	**607,285,325**	**581,656,795**	**546,864,838**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	23,779,512	21,964,048	20,119,437	19,121,459
Contributions-employee	4,364,447	3,604,634	3,318,392	3,832,845
Net investment income	43,424,354	26,969,215	(35,957,533)	88,656,069
Benefit payments, including refunds of employee contributions	(31,610,982)	(30,167,180)	(27,882,633)	(25,968,665)
Net plan to plan resource movement	-	-	1,661	-
Administrative expense	(371,949)	(319,920)	(296,366)	(390,087)
Other miscellaneous income/(expense)	-	-	-	-
Net change in fiduciary net position	**39,585,382**	**22,050,797**	**(40,697,042)**	**85,251,621**
Plan fiduciary net position-beginning	457,107,017	435,056,220	475,753,262	390,501,641
Plan fiduciary net position-ending (b)	**496,692,399**	**457,107,017**	**435,056,220**	**475,753,262**
Net pension liability/(asset) (a) - (b)	**$ 154,517,410**	**$ 150,178,308**	**$ 146,600,575**	**$ 71,111,576**
Plan fiduciary net position as a percentage of the total pension liability	**76.27%**	**75.27%**	**74.80%**	**87.00%**
Covered-employee payroll	$ 39,757,015	$ 41,404,174	$ 35,270,579	$ 32,619,907
Plan net pension liability/(asset) as a percentage of covered-employee payroll	**388.65%**	**362.71%**	**415.65%**	**218.00%**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes: In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death benefit occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms

Changes of Assumptions:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

In 2017, the discount rate was reduced from 7.65% to 7.15%.

In 2016, there were no changes.

In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense).

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios
Police Safety Plan
As of June 30, for the Last Ten Fiscal Years

2021	2020	2019	2018	2017	2016
$ 11,086,298	$ 10,255,581	$ 10,217,345	$ 9,940,041	$ 8,471,379	$ 8,324,522
35,384,916	33,763,191	32,412,581	31,045,060	29,901,653	28,537,027
-	-	-	-	-	-
-	-	(2,129,031)	26,521,719	-	(7,150,335)
2,033,685	(1,686,562)	587,060	(3,121,761)	(1,152,112)	(501,077)
(24,742,085)	(22,830,569)	(21,315,119)	(19,596,092)	(18,767,835)	(17,121,429)
23,762,814	**19,501,641**	**19,772,836**	**44,788,967**	**18,453,085**	**12,088,708**
499,688,158	480,186,517	460,413,681	415,624,714	397,171,629	385,082,921
523,450,972	**499,688,158**	**480,186,517**	**460,413,681**	**415,624,714**	**397,171,629**
19,904,356	15,926,339	13,774,479	26,559,693	12,697,470	13,033,273
3,493,416	3,118,363	3,021,783	2,827,317	2,753,594	2,695,506
18,812,931	23,179,043	28,113,907	32,951,701	1,516,091	6,513,781
(24,742,085)	(22,830,569)	(21,315,119)	(19,596,092)	(18,767,835)	(17,121,429)
-	-	(823)	61,526	767	-
(526,627)	(252,921)	(517,855)	(428,091)	(177,915)	(328,610)
-	823	(983,415)	-	-	-
16,941,991	**19,141,078**	**22,092,957**	**42,376,054**	**(1,977,828)**	**4,792,521**
373,559,650	354,418,572	332,325,615	289,949,561	291,927,389	287,134,868
390,501,641	**373,559,650**	**354,418,572**	**332,325,615**	**289,949,561**	**291,927,389**
$ 132,949,331	**$ 126,128,508**	**$ 125,767,945**	**$ 128,088,066**	**$ 125,675,153**	**$ 105,244,240**
74.60%	**74.76%**	**73.81%**	**72.18%**	**69.76%**	**73.50%**
$ 33,829,867	$ 34,111,685	$ 31,286,093	$ 31,769,364	$ 30,592,273	$ 29,176,438
392.99%	**369.75%**	**401.99%**	**403.18%**	**410.81%**	**360.72%**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios
Fire Safety Plan
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022
TOTAL PENSION LIABILITY				
Service cost	$ 6,008,744	$ 5,629,571	$ 5,374,830	$ 4,961,970
Interest on total pension liability	21,136,774	20,037,805	19,255,577	19,058,867
Changes of benefit terms	-	83,724	-	-
Changes of assumptions	-	-	7,868,131	-
Difference between expected and actual experience	6,411,841	2,094,906	(4,732,508)	1,566,296
Benefit payments, including refunds of employee contributions	(16,638,419)	(16,045,022)	(15,154,515)	(14,553,773)
Net change in total pension liability	**16,918,940**	**11,800,984**	**12,611,515**	**11,033,360**
Total pension liability-beginning	305,233,049	293,432,065	280,820,550	269,787,190
Total pension liability-ending (a)	**322,151,989**	**305,233,049**	**293,432,065**	**280,820,550**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	10,546,636	10,601,782	9,304,903	8,636,700
Contributions-employee	2,152,896	2,001,163	1,747,250	1,752,072
Net investment income	20,141,728	12,644,067	(17,088,459)	42,296,327
Benefit payments, including refunds of employee contributions	(16,638,419)	(16,045,022)	(15,154,515)	(14,553,773)
Net plan to plan resource movement	-	-	-	-
Administrative expense	(173,875)	(150,477)	(140,762)	(187,821)
Other miscellaneous income/(expense)	-	-	-	-
Net change in fiduciary net position	**16,028,966**	**9,051,513**	**(21,331,583)**	**37,943,505**
Plan fiduciary net position-beginning	213,683,523	204,632,010	225,963,593	188,020,088
Plan fiduciary net position-ending (b)	**229,712,489**	**213,683,523**	**204,632,010**	**225,963,593**
Net pension liability/(asset) (a) - (b)	**$ 92,439,500**	**$ 91,549,526**	**$ 88,800,055**	**$ 54,856,957**
Plan fiduciary net position as a percentage of the total pension liability	**71.31%**	**70.01%**	**69.74%**	**80.47%**
Covered-employee payroll	$ 23,423,035	$ 22,535,670	$ 21,410,869	$ 18,953,091
Plan net pension liability/(asset) as a percentage of covered-employee payroll	**394.65%**	**406.24%**	**414.74%**	**289.44%**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

Benefit Changes: In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death benefit occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms

Changes of Assumptions:
In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and

In 2017, the discount rate was reduced from 7.65% to 7.15%.
In 2016, there were no changes.
In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65%

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios
Fire Safety Plan
As of June 30, for the Last Ten Fiscal Years

2021	2020	2019	2018	2017	2016
$ 5,050,337	$ 4,994,560	$ 4,738,879	$ 4,623,044	$ 3,778,677	$ 3,766,398
18,311,217	17,610,724	16,808,267	16,174,733	15,730,320	15,338,448
-	-	-	-	-	-
-	-	(1,206,898)	13,218,472	-	(3,653,466)
923,359	2,419,289	1,380,602	(943,161)	(2,919,523)	(515,792)
(14,300,274)	(13,218,568)	(12,523,618)	(11,813,956)	(11,409,171)	(10,728,684)
9,984,639	**11,806,005**	**9,197,232**	**21,259,132**	**5,180,303**	**4,206,904**
259,802,551	247,996,546	238,799,314	217,540,182	212,359,879	208,152,975
269,787,190	**259,802,551**	**247,996,546**	**238,799,314**	**217,540,182**	**212,359,879**
10,703,394	7,213,925	6,276,049	10,375,991	5,320,402	5,142,818
1,752,804	1,690,559	1,661,415	1,565,941	1,479,400	1,375,301
9,068,546	11,434,835	13,896,417	16,797,654	706,789	3,458,100
(14,300,274)	(13,218,568)	(12,523,618)	(11,813,956)	(11,409,171)	(10,728,684)
-	-	(405)	-	-	-
(255,237)	(124,209)	(257,882)	(219,672)	(93,112)	(171,948)
-	405	(489,721)	-	-	-
6,969,233	**6,996,947**	**8,562,255**	**16,705,958**	**(3,995,692)**	**(924,413)**
181,050,855	174,053,908	165,491,653	148,785,695	152,781,387	153,705,800
188,020,088	**181,050,855**	**174,053,908**	**165,491,653**	**148,785,695**	**152,781,387**
$ 81,767,102	**$ 78,751,696**	**$ 73,942,638**	**$ 73,307,661**	**$ 68,754,487**	**$ 59,578,492**
69.69%	**69.69%**	**70.18%**	**69.30%**	**68.39%**	**71.94%**
$ 19,108,351	$ 18,795,618	$ 17,478,610	$ 16,861,345	$ 15,701,959	$ 15,565,558
427.91%	**418.99%**	**423.05%**	**434.77%**	**437.87%**	**382.76%**

CITY OF SANTA MONICA, CALIFORNIA
Schedules of Plan Contributions - Miscellaneous Pension Plan
As of June 30, For the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)		Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2025	$ 42,858,534	$ (42,858,534)	$ -		$ 149,900,163	28.59%
2024	38,984,554	(38,984,554)	-		144,362,063	27.00%
2023	40,771,715	(39,558,900)	1,212,815	(1)	130,526,018	30.31%
2022	41,185,704	(36,904,394)	4,281,310	(1)	121,534,739	30.37%
2021	40,186,749	(35,458,470)	4,728,279	(1)	121,619,165	29.16%
2020	36,620,603	(39,786,395)	(3,165,792)		152,120,397	26.15%
2019	32,707,844	(32,912,563)	(204,719)		154,765,955	21.27%
2018	29,021,468	(29,331,033)	(309,565)		149,416,791	19.63%
2017	29,097,156	(56,352,251)	(27,255,095)		147,371,283	38.24%
2016	27,377,582	(28,152,578)	(774,996)		142,942,436	19.70%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.50%
Investments Rate of Return	6.80%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

(1) Because CalPERS bases the Actuarially Determined Contribution (ADC) on historical payroll, and the City terminated more than 200 employees on and around June of 2020, the ADC based on current actual payroll would have been much lower. This resulted in the actual contributions appearing less than the ADC. The City has made all payments required by CalPERS.

CITY OF SANTA MONICA, CALIFORNIA
Schedules of Plan Contributions - Safety Police Pension Plan
As of June 30, For the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)		Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2025	$ 25,356,905	$ (25,356,905)	$ -		$ 39,757,015	63.78%
2024	23,779,512	(23,779,512)	-		41,404,174	57.43%
2023	22,106,470	(21,966,216)	140,254	(1)	35,270,579	62.28%
2022	20,876,028	(20,117,871)	758,157	(1)	32,619,907	61.67%
2021	18,987,371	(19,119,800)	(132,429)		33,829,867	56.52%
2020	17,488,731	(19,904,358)	(2,415,627)		34,111,685	58.35%
2019	15,428,327	(15,924,164)	(495,837)		31,286,093	50.90%
2018	13,453,498	(13,773,882)	(320,384)		31,769,364	43.36%
2017	13,559,983	(26,557,166)	(12,997,183)		30,592,273	86.81%
2016	12,327,896	(12,697,470)	(369,574)		29,176,438	43.52%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.50%
Investments Rate of Return	6.80%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

(1) Because CalPERS bases the Actuarially Determined Contribution (ADC) on historical payroll, and the City terminated more than 200 employees on and around June of 2020, the ADC based on current actual payroll would have been much lower. This resulted in the actual contributions appearing less than the ADC. The City has made all payments required by CalPERS.

CITY OF SANTA MONICA, CALIFORNIA
Schedules of Plan Contributions - Safety Fire Pension Plan
As of June 30, For the Last Ten Fiscal Years

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)		Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2025	$ 11,662,607	$ (11,662,607)	$ -		$ 23,423,035	49.79%
2024	10,546,636	(10,546,636)	-		22,535,670	46.80%
2023	10,318,162	(10,601,782)	(283,620)		21,410,869	49.52%
2022	9,544,076	(9,304,903)	239,173	(1)	19,020,772	48.92%
2021	8,801,916	(8,636,700)	165,216	(1)	18,953,091	45.57%
2020	7,971,960	(10,703,395)	(2,731,435)		19,108,351	56.01%
2019	6,959,294	(7,211,427)	(252,133)		18,795,618	38.37%
2018	5,884,665	(6,276,048)	(391,383)		17,748,610	35.36%
2017	5,624,625	(10,372,347)	(4,747,722)		16,861,345	61.52%
2016	5,185,401	(5,320,402)	(135,001)		15,701,959	33.88%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.50%
Investments Rate of Return	6.80%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

(1) Because CalPERS bases the Actuarially Determined Contribution (ADC) on historical payroll, and the City terminated more than 200 employees on and around June of 2020, the ADC based on current actual payroll would have been much lower. This resulted in the actual contributions appearing less than the ADC. The City has made all payments required by CalPERS.

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CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net OPEB Liability and Related Ratios as of June 30, For the Last Seven Fiscal Years[1]

	2025	2024	2023	2022
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
TOTAL OPEB LIABILITY				
Service cost	$ 1,080,743	$ 1,130,308	$ 1,491,987	$ 2,114,167
Interest on total OPEB liability	1,963,738	1,451,304	1,159,948	1,366,059
Changes in assumptions	(3,205,572)	(5,225,120)	(5,932,712)	(3,248,646)
Difference between expected and actual experience	-	9,825,144	-	(7,573,209)
Benefit payments, including refunds of employee contributions	(1,665,246)	(1,564,356)	(1,985,799)	(1,888,159)
Net change in total OPEB liability	**(1,826,337)**	**5,617,280**	**(5,266,576)**	**(9,229,788)**
Total OPEB liability-beginning	37,882,713	32,265,433	37,532,009	46,761,797
Total OPEB liability-ending (a)	**36,056,376**	**37,882,713**	**32,265,433**	**37,532,009**
PLAN FIDUCIARY NET POSITION				
Contributions-employer	3,479,789	3,314,085	3,156,420	-
Net investment income	699,118	356,146	(709,369)	1,388,572
Benefit payments, including refunds of employee contributions	(1,665,246)	(1,564,356)	(1,985,799)	(1,888,159)
Administrative expense	(2,841)	(1,958)	(1,616)	(2,465)
Other miscellaneous income/(expense)	-	-	-	-
Net change in fiduciary net position	**2,510,820**	**2,103,917**	**459,636**	**(502,052)**
Plan fiduciary net position-beginning	8,590,018	6,486,101	6,026,465	6,528,517
Plan fiduciary net position-ending (b)	**11,100,838**	**8,590,018**	**6,486,101**	**6,026,465**
Net OPEB liability/(asset) (a) - (b)	**$ 24,955,538**	**$ 29,292,695**	**$ 25,779,332**	**$ 31,505,544**
Plan fiduciary net position as a percentage of the total OPEB liability	**30.79%**	**22.70%**	**20.10%**	**16.10%**
Covered-employee payroll	$ 246,580,127	$ 236,297,286	$ 208,969,756	$ 204,332,756
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	**10.12%**	**12.40%**	**12.30%**	**15.40%**

Notes to Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios:

Benefit Changes: There were no changes in benefits.

Changes in Assumptions: Trust rate of return decreased from 6.2% to 5.55%

Discount rate for accounting increased from 2.85% to 3.05%

[1] Fiscal year 2019 was the first year of implementation; therefore, only seven years are shown. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Changes in the Net OPEB Liability and Related Ratios as of June 30, For the Last Seven Fiscal Years[1]

2021	2020	2019
6/30/2020	6/30/2019	6/30/2018
$ 1,707,389	$ 1,207,816	$ 1,073,506
1,555,940	2,125,930	2,064,073
4,391,134	6,467,787	1,443,660
-	(577,838)	-
(1,798,994)	(1,708,929)	(1,571,807)
5,855,469	**7,514,766**	3,009,432
40,906,328	33,391,562	30,382,130
46,761,797	**40,906,328**	**33,391,562**
-	3,047,011	3,011,934
432,025	712,791	412,595
(1,798,994)	(1,708,929)	(1,571,807)
(3,973)	(1,772)	(3,600)
-	-	(5,303)
(1,370,942)	**2,049,101**	**1,843,819**
7,899,459	5,850,358	4,006,539
6,528,517	**7,899,459**	**5,850,358**
$ 40,233,280	**$ 33,006,869**	**$ 27,541,204**
14.00%	**19.30%**	**17.5%**
$ 236,995,540	$ 232,059,089	$ 216,623,938
17.00%	**14.20%**	**12.7%**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Contributions - OPEB
As of June 30, For the Last Seven Fiscal Years[1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2025	$ 2,651,137	$ (3,653,779)	$ (1,002,642)	$ 269,790,280	1.35%
2024	2,212,697	(38,984,554)	-	246,580,127	1.41%
2023	2,148,293	(3,314,085)	(1,165,792)	236,297,286	1.40%
2022	2,784,342	(3,156,420)	(372,078)	208,969,756	1.51%
2021	2,664,115	-	2,664,115	204,332,849	0.00%
2020	2,452,877	-	2,452,877	236,995,540	0.00%
2019	2,727,622	(3,047,011)	(319,389)	232,059,089	1.31%

Notes to Schedule of Plan Contributions:

Valuation Date	6/30/2023
Discount Rate	5.55%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Asset Valuation Method	Fair Value
Inflation	2.50%
Salary increases	3.0% per year, used only to allocate the cost of benefits between service years
Retirement Age	50 to 75
Mortality	CalPERS 2017 Experience Study
Mortality Improvement	MacLeod Watts Scale 2020 applied generationally
Healthcare Cost Trend Rate	6.5% in 2025 to 3.9% in 2075

[1] Fiscal year 2019 was the first year of implementation; therefore, only seven years are shown. Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Supplementary Information: Non-major Funds / Other Financial Information

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for particular purposes. The nonmajor special revenue funds used in this report are listed below:

Beach Recreation Fund – To account for beach parking and concession revenues restricted or committed for expenditures related to beach maintenance and recreation activities.

Housing Authority Fund – To account for the receipt and expenditure of Federal and State funds related to housing programs.

Tenant Ownership Rights Charter Amendment (TORCA) Fund – To account for filing fee and conversion tax revenues and expenditures related to various housing programs authorized by Chapter XX of the City Charter.

South Coast Air Quality Management District (SCAQMD) Fund – To account for the receipt and expenditure of Air Quality Management District funds.

Community Development Block Grant (CDBG) Fund – To account for Federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates CDBG funds to various programs.

Miscellaneous Grants Fund – To account for the receipt and expenditure of Federal, State and County awarded grants and special allocations provided to the City.

Asset Seizure Fund – To account for the receipt and expenditure of equitable sharing program funds.

Rent Control Fund – To account for revenues and expenditures that are restricted or committed for rent control activities.

Gas Tax Fund – To account for State and County gasoline tax allocations and any Federal funds provided to the City for street-related purposes.

Local Return Fund – To account for State Grant activities including Proposition A and C.

Parks and Recreation Fund – To account for funds collected under the City's Unit Dwelling Tax. These funds are to be used for the acquisition, improvement and expansion of public parks, playgrounds and recreational facilities.

Citizens Option for Public Safety Fund – To account for the receipt and expenditure of the Citizens Option for Public Safety program established by AB3229 of 1996.

Capital Projects Funds are used to account for the accumulation of resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities of the City other than those financed by proprietary funds and trust funds. The nonmajor capital projects funds used in this report are listed below:

Clean Beaches and Ocean Parcel Tax Fund – To account for activity related to implementation of Watershed Management Plan and the passage of Measure V in November 2006.

Debt Service Funds are used to accumulate resources that are restricted, committed, or assigned for, and the payment of, general long-term debt principal, interest and related costs. The debt service funds used by the City in this report are listed below:

Debt Service Fund – To account for accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs for public facilities.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for restricted purposes. The specific permanent funds used by the City in this report are listed below:

Cemetery Perpetual Care Fund – To account for all funds received by the City from cemetery users for the perpetual care of the cemetery grounds.

Mausoleum Perpetual Care Fund – To account for all funds designated for perpetual care of the mausoleum located at the City cemetery.

CITY OF SANTA MONICA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Beach Recreation	**Housing Authority**	**TORCA**	**SCAQMD**
ASSETS				
Cash and investments (note 2)	$ 4,426,126	$ 18,602	$ 2,419,936	$ 672,836
Restricted cash and investments (note 2)	362,124	2,934,016	-	-
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	1,531,152	1,582	-	-
Leases (note 3)	11,609,737	-	-	-
Notes (note 4)	-	-	7,407,886	-
Taxes	-	-	-	-
Interest	31,767	16,043	16,870	5,348
Other governments	-	1,205,519	-	32,341
Deposits	-	-	-	-
Prepaids	-	-	-	-
Restricted assets:				
Restricted cash with fiscal agent (note 2)	-	-	-	-
Total assets	**$ 17,960,906**	**$ 4,175,762**	**$ 9,844,692**	**$ 710,525**
LIABILITIES				
Accounts payable	$ 1,411,073	$ 147,746	$ -	$ -
Accrued liabilities	232,784	107,991	-	-
Contracts payable (retained percentage)	25,324	-	22,500	10,228
Due to other funds (note 17)	-	1,847,925	-	-
Unearned revenue (note 7)	521,872	91,231	-	-
Deposits payable	386,583	-	-	-
Advances from other funds (note 17)	5,292,973	-	-	-
Total liabilities	**7,870,609**	**2,194,893**	**22,500**	**10,228**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (note 7)	-	-	-	-
Deferred inflow leases	10,148,127	-	-	-
Total deferred inflows of resources	**10,148,127**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	1,980,869	9,822,192	700,297
Unassigned	(57,830)	-	-	-
Total fund balances (deficits)	**(57,830)**	**1,980,869**	**9,822,192**	**700,297**
Total liabilities, deferred inflows, and balances (deficits)	**$ 17,960,906**	**$ 4,175,762**	**$ 9,844,692**	**$ 710,525**

CITY OF SANTA MONICA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Community Development Block Grant	**Miscellaneous Grants**	**Asset Seizure**	**Rent Control**
ASSETS				
Cash and investments (note 2)	$ -	$ -	$ 1,367,038	$ 2,549,926
Restricted cash and investments (note 2)	46,287	-	-	-
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	-	-	-	48,136
Leases (note 3)	-	-	-	-
Notes (note 4)	8,582,929	5,787,767	-	-
Taxes	-	-	-	-
Interest	127	60,351	12,478	37,242
Other governments	1,654,686	12,511,637	-	-
Deposits	3,257	-	-	-
Prepaids	-	-	-	256
Restricted assets:				
Restricted cash with fiscal agent (note 2)	-	-	-	-
Total assets	**$ 10,287,286**	**$ 18,359,755**	**$ 1,379,516**	**$ 2,635,560**
LIABILITIES				
Accounts payable	$ 72,447	$ 3,599,105	$ -	$ 15,386
Accrued liabilities	-	33,766	-	182,364
Contracts payable (retained percentage)	26,238	480,848	-	-
Due to other funds (note 17)	1,551,393	3,308,956	-	-
Unearned revenue (note 7)	-	3,382,999	-	20,160
Deposits payable	-	-	-	-
Advances from other funds (note 17)	-	-	-	109,341
Total liabilities	**1,650,078**	**10,805,674**	**-**	**327,251**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (note 7)	42,923	9,329,874	-	-
Deferred inflow leases	-	-	-	-
Total deferred inflows of resources	**42,923**	**9,329,874**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	256
Restricted	8,594,285	20,430,514	1,379,516	2,308,053
Unassigned	-	(22,206,307)	-	-
Total fund balances (deficits)	**8,594,285**	**(1,775,793)**	**1,379,516**	**2,308,309**
Total liabilities, deferred inflows, and balances (deficits)	**$ 10,287,286**	**$ 18,359,755**	**$ 1,379,516**	**$ 2,635,560**

CITY OF SANTA MONICA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Gas Tax	**Local Return**	**Parks and Recreation**	**Citizens Option for Public Safety**
ASSETS				
Cash and investments (note 2)	$ -	$ -	$ -	$ 1,050,169
Restricted cash and investments (note 2)	8,300,488	26,659,307	-	-
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	220,144	2,545	-	-
Leases (note 3)	-	-	-	-
Notes (note 4)	-	-	-	-
Taxes	-	-	-	-
Interest	52,457	163,420	-	7,003
Other governments	213,331	-	-	-
Deposits	-	-	-	-
Prepaids	-	-	-	-
Restricted assets:				
Restricted cash with fiscal agent (note 2)	-	-	-	-
Total assets	**$ 8,786,420**	**$ 26,825,272**	**$ -**	**$ 1,057,172**
LIABILITIES				
Accounts payable	$ 1,493	$ 669,787	$ -	$ 12,775
Accrued liabilities	-	-	-	-
Contracts payable (retained percentage)	63,329	136,006	-	-
Due to other funds (note 17)	1,693,142	-	126,059	-
Unearned revenue (note 7)	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds (note 17)	-	-	-	-
Total liabilities	**1,757,964**	**805,793**	**126,059**	**12,775**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (note 7)	-	1,272	-	-
Deferred inflow leases	-	-	-	-
Total deferred inflows of resources	**-**	**1,272**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	7,028,456	26,018,207	-	1,044,397
Unassigned	-	-	(126,059)	-
Total fund balances (deficits)	**7,028,456**	**26,018,207**	**(126,059)**	**1,044,397**
Total liabilities, deferred inflows, and balances (deficits)	**$ 8,786,420**	**$ 26,825,272**	**$ -**	**$ 1,057,172**

CITY OF SANTA MONICA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Capital Projects Funds	Debt Service Fund	Permanent Funds	
	Clean Beaches and Ocean Parcel Tax	**Debt Service**	**Cemetery Perpetual Care**	**Mausoleum Perpetual Care**
ASSETS				
Cash and investments (note 2)	$ 15,372,829	$ -	$ 128,155	$ 25,672
Restricted cash and investments (note 2)	3,609,295	-	-	-
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	4,763	-	21,814	11,434
Leases (note 3)	-	-	-	-
Notes (note 4)	-	-	-	-
Taxes	115,993	-	-	-
Interest	138,847	-	22,035	2,649
Other governments	-	-	-	-
Deposits	-	-	-	-
Prepaids	-	-	-	-
Restricted assets:				
Restricted cash with fiscal agent (note 2)	-	10,998,992	18,391,333	2,301,096
Total assets	**$ 19,241,727**	**$ 10,998,992**	**$ 18,563,337**	**$ 2,340,851**
LIABILITIES				
Accounts payable	$ 363,771	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Contracts payable (retained percentage)	7,590	-	-	-
Due to other funds (note 17)	-	-	-	-
Unearned revenue (note 7)	-	-	-	-
Deposits payable	-	-	-	-
Advances from other funds (note 17)	-	-	-	-
Total liabilities	**371,361**	**-**	**-**	**-**
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Deferred inflow leases	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	18,563,337	2,340,851
Restricted	18,870,366	10,998,992	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**18,870,366**	**10,998,992**	**18,563,337**	**2,340,851**
Total liabilities, deferred inflows, and balances (deficits)	**$ 19,241,727**	**$ 10,998,992**	**$ 18,563,337**	**$ 2,340,851**

CITY OF SANTA MONICA, CALIFORNIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Total Nonmajor Funds
ASSETS	
Cash and investments (note 2)	$ 28,031,289
Restricted cash and investments (note 2)	41,911,517
Receivables (net, where applicable, of allowances for uncollectible):	
Accounts	1,841,570
Leases (note 3)	11,609,737
Notes (note 4)	21,778,582
Taxes	115,993
Interest	566,637
Other governments	15,617,514
Deposits	3,257
Prepaids	256
Restricted assets:	
Restricted cash with fiscal agent (note 2)	31,691,421
Total assets	**$ 153,167,773**
LIABILITIES	
Accounts payable	$ 6,293,583
Accrued liabilities	556,905
Contracts payable (retained percentage)	772,063
Due to other funds (note 17)	8,527,475
Unearned revenue (note 7)	4,016,262
Deposits payable	386,583
Advances from other funds (note 17)	5,402,314
Total liabilities	**25,955,185**
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	9,374,069
Deferred inflow leases	10,148,127
Total deferred inflows of resources	**19,522,196**
FUND BALANCES (DEFICITS)	
Nonspendable	20,904,444
Restricted	109,176,144
Unassigned	(22,390,196)
Total fund balances (deficits)	**107,690,392**
Total liabilities, deferred inflows, and balances (deficits)	**$ 153,167,773**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Beach Recreation	**Housing Authority**	**TORCA**	**SCAQMD**
REVENUES				
Other taxes	$ -	$ -	$ 11,292	$ -
Licenses and permits	91,182	-	-	-
Intergovernmental	-	30,502,380	-	123,845
Charges for services	13,650,467	-	-	-
Investment income	843,102	107,987	132,079	38,950
Rental income	1,192,403	-	-	-
Other income	2,631,816	-	55,884	-
Total revenues	**18,408,970**	**30,610,367**	**199,255**	**162,795**
EXPENDITURES				
Current:				
General government	-	-	-	3,360
Public safety	-	-	-	-
General services	634,500	-	-	-
Housing and community services	18,633,354	30,598,049	712	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	336,660	2,754	178	-
Debt service:				
Principal	-	47,591	-	-
Interest	-	11,174	-	-
Total expenditures	**19,604,514**	**30,659,568**	**890**	**3,360**
Excess (deficiency) of revenues over (under) expenditures	**(1,195,544)**	**(49,201)**	**198,365**	**159,435**
OTHER FINANCING SOURCES (USES)				
Transfers in	2,745,438	59,172	-	-
Transfers out	(217,899)	(489,586)	(40,883)	-
Total other financing sources (uses)	**2,527,539**	**(430,414)**	**(40,883)**	**-**
Net change in fund balances	**1,331,995**	**(479,615)**	**157,482**	**159,435**
Fund balances (deficit)-beginning	(1,389,825)	2,460,484	9,664,710	540,862
Fund balances (deficit)-ending	**$ (57,830)**	**$ 1,980,869**	**$ 9,822,192**	**$ 700,297**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Community Development Block Grant	**Miscellaneous Grants**	**Asset Seizure**	**Rent Control**
REVENUES				
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	1,691,075	30,358,185	179,552	-
Charges for services	-	-	-	6,168,937
Investment income	1,815	78,343	90,391	277,647
Rental income	-	-	-	-
Other income	-	-	-	103
Total revenues	**1,692,890**	**30,436,528**	**269,943**	**6,446,687**
EXPENDITURES				
Current:				
General government	42,023	599,362	-	-
Public safety	-	4,589,091	-	-
General services	-	503,053	-	-
Housing and community services	150,000	2,944,863	-	-
Library	-	87,785	-	-
Community development	-	82,090	-	5,728,948
Capital outlay	1,443,179	22,939,438	650,000	-
Debt service:				
Principal	-	-	-	18,453
Interest	-	-	-	4,933
Total expenditures	**1,635,202**	**31,745,682**	**650,000**	**5,752,334**
Excess (deficiency) of revenues over (under) expenditures	**57,688**	**(1,309,154)**	**(380,057)**	**694,353**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	150
Transfers out	(92,007)	(1,386,283)	-	(221,138)
Total other financing sources (uses)	**(92,007)**	**(1,386,283)**	**-**	**(220,988)**
Net change in fund balances	**(34,319)**	**(2,695,437)**	**(380,057)**	**473,365**
Fund balances (deficit)-beginning	8,628,604	919,644	1,759,573	1,834,944
Fund balances (deficit)-ending	**$ 8,594,285**	**$ (1,775,793)**	**$ 1,379,516**	**$ 2,308,309**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Gas Tax	**Local Return**	**Parks and Recreation**	**Citizens Option for Public Safety**
REVENUES				
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	5,117,568	7,000,369	-	278,478
Charges for services	-	-	-	-
Investment income	390,575	1,245,369	-	51,620
Rental income	-	-	-	-
Other income	-	-	-	-
Total revenues	**5,508,143**	**8,245,738**	**-**	**330,098**
EXPENDITURES				
Current:				
General government	6,129	-	-	-
Public safety	-	-	-	264,489
General services	1,652,561	953,684	-	-
Housing and community services	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	1,486,842	3,215,980	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	**3,145,532**	**4,169,664**	**-**	**264,489**
Excess (deficiency) of revenues over (under) expenditures	**2,362,611**	**4,076,074**	**-**	**65,609**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,576,459)	(584,941)	-	-
Total other financing sources (uses)	**(2,576,459)**	**(584,941)**	**-**	**-**
Net change in fund balances	**(213,848)**	**3,491,133**	**-**	**65,609**
Fund balances (deficit)-beginning	7,242,304	22,527,074	(126,059)	978,788
Fund balances (deficit)-ending	**$ 7,028,456**	**$ 26,018,207**	**$ (126,059)**	**$ 1,044,397**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Funds	Debt Service Funds	Permanent Funds	
	Clean Beaches and Ocean Parcel Tax	Debt Service	Cemetery Perpetual Care	Mausoleum Perpetual Care
REVENUES				
Other taxes	$ 4,025,169	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	910,954	-	-	-
Charges for services	-	-	379,606	71,984
Investment income	910,160	40,704	2,058,023	248,165
Rental income	-	-	-	-
Other income	-	-	-	-
Total revenues	**5,846,283**	**40,704**	**2,437,629**	**320,149**
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
General services	583,831	-	-	-
Housing and community services	-	-	-	-
Library	-	-	-	-
Community development	-	-	-	-
Capital outlay	353,665	-	-	-
Debt service:		-	-	-
Principal	-	6,840,000	-	-
Interest	-	7,700,581	-	-
Total expenditures	**937,496**	**14,540,581**	**-**	**-**
Excess (deficiency) of revenues over (under) expenditures	**4,908,787**	**(14,499,877)**	**2,437,629**	**320,149**
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,700,993	-	-
Transfers out	(2,517,719)	-	(597,811)	(74,650)
Total other financing sources (uses)	**(2,517,719)**	**14,700,993**	**(597,811)**	**(74,650)**
Net change in fund balances	**2,391,068**	**201,116**	**1,839,818**	**245,499**
Fund balances (deficit)-beginning	16,479,298	10,797,876	16,723,519	2,095,352
Fund balances (deficit)-ending	**$ 18,870,366**	**$ 10,998,992**	**$ 18,563,337**	**$ 2,340,851**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Total Nonmajor Funds
REVENUES	
Other taxes	$ 4,036,461
Licenses and permits	91,182
Intergovernmental	76,162,406
Charges for services	20,270,994
Investment income	6,514,930
Rental income	1,192,403
Other income	2,687,803
Total revenues	**110,956,179**
EXPENDITURES	
Current:	
General government	650,874
Public safety	4,853,580
General services	4,327,629
Housing and community services	52,326,978
Library	87,785
Community development	5,811,038
Capital outlay	30,428,696
Debt service:	
Principal	6,906,044
Interest	7,716,688
Total expenditures	**113,109,312**
Excess (deficiency) of revenues over (under) expenditures	**(2,153,133)**
OTHER FINANCING SOURCES (USES)	
Transfers in	17,505,753
Transfers out	(8,799,376)
Total other financing sources (uses)	**8,706,377**
Net change in fund balances	**6,553,244**
Fund balances (deficit)-beginning	101,137,148
Fund balances (deficit)-ending	**$ 107,690,392**

Schedules of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Special Revenue Funds

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Beach Recreation Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Licenses and permits	$ 123,250	$ 123,250	$ 91,182	$ -	$ 91,182	$ (32,068)
Intergovernmental	38,127	38,127	-	-	-	(38,127)
Charges for services	14,258,341	14,454,779	13,650,467	-	13,650,467	(804,312)
Investment income	-	-	843,102	-	843,102	843,102
Rental income	1,735,056	1,735,056	1,192,403	-	1,192,403	(542,653)
Other revenue	1,791,809	1,791,809	2,631,816	-	2,631,816	840,007
Total revenues	**17,946,583**	**18,143,021**	**18,408,970**	**-**	**18,408,970**	**265,949**
EXPENDITURES						
General services						
Public works	634,500	634,500	634,500	-	634,500	-
Total general services	634,500	634,500	634,500	-	634,500	-
Housing and community services						
Other	19,528,117	19,964,222	18,633,354	266,837	18,900,191	1,064,031
Total housing and community services	19,528,117	19,964,222	18,633,354	266,837	18,900,191	1,064,031
Capital outlay	7,645	2,885,553	336,660	438,957	775,617	2,109,936
Total expenditures	**20,170,262**	**23,484,275**	**19,604,514**	**705,794**	**20,310,308**	**3,173,967**
Excess (deficiency) of revenues over (under) expenditures	**(2,223,679)**	**(5,341,254)**	**(1,195,544)**	**(705,794)**	**(1,901,338)**	**3,439,916**
OTHER FINANCING SOURCES (USES)						
Transfers in	2,751,325	2,751,325	2,745,438	-	2,745,438	(5,887)
Transfers out	(267,661)	(267,661)	(217,899)	-	(217,899)	49,762
Total other financing sources (uses)	**2,483,664**	**2,483,664**	**2,527,539**	**-**	**2,527,539**	**43,875**
Net change in fund balance	**259,985**	**(2,857,590)**	**1,331,995**	**(705,794)**	**626,201**	**3,483,791**
Fund balance-beginning	(1,389,825)	(1,389,825)	(1,389,825)	-	(1,389,825)	-
Fund balance-ending	**$ (1,129,840)**	**$ (4,247,415)**	**$ (57,830)**	**$ (705,794)**	**$ (763,624)**	**$ 3,483,791**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 30,310,880	$ 28,977,190	$ 30,502,380	$ -	$ 30,502,380	$ 1,525,190
Investment income	-	-	107,987	-	107,987	107,987
Total revenues	**30,310,880**	**28,977,190**	**30,610,367**	**-**	**30,610,367**	**1,633,177**
EXPENDITURES						
Housing and community services						
Housing and community services	30,718,705	29,492,026	30,598,049	24,386	30,622,435	(1,130,409)
Total housing and community services	30,718,705	29,492,026	30,598,049	24,386	30,622,435	(1,130,409)
Principal	-	-	47,591	-	47,591	(47,591)
Interest	-	-	11,174	-	11,174	(11,174)
Capital outlay	7,299	7,299	2,754	-	2,754	4,545
Total expenditures	**30,726,004**	**29,499,325**	**30,659,568**	**24,386**	**30,683,954**	**(1,184,629)**
Excess (deficiency) of revenues over (under) expenditures	**(415,124)**	**(522,135)**	**(49,201)**	**(24,386)**	**(73,587)**	**448,548**
OTHER FINANCING SOURCES (USES)						
Transfers in	67,497	67,497	59,172	-	59,172	(8,325)
Transfers out	(421,394)	(421,394)	(489,586)	-	(489,586)	(68,192)
Total other financing sources (uses)	**(353,897)**	**(353,897)**	**(430,414)**	**-**	**(430,414)**	**(76,517)**
Net change in fund balance	**(769,021)**	**(876,032)**	**(479,615)**	**(24,386)**	**(504,001)**	**372,031**
Fund balance-beginning	2,460,484	2,460,484	2,460,484	-	2,460,484	-
Fund balance-ending	**$ 1,691,463**	**$ 1,584,452**	**$ 1,980,869**	**$ (24,386)**	**$ 1,956,483**	**$ 372,031**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Tenant Ownership Rights Charter Amendment (TORCA) Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Other taxes	$ 25,000	$ 25,000	$ 11,292	$ -	$ 11,292	$ (13,708)
Investment income	110,000	110,000	132,079	-	132,079	22,079
Other revenue	50,000	50,000	55,884	-	55,884	5,884
Total revenues	**185,000**	**185,000**	**199,255**	**-**	**199,255**	**14,255**
EXPENDITURES						
Housing and community services						
Housing and community services	6,242	6,242	712	-	712	5,530
Total housing and community services	6,242	6,242	712	-	712	5,530
Capital outlay	-	1,010,403	178	-	178	1,010,225
Total expenditures	**6,242**	**1,016,645**	**890**	**-**	**890**	**1,015,755**
Excess (deficiency) of revenues over (under) expenditures	**178,758**	**(831,645)**	**198,365**	**-**	**198,365**	**1,030,010**
OTHER FINANCING SOURCES (USES)						
Transfers out	(116,472)	(116,472)	(40,883)	-	(40,883)	75,589
Total other financing sources (uses)	**(116,472)**	**(116,472)**	**(40,883)**	**-**	**(40,883)**	**75,589**
Net change in fund balance	**62,286**	**(948,117)**	**157,482**	**-**	**157,482**	**1,105,599**
Fund balance-beginning	9,664,710	9,664,710	9,664,710	-	9,664,710	-
Fund balance-ending	**$ 9,726,996**	**$ 8,716,593**	**$ 9,822,192**	**$ -**	**$ 9,822,192**	**$ 1,105,599**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SCAQMD Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 119,000	$ 119,000	$ 123,845	$ -	$ 123,845	$ 4,845
Investment income	10,000	10,000	38,950	-	38,950	28,950
Total revenues	**129,000**	**129,000**	**162,795**	**-**	**162,795**	**33,795**
EXPENDITURES						
Current:						
General government						
Other	-	-	3,360	-	3,360	(3,360)
Total general government	-	-	3,360	-	3,360	(3,360)
General services						
Public works	70,000	217,805	-	133,194	133,194	84,611
Total general services	70,000	217,805	-	133,194	133,194	84,611
Total expenditures	**70,000**	**217,805**	**3,360**	**133,194**	**136,554**	**81,251**
Net change in fund balance	**59,000**	**(88,805)**	**159,435**	**(133,194)**	**26,241**	**115,046**
Fund balance-beginning	540,862	540,862	540,862	-	540,862	-
Fund balance-ending	**$ 599,862**	**$ 452,057**	**$ 700,297**	**$ (133,194)**	**$ 567,103**	**$ 115,046**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 1,194,558	$ 1,194,558	$ 1,691,075	$ -	$ 1,691,075	$ 496,517
Investment income	5,000	5,000	1,815	-	1,815	(3,185)
Total revenues	**1,199,558**	**1,199,558**	**1,692,890**	**-**	**1,692,890**	**493,332**
EXPENDITURES						
Current:						
General government						
City council	157,350	207,350	42,023	65,000	107,023	100,327
Total general government	157,350	207,350	42,023	65,000	107,023	100,327
General services						
Public works	-	-	-	-	-	-
Total general services	-	-	-	-	-	-
Housing and community services						
Housing and community services	189,800	325,550	150,000	134,700	284,700	40,850
Total housing and community services	189,800	325,550	150,000	134,700	284,700	40,850
Capital outlay	1,000,000	3,253,755	1,443,179	691,726	2,134,905	1,118,850
Total expenditures	**1,347,150**	**3,786,655**	**1,635,202**	**891,426**	**2,526,628**	**1,260,027**
Excess (deficiency) of revenues over (under) expenditures	**(147,592)**	**(2,587,097)**	**57,688**	**(891,426)**	**(833,738)**	**1,753,359**
OTHER FINANCING SOURCES (USES)						
Transfers out	(131,500)	(131,500)	(92,007)	-	(92,007)	39,493
Total other financing sources (uses)	**(131,500)**	**(131,500)**	**(92,007)**	**-**	**(92,007)**	**39,493**
Net change in fund balance	**(279,092)**	**(2,718,597)**	**(34,319)**	**(891,426)**	**(925,745)**	**1,792,852**
Fund balance-beginning	8,628,604	8,628,604	8,628,604	-	8,628,604	-
Fund balance-ending	**$ 8,349,512**	**$ 5,910,007**	**$ 8,594,285**	**$ (891,426)**	**$ 7,702,859**	**$ 1,792,852**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Miscellaneous Grants Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 5,623,619	$ 52,398,638	$ 30,358,185	$ -	$ 30,358,185	$ (22,040,453)
Investment income	-	-	78,343	-	78,343	78,343
Other revenue	60,000	50,000	-	-	-	(50,000)
Total revenues	**5,683,619**	**52,448,638**	**30,436,528**	**-**	**30,436,528**	**(22,012,110)**
EXPENDITURES						
General government						
City attorney	50,000	3,915,995	599,362	107,354	706,716	3,209,279
Total general government	50,000	3,992,903	599,362	107,354	706,716	3,286,187
Public safety						
Police	-	6,939,013	2,317,663	2,889,586	5,207,249	1,731,764
Fire	-	4,025,542	2,271,428	115,763	2,387,191	1,638,351
Total public safety	-	10,964,555	4,589,091	3,005,349	7,594,440	3,370,115
General services						
Public works	-	921,042	503,053	161,626	664,679	256,363
Total general services	-	921,042	503,053	161,626	664,679	256,363
Housing and community services						
Housing and community services	2,167,844	4,658,753	2,944,863	1,585,318	4,530,181	128,572
Total housing and community services	2,167,844	4,658,753	2,944,863	1,585,318	4,530,181	128,572
Library						
Library	66,118	135,684	87,785	-	87,785	47,899
Total library	66,118	135,684	87,785	-	87,785	47,899
Community development						
Community development	-	1,820,016	82,090	9,250	91,340	1,728,676
Total community development	-	1,820,016	82,090	9,250	91,340	1,728,676
Capital outlay	8,531,800	42,267,505	22,939,438	7,999,041	30,938,479	11,329,026
Total expenditures	**10,815,762**	**64,760,458**	**31,745,682**	**12,867,938**	**44,613,620**	**20,146,838**
Excess (deficiency) of revenues over (under) expenditures	**(5,132,143)**	**(12,311,820)**	**(1,309,154)**	**(12,867,938)**	**(14,177,092)**	**(1,865,272)**
OTHER FINANCING SOURCES (USES)						
Transfers out	(277,943)	(398,418)	(1,386,283)	-	(1,386,283)	(987,865)
Total other financing sources (uses)	**(277,943)**	**(398,418)**	**(1,386,283)**	**-**	**(1,386,283)**	**(987,865)**
Net change in fund balance	**(5,410,086)**	**(12,710,238)**	**(2,695,437)**	**(12,867,938)**	**(15,563,375)**	**(2,853,137)**
Fund balance-beginning	919,644	919,644	919,644	-	919,644	-
Fund balance-ending	**$ (4,490,442)**	**$ (11,790,594)**	**$ (1,775,793)**	**$ (12,867,938)**	**$ (14,643,731)**	**$ (2,853,137)**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 4,927,044	$ 5,033,225	$ 5,117,568	$ -	$ 5,117,568	$ 84,343
Investment income	18,000	18,000	390,575	-	390,575	372,575
Total revenues	**4,945,044**	**5,051,225**	**5,508,143**	**-**	**5,508,143**	**456,918**
EXPENDITURES						
Current:						
Other	5,474	5,474	6,129	-	6,129	(655)
Total general government	5,474	5,474	6,129	-	6,129	(655)
General services						
Public works	3,500,000	8,805,382	1,652,561	-	1,652,561	7,152,821
Total general services	3,500,000	8,805,382	1,652,561	-	1,652,561	7,152,821
Housing and community services						
Housing and community services	-	-	-		-	-
Total housing and community services	-	-	-	-	-	-
Capital outlay	-	1,494,897	1,486,842	4,539,228	6,026,070	(4,531,173)
Total expenditures	**3,505,474**	**10,305,753**	**3,145,532**	**4,539,228**	**7,684,760**	**2,620,993**
Excess (deficiency) of revenues over (under) expenditures	**1,439,570**	**(5,254,528)**	**2,362,611**	**(4,539,228)**	**(2,176,617)**	**3,077,911**
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,683,495)	(2,683,495)	(2,576,459)	-	(2,576,459)	107,036
Total other financing sources (uses)	**(2,683,495)**	**(2,683,495)**	**(2,576,459)**	**-**	**(2,576,459)**	**107,036**
Net change in fund balance	**(1,243,925)**	**(7,938,023)**	**(213,848)**	**(4,539,228)**	**(4,753,076)**	**3,184,947**
Fund balance-beginning	7,242,304	7,242,304	7,242,304	-	7,242,304	-
Fund balance-ending	**$ 5,998,379**	**$ (695,719)**	**$ 7,028,456**	**$ (4,539,228)**	**$ 2,489,228**	**$ 3,184,947**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Return Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 8,818,479	$ 8,818,479	$ 7,000,369	$ -	$ 7,000,369	$ (1,818,110)
Investment income	-	-	1,245,369	-	1,245,369	1,245,369
Total revenues	**8,818,479**	**8,818,479**	**8,245,738**	**-**	**8,245,738**	**(572,741)**
EXPENDITURES						
Current:						
General services						
Public works	-	-	-	946,900	946,900	(946,900)
Mobility	3,352,563	9,337,168	953,684	1,558,665	2,512,349	6,824,819
Total general services	3,352,563	9,337,168	953,684	2,505,565	3,459,249	5,877,919
Housing and community services						
Housing and community services	-	4,754	-	-	-	4,754
Total housing and community services	-	4,754	-	-	-	4,754
Capital outlay	4,000,000	12,276,687	3,215,980	1,753,360	4,969,340	7,307,347
Total expenditures	**7,352,563**	**21,618,609**	**4,169,664**	**4,258,925**	**8,428,589**	**13,190,020**
Excess (deficiency) of revenues over (under) expenditures	**1,465,916**	**(12,800,130)**	**4,076,074**	**(4,258,925)**	**(182,851)**	**12,617,279**
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,223,893)	(1,223,893)	(584,941)	-	(584,941)	638,952
Total other financing sources (uses)	**(1,223,893)**	**(1,223,893)**	**(584,941)**	**-**	**(584,941)**	**638,952**
Net change in fund balance	**242,023**	**(14,024,023)**	**3,491,133**	**(4,258,925)**	**(767,792)**	**13,256,231**
Fund balance-beginning	22,527,074	22,527,074	22,527,074	-	22,527,074	-
Fund balance-ending	**$ 22,769,097**	**$ 8,503,051**	**$ 26,018,207**	**$ (4,258,925)**	**$ 21,759,282**	**$ 13,256,231**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Investment income	$ 3,000	$ 3,000	$ -	$ -	$ -	$ (3,000)
Total revenues	**3,000**	**3,000**	**-**	**-**	**-**	**(3,000)**
Net change in fund balance	**3,000**	**3,000**	**-**	**-**	**-**	**(3,000)**
Fund balance-beginning	(126,059)	(126,059)	(126,059)	-	(126,059)	-
Fund balance-ending	**$ (123,059)**	**$ (123,059)**	**$ (126,059)**	**$ -**	**$ (126,059)**	**$ (3,000)**

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citizens Option for Public Safety Special Revenue Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Intergovernmental	$ 235,000	$ 235,000	$ 278,478	$ -	$ 278,478	$ 43,478
Investment income	5,000	5,000	51,620	-	51,620	46,620
Total revenues	**240,000**	**240,000**	**330,098**	**-**	**330,098**	**90,098**
EXPENDITURES						
Public safety						
Police	109,094	131,037	264,489	17,225	281,714	(150,677)
Total public safety	109,094	131,037	264,489	17,225	281,714	(150,677)
Total expenditures	**109,094**	**131,037**	**264,489**	**17,225**	**281,714**	**(150,677)**
Net change in fund balance	**130,906**	**108,963**	**65,609**	**(17,225)**	**48,384**	**(60,579)**
Fund balance-beginning	978,788	978,788	978,788	-	978,788	-
Fund balance-ending	**$ 1,109,694**	**$ 1,087,751**	**$ 1,044,397**	**$ (17,225)**	**$ 1,027,172**	**$ (60,579)**

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Project Funds

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Clean Beaches and Ocean Parcel Tax Capital Projects Fund
For the Year Ended June 30, 2025

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
REVENUES						
Other taxes	$ 3,733,376	$ 3,733,376	$ 4,025,169	$ -	$ 4,025,169	$ 291,793
Intergovernmental	812,835	812,835	910,954	-	910,954	98,119
Investment income	130,000	130,000	910,160	-	910,160	780,160
Total revenues	**4,676,211**	**4,676,211**	**5,846,283**	**-**	**5,846,283**	**1,170,072**
EXPENDITURES						
General services						
Public works	1,841,097	6,528,177	583,831	4,042,319	4,626,150	1,902,027
Total general services	1,841,097	6,528,177	583,831	4,042,319	4,626,150	1,902,027
Capital outlay	6,240,000	6,480,980	353,665	2,032,311	2,385,976	4,095,004
Total expenditures	**8,081,097**	**13,009,157**	**937,496**	**6,074,630**	**7,012,126**	**5,997,031**
Excess (deficiency) of revenues over (under) expenditures	**(3,404,886)**	**(8,332,946)**	**4,908,787**	**(6,074,630)**	**(1,165,843)**	**7,167,103**
OTHER FINANCING SOURCES (USES)						
Transfers out	(3,515,894)	(3,515,894)	(2,517,719)	-	(2,517,719)	998,175
Total other financing sources (uses)	**(3,515,894)**	**(3,515,894)**	**(2,517,719)**	**-**	**(2,517,719)**	**998,175**
Net change in fund balance	**(6,920,780)**	**(11,848,840)**	**2,391,068**	**(6,074,630)**	**(3,683,562)**	**8,165,278**
Fund balance-beginning	16,479,298	16,479,298	16,479,298	-	16,479,298	-
Fund balance-ending	**$ 9,558,518**	**$ 4,630,458**	**$ 18,870,366**	**$ (6,074,630)**	**$ 12,795,736**	**$ 8,165,278**

CITY OF SANTA MONICA, CALIFORNIA

Nonmajor Enterprise Fund Financial Statements

Enterprise Funds are used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met: (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit – even if that government is not expected to make any payments – is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.) (b) Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues. (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Pier Fund – To account for revenues and expenses connected with management and development of the Santa Monica Pier.

Stormwater Management Fund – To account for revenues and expenses associated with storm water management.

Cemetery Fund – To account for revenues and expenses associated with operation of Woodlawn Cemetery and Mausoleum.

Parking Authority Fund – To account for acquisition of parking lots or contributing to the construction of parking structures by the City Parking Authority.

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025

	Business-Type Activities			
	Stormwater Management Fund	Pier Fund	Cemetery Fund	Parking Authority Fund
ASSETS				
Current assets:				
Cash and investments (note 2)	$ 1,855,897	$ 14,526,549	$ 5,120,419	$ 234,941
Restricted cash and investments (note 2)	9,915,030	290,210	61,308	-
Receivables (net of uncollectibles):				
Accounts	7,399	50,509	662,120	-
Interest	81,615	66,463	31,704	2,674
Leases (note 3)	-	1,746,055	-	-
Taxes	33,722	-	-	-
Total current assets	11,893,663	16,679,786	5,875,551	237,615
Noncurrent:				
Leases receivable	-	3,797,803	-	-
Capital assets, net of depreciation and amortization (note 5)	7,102,964	20,047,504	381,991	1,840,051
Total noncurrent assets	7,102,964	23,845,307	381,991	1,840,051
Total assets	**18,996,627**	**40,525,093**	**6,257,542**	**2,077,666**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension	-	681,839	247,542	-
Deferred outflows from OPEB	-	70,063	26,429	-
Total deferred outflows of resources	**-**	**751,902**	**273,971**	**-**
LIABILITIES				
Current liabilities:				
Accounts payable	-	185,240	234,759	211
Accrued liabilities	-	122,470	40,859	-
Contracts payable (retained percentage)	-	8,452	2,900	-
Unearned revenue (note 7)	-	17,882	-	-
Compensated absences, due within one year (note 8)	-	152,434	42,159	-
Liabilities payable from restricted assets - deposits	-	281,923	-	-
Total current liabilities	-	768,401	320,677	211
Noncurrent liabilities:				
Compensated absences, due in more than one year (note 8)	-	88,844	41,246	-
Net OPEB liability, due in more than one year (note 12)	-	103,467	39,030	-
Net pension liability, due in more than one year (note 12)	-	2,209,216	802,056	-
Total noncurrent liabilities	-	2,401,527	882,332	-
Total liabilities	**-**	**3,169,928**	**1,203,009**	**211**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	-	37,082	13,463	-
Deferred inflows from OPEB	-	74,909	28,257	-
Deferred inflows from leases	-	4,931,262	-	-
Total deferred inflows of resources	**-**	**5,043,253**	**41,720**	**-**
NET POSITION				
Net investment in capital assets	7,102,965	20,021,471	381,990	1,840,051
Unrestricted	11,893,662	13,042,343	4,904,794	237,404
Total net position	**$ 18,996,627**	**$ 33,063,814**	**$ 5,286,784**	**$ 2,077,455**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025

	Business-Type Activities
	Total Nonmajor Enterprise Funds
ASSETS	
Current assets:	
Cash and investments (note 2)	$ 21,737,806
Restricted cash and investments (note 2)	10,266,548
Receivables (net of uncollectibles):	
Accounts	720,028
Interest	182,456
Leases (note 3)	1,746,055
Taxes	33,722
Total current assets	34,686,615
Noncurrent:	
Leases receivable	3,797,803
Capital assets, net of depreciation and amortization (note 5)	29,372,510
Total noncurrent assets	33,170,313
Total assets	**67,856,928**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	929,381
Deferred outflows from OPEB	96,492
Total deferred outflows of resources	**1,025,873**
LIABILITIES	
Current liabilities:	
Accounts payable	420,210
Accrued liabilities	163,329
Contracts payable (retained percentage)	11,352
Unearned revenue (note 7)	17,882
Compensated absences, due within one year (note 8)	194,593
Liabilities payable from restricted assets - deposits	281,923
Total current liabilities	1,089,289
Noncurrent liabilities:	
Compensated absences, due in more than one year (note 8)	130,090
Net OPEB liability, due in more than one year (note 12)	142,497
Net pension liability, due in more than one year (note 12)	3,011,272
Total noncurrent liabilities	3,283,859
Total liabilities	**4,373,148**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	50,545
Deferred inflows from OPEB	103,166
Deferred inflows from leases	4,931,262
Total deferred inflows of resources	**5,084,973**
NET POSITION	
Net investment in capital assets	29,346,477
Unrestricted	30,078,203
Total net position	**$ 59,424,680**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Stormwater Management Fund	Pier Fund	Cemetery Fund	Parking Authority Fund
OPERATING REVENUES				
Charges for services	$ 1,446,891	$ 9,832,345	$ 2,889,410	$ -
Total operating revenues	**1,446,891**	**9,832,345**	**2,889,410**	**-**
OPERATING EXPENSES				
Personnel services	-	2,539,979	872,096	350
Administrative indirect	-	1,328,642	369,995	-
Contractual services	-	1,407,571	496,352	-
Repairs and maintenance	-	341,212	41,559	-
Materials and supplies	1,524	575,145	696,438	157,830
Utilities	-	303,781	220,939	-
Casualty property and liability costs	-	1,080,341	201,077	-
Depreciation and amortization	432,130	478,518	41,534	16,263
Other	19,562	835,641	17,390	-
Total operating expenses	**453,216**	**8,890,830**	**2,957,412**	**174,443**
Operating income (loss)	**993,675**	**941,515**	**(68,002)**	**(174,443)**
NONOPERATING REVENUES (EXPENSES)				
Investment income	610,558	488,171	236,801	19,049
Fees	894,961	-	-	-
Tax credits	-	5	-	-
Other nonoperating revenues (expenses)	7	219,452	85,100	-
Total nonoperating revenues (expenses)	**1,505,526**	**707,628**	**321,901**	**19,049**
Income (loss) before capital contributions and transfers	**2,499,201**	**1,649,143**	**253,899**	**(155,394)**
Transfers in	10,731	3,788,197	672,461	-
Transfers out	(1,668,366)	(70,703)	(24,395)	-
Change in net position	**841,566**	**5,366,637**	**901,965**	**(155,394)**
Net position-beginning	18,155,061	27,753,708	4,399,204	2,232,849
Change in accounting principle (note 19)	-	(56,531)	(14,385)	-
Net position-beginning, as restated	18,155,061	27,697,177	4,384,819	2,232,849
Net position-ending	**$ 18,996,627**	**$ 33,063,814**	**$ 5,286,784**	**$ 2,077,455**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities
	Total Nonmajor Enterprise Funds
OPERATING REVENUES	
Charges for services	$ 14,168,646
Total operating revenues	**14,168,646**
OPERATING EXPENSES	
Personnel services	3,412,425
Administrative indirect	1,698,637
Contractual services	1,903,923
Repairs and maintenance	382,771
Materials and supplies	1,430,937
Utilities	524,720
Casualty property and liability costs	1,281,418
Depreciation and amortization	968,445
Other	872,593
Total operating expenses	**12,475,901**
Operating income (loss)	**1,692,745**
NONOPERATING REVENUES (EXPENSES)	
Investment income	1,354,579
Fees	894,961
Tax credits	5
Other nonoperating revenues (expenses)	304,559
Total nonoperating revenues (expenses)	**2,554,104**
Income (loss) before capital contributions and transfers	**4,246,849**
Transfers in	4,471,389
Transfers out	(1,763,464)
Change in net position	**6,954,774**
Net position-beginning	52,540,822
Change in accounting principle (note 19)	(70,916)
Net position-beginning, as restated	52,469,906
Net position-ending	**$ 59,424,680**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Stormwater Management Fund	Pier Fund	Cemetery Fund	Parking Authority Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 1,447,431	$ 9,906,979	$ 2,743,745	$ -
Cash payments for materials and services	(21,086)	(3,630,173)	(1,317,891)	(157,619)
Cash payments to employees for services	-	(4,046,032)	(1,255,642)	(350)
Cash paid for claims and related services	-	(1,080,341)	(201,077)	-
Other receipts (disbursements)	7	219,452	85,100	-
Net cash provided by (used for) operating activities	**1,426,352**	**1,369,885**	**54,235**	**(157,969)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	10,731	3,788,197	672,461	-
Transfers out	(1,668,366)	(70,703)	(24,395)	-
Sales tax proceeds	879,634	5	-	-
Net cash provided by (used for) noncapital financing activities	**(778,001)**	**3,717,499**	**648,066**	**-**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(102,836)	(473,092)	-	-
Net cash provided by (used for) capital and related financing activities	**(102,836)**	**(473,092)**	**-**	**-**
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	598,691	439,050	213,951	19,264
Net cash provided by (used for) investing activities	**598,691**	**439,050**	**213,951**	**19,264**
Net increase (decrease) in cash and cash equivalents	**1,144,206**	**5,053,342**	**916,252**	**(138,705)**
Cash and cash equivalents-beginning	10,626,721	9,763,417	4,265,475	373,646
Cash and cash equivalents-ending	**$ 11,770,927**	**$ 14,816,759**	**$ 5,181,727**	**$ 234,941**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	$ 1,855,897	$ 14,526,549	$ 5,120,419	$ 234,941
Restricted cash and investments	9,915,030	290,210	61,308	-
Total cash and cash equivalents	$ 11,770,927	$ 14,816,759	$ 5,181,727	$ 234,941

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities			
	Stormwater Management Fund	Pier Fund	Cemetery Fund	Parking Authority Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ 993,675	$ 941,515	$ (68,002)	$ (174,443)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	432,130	478,518	41,534	16,263
Other non-operating revenue received	7	219,452	85,100	-
(Increase) decrease in accounts receivable	540	95,784	(145,665)	-
Increase (decrease) in accounts payable	-	(166,823)	154,819	211
Increase (decrease) in accrued liabilities	-	(12,958)	(2,043)	-
Increase (decrease) in unearned revenue	-	(7,855)	-	-
Increase (decrease) in deposits payable from restricted assets	-	(13,295)	-	-
Increase (decrease) in compensated absences payable	-	74,615	28,559	-
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	(226,493)	(33,895)	-
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	-	(12,575)	(6,172)	-
Total adjustments	432,677	428,370	122,237	16,474
Net cash provided by (used for) operating activities	$ 1,426,352	$ 1,369,885	$ 54,235	$ (157,969)
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES				
Capital assets acquired through accounts payable	-	26,034	-	-

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities
	Totals
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 14,098,155
Cash payments for materials and services	(5,126,769)
Cash payments to employees for services	(5,302,024)
Cash paid for claims and related services	(1,281,418)
Other receipts (disbursements)	304,559
Net cash provided by (used for) operating activities	**2,692,503**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	4,471,389
Transfers out	(1,763,464)
Sales tax proceeds	879,639
Net cash provided by (used for) noncapital financing activities	**3,587,564**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(575,928)
Net cash provided by (used for) capital and related financing activities	**(575,928)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	1,270,956
Net cash provided by (used for) investing activities	**1,270,956**
Net increase (decrease) in cash and cash equivalents	**6,975,095**
Cash and cash equivalents-beginning	25,029,259
Cash and cash equivalents-ending	**$ 32,004,354**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and investments	$ 21,737,806
Restricted cash and investments	10,266,548
Total cash and cash equivalents	$ 32,004,354

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Business-Type Activities
	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	$ 1,692,745
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/amortization expense	968,445
Other non-operating revenue received	304,559
(Increase) decrease in accounts receivable	(49,341)
Increase (decrease) in accounts payable	(11,793)
Increase (decrease) in accrued liabilities	(15,001)
Increase (decrease) in unearned revenue	(7,855)
Increase (decrease) in deposits payable from restricted assets	(13,295)
Increase (decrease) in compensated absences payable	103,174
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	(260,388)
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	(18,747)
Total adjustments	999,758
Net cash provided by (used for) operating activities	**$ 2,692,503**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES	
Capital assets acquired through accounts payable	$ 26,034

Internal Service Fund Financial Statements

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other governments, on a cost-reimbursement basis.

Vehicle Management Fund – To account for user charges from other funds and expenses related to the replacement, maintenance and the fueling of various City vehicles, including specialized mechanical equipment.

Information Technology Replacement and Services Fund – To account for user charges from other funds and expenses related to replacement of computer equipment.

Self-Insurance, General Liability and Auto Fund – To account for user charges from other funds and expenses related to the administration and payment of general liability and auto claims.

Self-Insurance, Bus Fund – To account for user charges from the Big Blue Bus Fund and expenses related to the administration and payment of municipal bus lines liability claims.

Self-Insurance, Risk Management Administration Fund – To account for user charges from other funds and expenses related to the administration of the risk management division.

Self-Insurance, Workers' Compensation Fund – To account for user charges from other funds and expenses related to the administration and payment of workers' compensation claims.

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance, General Liability / Auto	Self-Insurance Bus
ASSETS				
Current assets:				
Cash and investments (note 2)	$ 49,705,206	$ -	$ 14,904,455	$ 4,035,629
Receivables:				
Accounts	25,426	-	-	250
Interest	337,153	1,846	83,843	26,483
Inventory	2,790	-	-	-
Total current assets	50,070,575	1,846	14,988,298	4,062,362
Noncurrent:				
Capital assets, net of depreciation and amortization	22,198,110	1,300,299	163,033	163,033
Total assets	**72,268,685**	**1,302,145**	**15,151,331**	**4,225,395**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	1,062,870	-	-	-
Deferred outflows from OPEB	51,753	-	-	-
Total deferred outflows of resources	**1,114,623**	**-**	**-**	**-**
LIABILITIES				
Current liabilities:				
Accounts payable	2,334,590	282,076	1,115,916	37,560
Accrued liabilities	193,797	-	-	-
Contracts payable (retained percentage)	-	6,553	2,908	-
Due to other funds (note 17)	-	266,605	-	-
Compensated absences, due within one year (note 8)	166,422	-	-	-
Claims payable, due within one year (note 9)	-	-	8,888,835	4,094,581
Subscription liability, due within one year (note 6)	20,837	325,079	37,222	37,222
Total current liabilities	2,715,646	880,313	10,044,881	4,169,363
Noncurrent liabilities:				
Compensated absences, due in more than one year (note 8)	113,135	-	-	-
Claims payable, due in more than one year (note 9)	-	-	11,149,430	5,041,275
Subscription liability, due in more than one year (note 6)	75,508	762,565	87,444	87,444
Net OPEB liability, due in more than one year	76,427	-	-	-
Net pension liability, due in more than one year	3,443,789	-	-	-
Total noncurrent liabilities	3,708,859	762,565	11,236,874	5,128,719
Total liabilities	**6,424,505**	**1,642,878**	**21,281,755**	**9,298,082**
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	57,805	-	-	-
Deferred inflows from OPEB	55,333	-	-	-
Total deferred inflows of resources	**113,138**	**-**	**-**	**-**
NET POSITION				
Net investment in capital assets	19,601,501	212,655	38,367	38,367
Unrestricted	47,244,164	(553,388)	(6,168,791)	(5,111,054)
Total net position	**$ 66,845,665**	**$ (340,733)**	**$ (6,130,424)**	**$ (5,072,687)**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Self-Insurance Risk Management Admin	Self-Insurance Workers' Compensation	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments (note 2)	$ 3,190,365	$ 62,283,021	$ 134,118,676
Receivables:			
Accounts	11,216	3,625	40,517
Interest	-	474,472	923,797
Inventory	-	-	2,790
Total current assets	3,201,581	62,761,118	135,085,780
Noncurrent:			
Capital assets, net of depreciation and amortization	60,300	258,127	24,142,902
Total assets	**3,261,881**	**63,019,245**	**159,228,682**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	630,084	-	1,692,954
Deferred outflows from OPEB	31,454	-	83,207
Total deferred outflows of resources	**661,538**	**-**	**1,776,161**
LIABILITIES			
Current liabilities:			
Accounts payable	460	682,315	4,452,917
Accrued liabilities	147,764	-	341,561
Contracts payable (retained percentage)	-	55,224	64,685
Due to other funds (note 17)	-	-	266,605
Compensated absences, due within one year (note 8)	150,268	-	316,690
Claims payable, due within one year (note 9)	-	10,750,347	23,733,763
Subscription liability, due within one year (note 6)	-	64,549	484,909
Total current liabilities	298,492	11,552,435	29,661,130
Noncurrent liabilities:			
Compensated absences, due in more than one year (note 8)	84,273	-	197,408
Claims payable, due in more than one year (note 9)	-	42,869,944	59,060,649
Subscription liability, due in more than one year (note 6)	-	146,736	1,159,697
Net OPEB liability, due in more than one year	46,451	-	122,878
Net pension liability, due in more than one year	2,041,525	-	5,485,314
Total noncurrent liabilities	2,172,249	43,016,680	66,025,946
Total liabilities	**2,470,741**	**54,569,115**	**95,687,076**
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	34,267	-	92,072
Deferred inflows from OPEB	33,630	-	88,963
Total deferred inflows of resources	**67,897**	**-**	**181,035**
NET POSITION			
Net investment in capital assets	60,300	46,842	19,998,032
Unrestricted	1,324,481	8,403,288	45,138,700
Total net position	**$ 1,384,781**	**$ 8,450,130**	**$ 65,136,732**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance, General Liability / Auto	Self-Insurance Bus
OPERATING REVENUES				
Charges for services	$ 20,988,675	$ 3,068,414	$ 26,096,101	$ 5,200,000
Total operating revenues	**20,988,675**	**3,068,414**	**26,096,101**	**5,200,000**
OPERATING EXPENSES				
Personnel services	3,797,246	-	-	-
Administrative indirect	1,050,697	-	-	-
Contractual services	347,578	-	11,847	2,927
Repairs and maintenance	2,590,701	-	47,313	47,313
Materials and supplies	1,763,760	3,434,706	-	-
Utilities	131,771	-	-	-
Casualty property and liability costs	391,691	-	-	-
Claims expense net of claims reserve adjustment	-	-	10,515,417	4,572,373
Insurance and bonds	-	-	4,409,115	4,409,115
Miscellaneous fees and costs	-	-	5,644,290	318,457
Depreciation and amortization	3,666,393	284,924	42,442	42,442
Other	329,105	-	696	81
Total operating expenses	**14,068,942**	**3,719,630**	**20,671,120**	**9,392,708**
Operating income (loss)	**6,919,733**	**(651,216)**	**5,424,981**	**(4,192,708)**
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,495,332	11,099	598,598	203,120
Interest expense	(4,888)	(32,604)	(8,009)	(8,009)
Gain on disposal of capital assets	(26,898)	-	-	-
Other nonoperating revenues	14,795	1,224	-	-
Total nonoperating revenues (expenses)	**2,478,341**	**(20,281)**	**590,589**	**195,111**
Income (loss) before capital contributions and transfers	**9,398,074**	**(671,497)**	**6,015,570**	**(3,997,597)**
Transfers in	-	-	-	-
Transfers out	(4,923)	-	(696,433)	(464,346)
Change in net position	**9,393,151**	**(671,497)**	**5,319,137**	**(4,461,943)**
Net position-beginning	57,479,752	330,764	(11,449,561)	(610,744)
Change in accounting principle	(27,238)	-	-	-
Net position-beginning, as restated	57,452,514	330,764	(11,449,561)	(610,744)
Net position-ending	**$ 66,845,665**	**$ (340,733)**	**$ (6,130,424)**	**$ (5,072,687)**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Self-Insurance Risk Management Admin	Self-Insurance Workers' Compensation	Total Internal Service Funds
OPERATING REVENUES			
Charges for services	7,923,139	14,065,042	77,341,371
Total operating revenues	**7,923,139**	**14,065,042**	**77,341,371**
OPERATING EXPENSES			
Personnel services	1,976,120	-	5,773,366
Administrative indirect	661,006	-	1,711,703
Contractual services	1,776	870,060	1,234,188
Repairs and maintenance	7,397	47,513	2,740,237
Materials and supplies	35,195	1,404,700	6,638,361
Utilities	634	-	132,405
Casualty property and liability costs	69,581	-	461,272
Claims expense net of claims reserve adjustment	-	17,275,734	32,363,524
Insurance and bonds	6,936,263	866,263	16,620,756
Miscellaneous fees and costs	-	531,986	6,494,733
Depreciation and amortization	-	71,271	4,107,472
Other	210	6,917	337,009
Total operating expenses	**9,688,182**	**21,074,444**	**78,615,026**
Operating income (loss)	**(1,765,043)**	**(7,009,402)**	**(1,273,655)**
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	3,567,404	6,875,553
Interest expense	-	(12,731)	(66,241)
Gain on disposal of capital assets	-	-	(26,898)
Other nonoperating revenues	-	815,903	831,922
Total nonoperating revenues (expenses)	**-**	**4,370,576**	**7,614,336**
Income (loss) before capital contributions and transfers	**(1,765,043)**	**(2,638,826)**	**6,340,681**
Transfers in	3,037,594	-	3,037,594
Transfers out	(1,696)	(1,973,471)	(3,140,869)
Change in net position	**1,270,855**	**(4,612,297)**	**6,237,406**
Net position-beginning	165,964	13,062,427	58,978,602
Change in accounting principle	(52,038)	-	(79,276)
Net position-beginning, as restated	113,926	13,062,427	58,899,326
Net position-ending	**$ 1,384,781**	**$ 8,450,130**	**$ 65,136,732**

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance, General Liability / Auto	Self-Insurance Bus
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 21,049,523	$ 3,068,414	$ 26,096,101	$ 5,199,750
Cash payments for materials and services	(3,524,322)	(3,346,804)	(5,494,505)	(379,122)
Cash payments to employees for services	(4,891,240)	-	-	-
Cash paid for claims and related services	(391,691)	-	(17,518,670)	(5,811,208)
Other revenue received	14,795	1,224	-	-
Net cash provided by (used for) operating activities	**12,257,065**	**(277,166)**	**3,082,926**	**(990,580)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	-
Transfers out	(4,923)	-	(696,433)	(464,346)
Advances from other funds	-	266,605	-	-
Net cash provided by (used for) noncapital financing activities	**(4,923)**	**266,605**	**(696,433)**	**(464,346)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(12,178,570)	(287,407)	-	-
Payments on long-term obligations	(19,109)	-	(35,410)	(35,410)
Interest on SBITA liability	(4,888)	(32,604)	(8,008)	(8,010)
Proceeds from sale of capital assets	176,400	-	-	-
Net cash provided by (used for) capital and related financing activities	**(12,026,167)**	**(320,011)**	**(43,418)**	**(43,420)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments income	2,440,711	(34,703)	604,296	215,719
Net cash provided by (used for) investing activities	**2,440,711**	**(34,703)**	**604,296**	**215,719**
Net increase (decrease) in cash and cash equivalents	**2,666,686**	**(365,275)**	**2,947,371**	**(1,282,627)**
Cash and cash equivalents-beginning	47,038,520	365,275	11,957,084	5,318,256
Cash and cash equivalents-ending	**$ 49,705,206**	**$ -**	**$ 14,904,455**	**$ 4,035,629**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and investments	$ 49,705,206	$ -	$ 14,904,455	$ 4,035,629
Total cash and cash equivalents	$ 49,705,206	$ -	$ 14,904,455	$ 4,035,629

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance, General Liability / Auto	Self-Insurance Bus
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ 6,919,733	$ (651,216)	$ 5,424,981	$ (4,192,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	3,666,393	284,924	42,442	42,442
Other non-operating revenue received	14,795	1,224	-	-
(Increase) decrease in accounts receivable	60,848	-	-	(250)
(Increase) decrease in inventories	(165)	-	-	-
Increase (decrease) in accounts payable	1,638,758	87,902	209,641	(10,344)
Increase (decrease) in accrued liabilities	(55,762)	-	-	-
Increase (decrease) in compensated absences payable	13,853	-	-	-
Increase (decrease) in claims payable	-	-	(2,594,138)	3,170,280
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	12,081	-	-	-
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	(13,469)	-	-	-
Total adjustments	5,337,332	374,050	(2,342,055)	3,202,128
Net cash provided by (used for) operating activities	**$ 12,257,065**	**$ (277,166)**	**$ 3,082,926**	**$ (990,580)**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES				
Capital assets acquired through accounts payable	$ 2,500,266	$ -	$ -	$ -

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Self-Insurance Workers' Compensation	Self-Insurance Risk Management Admin	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 14,061,417	$ 7,918,968	$ 77,394,173
Cash payments for materials and services	(1,868,143)	(45,186)	(14,658,082)
Cash payments to employees for services	-	(2,907,279)	(7,798,519)
Cash paid for claims and related services	(14,445,008)	(7,005,844)	(45,172,421)
Other revenue received	815,903	-	831,922
Net cash provided by (used for) operating activities	**(1,435,831)**	**(2,039,341)**	**10,597,073**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	3,037,594	3,037,594
Transfers out	(1,973,471)	(1,696)	(3,140,869)
Advances from other funds	-	-	266,605
Net cash provided by (used for) noncapital financing activities	**(1,973,471)**	**3,035,898**	**163,330**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	-	(12,465,977)
Payments on long-term obligations	(61,407)	-	(151,336)
Interest on SBITA liability	(12,731)	-	(66,241)
Proceeds from sale of capital assets	-	-	176,400
Net cash provided by (used for) capital and related financing activities	**(74,138)**	**-**	**(12,507,154)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments income	3,634,532	-	6,860,555
Net cash provided by (used for) investing activities	**3,634,532**	**-**	**6,860,555**
Net increase (decrease) in cash and cash equivalents	**151,092**	**996,557**	**5,113,804**
Cash and cash equivalents-beginning	62,131,929	2,193,808	129,004,872
Cash and cash equivalents-ending	**$ 62,283,021**	**$ 3,190,365**	**$ 134,118,676**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and investments	$ 62,283,021	$ 3,190,365	$ 134,118,676
Total cash and cash equivalents	$ 62,283,021	$ 3,190,365	$ 134,118,676

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Self-Insurance Workers' Compensation	Self-Insurance Risk Management Admin	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	$ (7,009,402)	$ (1,765,043)	$ (1,273,655)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	71,271	-	4,107,472
Other non-operating revenue received	815,903	-	831,922
(Increase) decrease in accounts receivable	(3,625)	(4,171)	52,802
(Increase) decrease in inventories	-	-	(165)
Increase (decrease) in accounts payable	461,047	26	2,387,030
Increase (decrease) in accrued liabilities	-	(41,716)	(97,478)
Increase (decrease) in compensated absences payable	-	(66,399)	(52,546)
Increase (decrease) in claims payable	4,228,975	-	4,805,117
Increase (decrease) in net pension liability and related changes in deferred outflows and inflows of resources	-	(213,554)	(201,473)
Increase (decrease) in net OPEB liability and related changes in deferred outflows and inflows of resources	-	51,516	38,047
Total adjustments	5,573,571	(274,298)	11,870,728
Net cash provided by (used for) operating activities	**$ (1,435,831)**	**$ (2,039,341)**	**$ 10,597,073**
SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES			
Capital assets acquired through accounts payable	$ -	$ -	$ 2,500,266

STATISTICAL SECTION

Financial Trends

TABLE 1

CITY OF SANTA MONICA, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Governmental activities										
Net investment in capital assets	$ 683,001,476	$ 690,573,384	$ 699,711,314	$ 703,702,731	$ 764,429,080	$ 756,311,492	$ 730,135,331	$ 720,769,829	$ 731,842,870	$ 728,041,792
Restricted	317,950,027	293,020,050	246,970,883	249,522,456	238,658,192	228,300,303	226,867,281	209,428,190	198,720,012	196,524,874
Unrestricted	(51,207,758)	(52,734,370)	(67,454,550)	(18,778,603)	(143,731,308)	(56,670,932)	14,716,293	54,400,893	44,676,618	19,956,676
Total governmental activities net position	$ 949,743,745	$ 930,859,064	$ 879,227,647	$ 934,446,584	$ 859,355,964	$ 927,940,863	$ 971,718,905	$ 984,598,912	$ 975,239,500	$ 944,523,342
Business-type activities										
Net investment in capital assets	$ 451,627,151	$ 446,843,126	$ 448,201,794	$ 449,639,654	$ 442,507,176	$ 454,015,095	$ 453,239,103	$ 437,613,109	$ 445,314,626	$ 440,369,455
Restricted	11,267,386	11,465,972	11,400,071	12,468,628	13,030,039	17,045,768	19,925,028	23,409,084	18,835,497	12,797,570
Unrestricted	108,458,572	106,911,558	111,923,217	108,593,242	71,173,841	118,563,055	157,216,757	136,350,263	127,841,169	130,752,666
Total business-type activities net position	$ 571,353,109	$ 565,220,656	$ 571,525,082	$ 570,701,524	$ 526,711,056	$ 589,623,918	$ 630,380,888	$ 597,372,456	$ 591,991,292	$ 583,919,691
Primary government										
Net investment in capital assets	$1,134,628,627	$1,137,416,510	$1,147,913,108	$1,153,342,385	$1,206,936,256	$1,210,326,587	$1,183,374,434	$1,158,382,938	$1,177,157,496	$1,168,411,247
Restricted	329,217,413	304,486,022	258,370,954	261,991,084	251,688,231	245,346,071	246,792,309	232,837,274	217,555,509	209,322,444
Unrestricted	57,250,814	54,177,188	44,468,667	89,814,639	(72,557,467)	61,892,123	171,933,050	190,751,156	172,517,787	150,709,342
Total primary government net position	$1,521,096,854	$1,496,079,720	$1,450,752,729	$1,505,148,108	$1,386,067,020	$1,517,564,781	$1,602,099,793	$1,581,971,368	$1,567,230,792	$1,528,443,033

CITY OF SANTA MONICA, CALIFORNIA

Change in Net Position
Last Ten Fiscal Years

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Expenses										
Governmental activities:										
General government	$ 78,057,192	$ 65,506,624	$ 184,667,357	$ 74,357,887	$ 131,655,331	$ 83,627,840	$ 87,251,208	$ 94,164,749	$ 69,476,662	$ 56,728,329
Public safety	209,191,172	195,559,306	168,661,471	128,036,677	168,577,199	171,485,637	160,531,648	152,313,163	133,497,286	128,149,081
General services	107,156,523	120,403,250	101,306,682	80,590,295	67,174,450	95,598,940	85,528,797	85,543,024	84,190,176	84,178,175
Housing and community services (3)	130,976,599	101,260,869	96,338,256	87,796,120	80,831,581	75,276,083	73,315,694	73,826,217	57,709,552	58,427,336
Library	12,370,179	13,446,435	11,128,065	7,932,667	9,390,658	15,023,233	14,985,755	14,802,469	12,945,988	14,338,093
Community development (4)	35,341,579	42,373,451	38,792,026	30,964,869	39,576,169	67,260,671	60,314,000	58,442,889	54,613,906	59,633,639
Interest on long-term debt	3,510,405	3,720,772	3,915,676	6,232,438	5,091,436	5,146,663	6,187,333	4,375,324	2,490,698	2,668,433
Total governmental activities	576,603,649	542,270,707	604,809,533	415,910,953	502,296,824	513,419,067	488,114,435	483,467,835	414,924,268	404,123,086
Business-type activities:										
Water	42,965,620	35,156,866	32,762,823	22,488,694	50,202,882	21,651,904	23,490,062	25,659,062	23,583,279	23,259,781
Resource recovery and recycling	37,761,322	40,599,050	30,249,175	26,523,962	28,722,152	29,322,186	27,292,721	26,293,628	25,512,992	25,419,861
Community broadband (5)	—	—	1,966,747	2,318,193	3,215,379	3,065,926	2,519,298	1,926,149	1,907,535	—
Pier	8,890,830	9,025,424	8,445,424	6,544,111	7,596,392	8,448,065	9,265,493	7,880,131	7,597,438	6,935,901
Wastewater	29,492,026	24,764,489	19,815,970	17,254,412	19,841,075	17,751,175	20,423,956	18,802,613	17,855,472	16,485,444
Airport	23,670,657	28,162,406	13,026,450	6,095,503	9,820,280	12,477,436	9,627,471	12,912,869	8,595,011	5,335,556
Storm water management	453,216	481,984	484,618	361,328	363,288	1,206,606	380,752	359,488	347,197	2,447,698
Cemetery	2,957,412	2,640,605	2,152,201	2,640,281	2,546,151	2,273,113	1,805,703	2,071,650	2,340,685	2,184,834
Big Blue Bus	105,009,401	101,175,931	93,269,045	82,123,817	93,473,973	100,300,186	100,093,505	95,349,727	93,652,844	90,560,535
Parking authority	174,443	17,904	55,174	73,733	1,724,894	27,937	422,090	216,253	16,178	17,742
Total business-type activities	251,374,927	242,024,659	202,227,627	166,424,034	217,506,466	196,524,534	195,321,051	191,471,570	181,408,631	172,647,352
Total primary governmental activities expenses	$ 827,978,576	$ 784,295,366	$ 807,037,160	$ 582,334,987	$ 719,803,290	$ 709,943,601	$ 683,435,486	$ 674,939,405	$ 596,332,899	$ 576,770,438
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 26,242,185	$ 22,883,781	$ 24,151,280	$ 18,739,301	$ 19,883,077	$ 20,087,674	$ 19,645,270	$ 19,860,025	$ 18,447,588	$ 19,279,411
Public safety	19,181,063	16,563,171	17,802,681	20,418,346	17,035,556	17,918,929	21,765,362	24,701,782	22,452,698	24,285,947
General services	34,540,598	38,071,724	42,059,670	40,579,634	37,249,257	39,978,065	45,214,114	43,938,775	44,701,036	49,336,541
Housing and community services (3)	24,810,273	10,497,671	12,687,121	13,398,797	5,019,411	19,145,932	23,412,204	25,508,247	20,835,717	22,466,168
Library	64,006	148,098	70,858	22,037	23,764	260,503	437,269	390,306	388,273	487,809
Community development (4)	26,997,462	34,561,144	38,863,317	31,204,393	27,194,589	28,859,612	25,710,747	26,517,764	29,898,563	42,858,129
Operating grants and contributions	58,038,091	85,819,070	53,759,943	62,437,151	58,477,255	41,367,622	32,835,027	28,012,480	27,933,580	24,647,506
Capital grants and contributions	23,840,327	147,029	16,841,083	2,639,762	640,520	1,506,048	5,863,192	5,378,290	9,756,158	12,616,479
Total governmental activities program revenues	213,714,005	208,691,688	206,235,953	189,439,421	165,523,429	169,124,385	174,883,185	174,307,669	174,413,613	195,977,990

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TABLE 2

CITY OF SANTA MONICA, CALIFORNIA
Change in Net Position
Last Ten Fiscal Years

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
(continues from previous page)										
Business-type activities:										
Charges for services:										
Water	46,106,241	40,874,059	37,747,817	34,281,775	29,638,341	27,872,084	26,851,412	25,946,122	24,280,023	22,311,686
Resource recovery and recycling	39,541,395	35,744,144	29,033,038	27,347,038	26,842,779	27,630,068	27,444,457	26,393,055	25,953,777	26,831,010
Community broadband (5)	—	—	3,227,637	2,779,595	3,299,401	3,301,563	2,489,716	2,200,733	1,924,777	—
Pier	9,445,078	10,261,391	8,793,254	6,909,894	3,164,586	8,547,985	9,188,924	8,453,618	8,202,073	7,443,351
Wastewater	23,537,938	22,091,422	21,118,917	19,249,781	17,330,719	18,366,169	19,626,512	19,802,308	20,221,930	19,316,170
Airport	13,846,413	16,931,568	17,268,226	17,306,908	15,946,198	16,148,655	15,690,488	14,132,521	13,149,493	8,679,711
Storm water management	1,446,891	1,368,933	1,379,997	1,419,613	1,609,230	1,370,311	1,515,810	1,462,683	1,869,476	1,500,877
Cemetery	2,889,410	2,397,381	2,490,123	2,763,983	2,443,201	1,789,748	1,730,351	2,043,185	1,713,212	1,501,371
Big Blue Bus	8,746,191	10,428,571	9,233,294	12,320,388	5,366,846	14,194,438	16,313,026	25,552,378	19,202,854	19,895,338
Operating grants and contributions	66,037,778	63,012,297	62,677,568	58,306,953	63,900,481	59,740,351	59,339,434	44,278,243	48,313,010	48,652,428
Capital grants and contributions	15,615,014	14,173,294	10,816,878	16,080,850	4,623,832	10,047,937	23,851,525	17,959,046	23,062,625	23,924,743
Business-type activities program revenues	227,212,349	217,283,060	203,786,749	198,766,778	174,165,614	189,009,309	204,041,655	188,223,892	187,893,250	180,056,685
Total primary government program revenues	440,926,354	425,974,748	410,022,702	388,206,199	339,689,043	358,133,694	378,924,840	362,531,561	362,306,863	376,034,675
Net (expense):										
Governmental activities	(362,889,644)	(333,579,019)	(398,573,580)	(226,471,532)	(336,773,395)	(344,294,682)	(313,231,250)	(309,160,166)	(240,510,655)	(208,145,096)
Business-type activities	(24,162,578)	(24,741,599)	1,559,122	32,342,744	(43,340,852)	(7,515,225)	8,720,604	(3,247,678)	6,484,619	7,409,333
Total primary government net expense	(387,052,222)	(358,320,618)	(397,014,458)	(194,128,788)	(380,114,247)	(351,809,907)	(304,510,646)	(312,407,844)	(234,026,036)	(200,735,763)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Business license	37,117,978	39,471,644	31,429,074	29,120,949	33,644,559	33,894,714	31,947,056	31,575,297	30,711,579	30,799,020
Property	85,970,092	84,157,162	79,661,790	75,980,972	75,324,679	67,791,186	62,615,270	56,954,925	56,423,891	50,452,377
Transient occupancy (2)	63,318,760	65,860,928	67,627,280	66,684,095	20,691,803	48,624,638	60,762,881	60,631,025	55,532,325	51,021,050
Sales and use	72,412,063	72,813,915	78,509,804	76,698,693	64,301,901	64,665,646	73,709,191	68,479,438	54,505,239	54,802,839
Utility users (2)	36,618,147	36,660,336	36,507,565	33,613,985	27,840,035	28,026,008	28,306,582	29,288,341	29,437,753	30,772,815
Real property transfer (2)	35,012,952	10,394,602	10,660,607	17,845,968	9,334,371	6,856,663	9,808,072	8,169,163	10,951,756	7,850,960
Parking facility (2)	14,124,830	11,139,618	10,757,242	9,966,669	7,374,354	11,072,445	12,699,044	11,557,811	11,231,324	10,718,156
Other	4,187,528	4,062,890	4,032,635	3,670,376	3,512,898	3,441,908	3,275,912	3,285,670	3,256,799	3,111,764
Other revenues	11,807,873	32,579,525	17,209,916	8,833,338	7,201,899	9,263,443	11,328,286	11,168,233	11,724,228	15,572,745
Investment earnings	25,903,758	22,130,218	2,080,860	(13,385,275)	3,268,921	14,397,259	21,569,426	4,360,799	3,105,772	7,049,816
Special Item	—	—	—	—	(9,825,000)	(34,215,371)	—	43,678,729	(1,103,146)	(11,893,876)
Extraordinary gain (loss)	—	—	—	—	—	—	—	—	—	(12,620,539)
Transfers	(486,920)	740,785	15,980,546	(8,444,909)	27,184,761	46,698,101	(15,670,477)	1,381,459	5,449,293	6,969,835
Total governmental activities	385,987,061	380,011,623	354,457,319	300,584,861	269,855,181	300,516,640	300,351,243	330,530,890	271,226,813	244,606,962

(continues next page)

TABLE 2

CITY OF SANTA MONICA, CALIFORNIA
Change in Net Position
Last Ten Fiscal Years

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
(continues from previous page)										
Business-type activities:										
Other revenues	8,851,898	8,832,157	18,285,766	2,850,537	3,165,760	7,068,596	3,049,645	4,580,112	4,312,287	3,723,521
Investment earnings	21,865,495	12,444,614	3,217,196	(6,796,320)	280,080	7,810,542	7,051,704	1,573,331	1,620,842	3,489,865
Special Item	—	—	—	—	—	(1,422,782)	—	6,408,992	1,103,146	10,617,561
Extraordinary gain (loss)	—	—	—	—	—	—	—	—	—	4,837,753
Transfers	486,920	(740,785)	(15,980,546)	8,444,909	(27,184,761)	(46,698,101)	15,670,477	(1,381,459)	(5,449,293)	(6,969,835)
Total business-type activities	31,204,313	20,535,986	5,522,416	4,499,126	(23,738,921)	(33,241,745)	25,771,826	11,180,976	1,586,982	15,698,865
Total primary government	417,191,374	400,547,609	359,979,735	305,083,987	246,116,260	267,274,895	326,123,069	341,711,866	272,813,795	260,305,827
Changes in net position										
Governmental activities	23,097,417	46,432,604	(44,116,261)	74,113,329	(66,918,214)	(43,778,042)	(12,880,007)	21,370,724	30,716,158	36,461,866
Business-type activities	7,041,735	(4,205,613)	7,081,538	36,841,870	(67,079,773)	(40,756,970)	34,492,430	7,933,298	8,071,601	23,108,198
Total primary government	$ 30,139,152	$ 42,226,991	$ (37,034,723)	$ 110,955,199	$ (133,997,987)	$ (84,535,012)	$ 21,612,423	$ 29,304,022	$ 38,787,759	$ 59,570,064

(1) Civic auditorium merged with General services in FY 13-14.

(2) Included in "Other" in prior fiscal years.

(3) Community services restructured to Housing and community services in FY 23-24.

(4) Housing and community development restructured to Community development in FY 20-21.

(5) Community broadband merged with General services in FY 23-24.

TABLE 3

CITY OF SANTA MONICA, CALIFORNIA
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
General Fund										
Nonspendable	$ 7,638,117	$ 7,442,409	$ 6,744,392	$ 6,621,586	$ 9,550,950	$ 13,326,312	$ 11,554,753	$ 12,853,565	$ 15,419,253	$ 21,062,205
Restricted	4,964,372	9,471,443	8,549,468	20,275,914	11,119,497	21,447,581	69,975,839	97,740,458	1,976,576	18,330,042
Committed	—	—	—	—	—	1,671,078	1,943,558	2,478,476	4,760,409	31,365
Assigned	93,330,348	106,258,256	85,885,175	143,217,685	114,285,898	143,176,947	182,199,922	256,273,855	256,059,633	280,303,334
Unassigned	62,119,894	51,427,463	45,246,268	39,819,682	45,891,477	46,922,135	75,004,708	66,464,774	68,082,651	67,347,773
Total General Fund	168,052,731	174,599,571	146,425,303	209,934,867	180,847,822	226,544,053	340,678,780	435,811,128	346,298,522	387,074,719
All other governmental funds										
Nonspendable	20,904,444	18,843,892	17,402,941	16,927,948	18,962,549	14,914,052	13,864,136	12,752,261	12,149,082	11,618,768
Restricted	286,738,670	265,789,451	227,134,170	229,749,420	217,524,477	210,347,503	209,832,078	192,169,730	184,752,868	167,750,111
Committed	113,956,285	107,472,302	112,322,146	122,607,616	114,924,058	100,981,037	80,754,976	59,897,829	44,021,082	26,876,316
Assigned	—	—	—	—	—	—	—	—	414,544	927,562
Unassigned	(22,390,196)	(15,928,011)	(11,391,758)	(24,944,343)	(21,394,804)	(2,018,186)	(3,571,636)	(2,111,163)	(4,785,448)	(7,279,890)
Total all other governmental funds	$ 399,209,203	$ 376,177,634	$ 345,467,499	$ 344,340,641	$ 330,016,280	$ 324,224,406	$ 300,879,554	$ 262,708,657	$ 236,552,128	$ 199,892,867

CITY OF SANTA MONICA, CALIFORNIA

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Revenues										
Property taxes	$ 85,970,092	$ 84,082,967	$ 79,661,790	$ 75,980,972	$ 75,324,679	$ 67,791,186	$ 62,615,270	$ 56,954,925	$ 56,423,891	$ 50,452,377
Sales & use taxes	72,412,063	72,813,915	78,509,804	76,698,693	64,301,901	64,665,646	73,709,191	68,479,438	54,505,239	54,802,839
Transient occupancy taxes (1)	63,318,760	65,860,928	67,627,280	66,684,095	20,691,803	48,624,638	60,762,881	60,631,025	55,532,325	51,021,050
Utility user taxes (1)	36,618,147	34,975,996	35,031,946	33,613,985	27,840,035	28,026,008	28,306,582	29,288,341	29,437,753	30,772,815
Real property transfer taxes	35,012,952	47,447,802	11,850,607	-	-	-	-	-	-	-
Business license taxes (1)	38,479,130	38,110,492	31,429,074	29,120,949	33,644,559	33,894,714	31,947,056	31,050,087	30,118,555	29,893,341
Parking facility taxes	14,124,830	11,139,618	10,757,242	-	-	-	-	-	-	-
Other taxes	4,187,528	4,062,890	4,032,635	31,483,013	20,221,623	21,371,016	25,783,028	23,537,854	26,032,957	22,586,559
Licenses and permits	34,819,883	36,080,294	36,259,967	35,467,794	26,160,634	38,618,898	45,099,447	41,950,905	43,134,856	41,367,924
Intergovernmental	80,331,299	54,969,378	72,275,868	66,323,553	58,616,587	43,236,083	38,315,887	37,496,608	39,612,637	39,612,770
Charges for services	77,233,865	70,653,438	68,057,085	63,632,758	54,316,862	61,396,593	65,847,661	66,615,431	63,821,708	61,667,576
Fines and forfeitures	11,214,264	12,094,497	13,641,865	12,262,875	7,779,862	10,357,155	14,877,572	16,362,857	15,461,662	15,904,736
Investment earnings	21,726,679	18,847,722	1,954,927	(11,152,035)	3,173,678	12,759,040	20,487,980	3,406,372	2,835,151	6,721,207
Interest from promissory note	-	-	-	-	5,399,246	-	-	-	-	-
Rental income	8,574,618	10,430,263	10,266,439	8,621,072	6,133,385	9,104,387	8,986,944	9,596,580	9,047,246	11,683,408
Settlement income	22,797	16,560,500	124,550	28,456	-	-	-	14,085,000	6,103,175	2,433,175
Other	9,429,506	7,621,251	24,747,195	13,720,392	8,292,026	15,913,257	13,220,933	15,896,665	18,757,976	34,384,558
Total revenue	593,476,413	585,751,951	546,228,274	502,486,572	411,896,880	455,758,621	489,960,432	475,352,088	450,825,131	453,304,335
Expenditures										
Current										
General government	77,810,894	78,623,860	68,453,405	65,624,157	61,731,457	137,222,743	105,337,602	89,671,970	70,164,311	61,354,272
Public safety	196,400,353	184,666,967	180,495,417	155,246,791	153,941,421	173,587,760	168,292,252	144,607,883	136,266,910	132,629,455
General services	83,490,309	115,144,901	106,506,485	104,202,365	116,514,243	78,127,241	83,416,269	87,758,312	83,912,385	88,130,346
Housing & Community services	125,961,759	95,428,696	93,227,611	89,561,907	83,984,895	82,917,053	71,499,049	71,348,237	56,868,240	54,742,936
Library	11,554,231	11,308,551	10,121,904	8,718,163	8,806,350	13,034,198	13,663,753	12,967,345	12,476,127	12,667,433
Community development	27,684,528	38,960,306	37,268,220	31,514,756	33,008,898	62,374,714	56,563,679	56,248,372	53,807,030	67,085,802
Capital outlay	38,869,828	-	-	-	-	-	-	-	-	-
Debt service										
Principal	8,379,813	7,131,981	6,125,856	2,895,000	3,305,000	4,755,000	4,630,000	9,039,900	6,255,000	8,788,463
Interest	7,975,561	5,213,190	5,354,276	5,387,582	6,054,223	6,785,313	6,310,437	3,596,620	3,014,688	3,392,287
Bond issuance costs	-	-	-	498,057	340,135	-	4,025	938,932	-	535,048
Total expenditures	578,127,276	536,478,452	507,553,174	463,648,778	467,686,622	558,804,022	509,717,066	476,177,571	422,764,691	429,326,042

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TABLE 4

CITY OF SANTA MONICA, CALIFORNIA

Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Excess (deficiency) of revenues over (under) expenditures	15,349,137	49,273,499	38,675,100	38,837,794	(55,789,742)	(103,045,401)	(19,756,634)	(825,483)	28,060,440	23,978,293
Other financing sources (uses)										
Transfers in	37,176,712	33,973,569	75,638,843	46,490,737	75,609,011	73,508,634	46,580,497	41,609,095	48,828,408	24,241,261
Transfers out	(38,029,626)	(34,356,152)	(53,407,978)	(55,113,011)	(48,577,094)	(27,057,385)	(83,785,317)	(40,405,415)	(43,585,095)	(17,271,426)
Subscription Proceeds	-	4,462,464	2,311,329	-	-	-	-	-	-	-
Bonds issued	1,988,506	-	-	64,780,000	19,700,000	-	-	102,785,000	-	-
Premium on bonds issued	-	-	-	7,714,767	3,711,635	-	-	12,247,767	-	2,020,710
Payments to refunded bond escrow agent	-	-	-	-	(23,066,482)	-	-	-	-	(27,826,666)
Total other financing sources (uses)	1,135,592	4,079,881	24,542,194	63,872,493	27,377,070	46,451,249	(37,204,820)	116,236,447	5,243,313	7,523,879
Special item	-	-	(125,600,000)	(54,900,000)	(9,825,000)	(34,195,723)	-	-	(37,420,689)	(4,462,166)
Extraordinary gain (loss)	-	-	-	(5,376,172)	-	-	-	-	-	324,615
Net change in fund balance	$ 16,484,729	$ 53,353,380	$ (62,382,706)	$ 42,434,115	$ (38,237,672)	$ (90,789,875)	$ (56,961,454)	$115,410,964	$ (4,116,936)	$ 27,364,621
Debt service as a percentage of noncapital expenditures (2)	2.97%	2.36%	2.40%	1.90%	2.27%	2.49%	2.41%	2.91%	2.33%	3.16%

(1) Included in "Other taxes" in prior fiscal years.

(2) Calculation includes only the principal and interest components of debt service expenditures when calculating this ratio for all years.

Revenue Capacity

CITY OF SANTA MONICA, CALIFORNIA

General Fund Tax Revenues by Source (1)
Last Ten Fiscal Years
(In Thousands)

Source	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Sales and use taxes	$ 72,412	$ 72,814	$ 78,510	$ 76,699	$ 64,302	$ 64,666	$ 73,709	$ 68,480	$ 54,505	$ 54,803
Utility user taxes	36,618	34,976	36,508	33,614	27,840	28,026	28,307	29,288	29,438	30,773
Transient occupancy taxes	63,319	65,861	67,627	66,684	20,692	48,625	60,763	60,631	55,532	51,021
Property taxes (2)	85,970	84,083	79,662	75,981	75,325	67,791	62,615	56,955	56,424	50,452
Business license taxes	38,479	38,110	31,429	29,121	33,645	33,895	31,947	31,575	30,712	30,799
Parking facility tax	14,125	11,140	10,757	9,967	7,374	11,072	12,699	11,558	11,231	10,718
Documentary Transfer Tax (3)	10,216	10,395	10,661	17,846	9,334	6,857	9,808	8,169	10,952	7,851
Vehicle license fees	147	115	96	107	68	74	44	49	42	38
Condominium taxes	4	—	218	60	3	43	25	9	38	73
Total	$ 321,290	$317,494	$315,468	$310,079	$ 238,583	$261,049	$279,917	$ 266,714	$ 248,874	$ 236,528

(1) Does not include Highway Users Taxes, which are recorded in the Gas Tax Fund, Unit Dwelling Taxes, which are recorded in the Parks and Recreation Facilities Fund, or TORCA Conversion Taxes, which are recorded in the TORCA Fund.

(2) Includes ad valorem property taxes for purposes of paying debt service on general obligation bonds. Does not include tax increment received by redevelopment area.

(3) Does not include Measure GS tax which is recorded in the Measure GS fund

Source: City of Santa Monica Finance Department

TABLE 6

CITY OF SANTA MONICA, CALIFORNIA

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal year	Land	Improvements	Personal property	Secured gross	Exemptions (1)	Secured net	Net unsecured	Net assessed valuations	Total Direct Tax Rate (2)
2024-25	$ 32,229,908	$ 21,212,776	$ 103,526	$ 53,546,211	$ 1,986,915	$ 51,559,296	$ 1,371,207	$ 52,930,503	1.00%
2023-24	29,611,995	19,937,739	80,825	49,630,558	1,939,831	47,690,727	1,267,517	48,958,245	1.00%
2022-23	28,147,780	18,853,987	75,219	47,076,986	1,698,506	45,378,480	1,131,436	46,509,916	1.00%
2021-22	26,596,010	17,741,523	77,246	44,414,779	1,664,383	42,750,397	1,083,210	43,833,607	1.00%
2020-21	25,433,374	17,124,652	369,459	42,927,485	1,975,152	40,952,333	1,099,941	42,052,274	1.00%
2019-20	23,887,232	16,243,029	84,504	40,214,765	1,699,358	38,515,407	1,005,939	39,521,346	1.00%
2018-19	22,406,863	15,268,820	428,740	38,104,423	1,628,684	36,475,739	1,002,111	37,477,850	1.00%
2017-18	20,799,168	14,235,956	124,391	35,159,515	1,656,924	33,502,591	925,241	34,427,832	1.00%
2016-17	19,308,450	13,550,065	48,643	32,907,158	653,548	32,253,610	906,371	33,159,981	1.00%
2015-16	17,890,583	12,932,934	472,362	31,295,879	1,042,924	30,252,955	902,502	31,155,457	1.00%

(1) Excludes Homeowner Exemption. City is reimbursed by State for taxes lost because of these exemptions.
(2) Excludes Direct and Overlapping Rates. See Table 7 for Direct and Overlapping Rates.

Source: Los Angeles County Auditor-Controller

TABLE 7

CITY OF SANTA MONICA, CALIFORNIA
Direct and Overlapping Property Tax Rates*
Last Ten Fiscal Years

Fiscal year	City General Fund	County General Fund	School districts	Miscellaneous special districts	Total
2024-25	$ 0.01	$ 1.00	$ 0.15	—	$ 1.16
2023-24	0.01	1.00	0.15	—	1.16
2022-23	0.01	1.00	0.16	—	1.17
2021-22	0.01	1.00	0.16	—	1.17
2020-21	0.01	1.00	0.16	—	1.17
2019-20	0.01	1.00	0.17	—	1.18
2018-19	0.01	1.00	0.12	—	1.13
2017-18	0.01	1.00	0.14	—	1.15
2016-17	0.01	1.00	0.13	—	1.14
2015-16	0.01	1.00	0.13	—	1.14

* Property tax rate is per $100 of assessed value. Since 1978-79, the maximum allowable rate is levied by the County, property taxes are collected by the County, and the County allocates the City's share in accordance with distribution formulas established by law. Effective 1981-82, Proposition 13 allowed jurisdictions to impose rates over the $1.00 base rate only for bonded debt approved by the voters prior to 1978. However, in 1986, the State Constitution was amended to allow rates over the $1.00 base rate for voter approved general obligation bonds.

City General Fund is allocated approximately $.14 of each $1.00 of the County General Fund amount.

Source: Los Angeles County Auditor-Controller

TABLE 8

CITY OF SANTA MONICA, CALIFORNIA

Principal Property Taxpayers

Current Fiscal Year and Nine Years Ago

	2024-25			2015-16		
Taxpayer	**Taxable assessed value**	**Rank**	**Percentage of total City taxable assessed value**	**Taxable assessed value**	**Rank**	**Percentage of total City taxable assessed value**
Douglas Emmett Inc	$ 1,134,310,533	1	2.23 %	$ 335,830,873	4	1.10 %
SC Enterprises SMBP LLC	1,064,730,079	2	2.09	371,777,229	3	1.22
California Colorado Center LLC	595,538,032	3	1.17	504,193,850	1	1.65
Water Garden Company	578,531,216	4	1.14	488,597,872	2	1.60
Office Block Investment LLC	418,266,105	5	0.82	—		—
Macerich Company LLC	380,443,632	6	0.75	321,276,215	5	1.05
SM Campus LLC	351,607,232	7	0.69	—		—
New Santa Monica Beach Hotel LLC	329,157,348	8	0.65	—		—
2834 Colorado Avenue LLC	253,015,346	9	0.50	—		—
Kite Pharma	233,829,640	10	0.46	—		—
Jamestown Lantana North LP	—		—	319,967,726	6	1.05
CREP 2700 Holdings LLC	—		—	243,020,857	7	0.80
Prudential Financial Inc	—		—	189,061,475	8	0.62
Hart Arboretum LLC	—		—	171,878,446	9	0.56
Providence Health Systems Southern CA	—		—	161,390,197	10	0.53
Total principal property taxpayers assessed value	$ 5,339,429,163		10.50 %	$ 3,106,994,740		10.18 %
Total City net taxable assessed value	$ 50,905,847,011		100.00 %	$ 30,538,386,085		100.00 %

Source: City of Santa Monica Finance Department; Hdl, Coren and Cone; Los Angeles County Auditor-Controller

TABLE 9

CITY OF SANTA MONICA, CALIFORNIA

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Total secured tax levy	Current secured tax collections	Percent of levy collected	Delinquent secured tax collections (1)	Total tax collections	Total secured tax collections as percent of total tax levy	Outstanding delinquent taxes (2)	Outstanding delinquent taxes as percent of total secured tax levy
2024-25	$ 44,225,104	$ 42,913,049	97.0 %	$ 886,360	$ 43,799,409	99.0 %	$ 774,910	1.8 %
2023-24	42,455,459	41,602,542	98.0	735,077	42,337,619	99.7	704,267	1.7
2022-23	40,998,774	40,327,459	98.4	712,506	41,039,965	100.1	619,886	1.5
2021-22	38,861,321	38,095,850	98.0	560,536	38,656,386	99.5	590,406	1.5
2020-21	36,996,999	36,306,207	98.1	613,376	36,919,583	99.8	542,504	1.5
2019-20	34,710,721	33,896,039	97.7	540,988	34,437,027	99.2	452,675	1.3
2018-19	32,779,676	32,167,281	98.1	419,000	32,586,281	99.4	407,817	1.2
2017-18	30,578,295	30,099,534	98.4	479,245	30,578,779	100.0	379,776	1.2
2016-17	30,859,806	30,545,235	99.0	489,991	31,035,226	100.6	375,288	1.2
2015-16	25,198,360	27,662,256	109.8	512,080	28,174,336	111.8	358,568	1.4

(1) Exclusive of penalties and collections related to tax overrides for debt service on general obligation bonds.

(2) Reflects City of Santa Monica proportionate share of county-wide outstanding delinquencies. The Los Angeles County property tax system does not provide City of Santa Monica specific statistics related to delinquencies. Should the County change their system to include specific city data, the table will be updated to adjust delinquent taxes by year.

Source: County of Los Angeles

CITY OF SANTA MONICA, CALIFORNIA
Taxable Transactions by Type of Business (1)
Last Ten Calendar Years
(In Thousands)

Business	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	Calendar Year									
Apparel stores	$ 174,194	$ 188,501	$ 223,508	$ 214,904	$ 146,814	$ 322,629	$ 344,337	$ 362,841	$ 395,249	$ 390,071
General merchandise	44,349	45,049	48,124	39,041	19,250	49,204	56,860	78,610	89,282	93,741
Food stores	101,537	100,143	99,877	92,841	94,365	97,024	91,803	87,888	88,196	87,729
Eating & drinking places	704,633	723,677	723,226	597,450	407,938	726,783	716,826	693,473	687,794	638,818
Building materials	164,940	161,864	163,124	134,806	122,302	124,030	114,802	112,587	110,186	113,405
Auto dealers & auto suppliers	926,373	1,028,659	1,102,985	980,000	783,207	874,780	854,723	766,512	770,658	757,333
Service stations	83,242	93,240	106,512	76,149	45,161	97,198	101,275	90,164	81,810	96,004
Other retail stores	422,676	445,088	444,964	566,833	562,235	627,046	665,606	695,449	657,236	692,105
Retail stores total	2,621,944	2,786,221	2,912,320	2,702,024	2,181,272	2,918,694	2,946,232	2,887,524	2,880,411	2,869,206
All other outlets	481,063	1,177,922	1,219,677	1,073,619	1,093,726	1,060,890	904,103	829,773	804,321	787,252
Total all outlets	$ 3,103,007	$ 3,964,143	$ 4,131,997	$ 3,775,643	$ 3,274,998	$ 3,979,584	$ 3,850,335	$ 3,717,297	$ 3,684,732	$ 3,656,458

(1) Prior years amounts have been revised to reflect the change of sales tax administration reporting from the State Board of Equalization to the Department of Taxes and Fees Administration; Amounts do not include allocations from State or County Pools.

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Debt Capacity Information

CITY OF SANTA MONICA, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental activities				Business-type activities					
Fiscal year	General obligation bonds	Lease revenue bonds	Term loans payable (2)	SBITA	Water bonds	Term loans payable	SBITA	Total primary government	Percentage of net assessed valuation (1)	Per capita
2024-25	$ —	$ 209,941,944	—	7,248,674	$ 74,583,415	50,685,509	445,110	$ 342,904,652	0.65%	$ 3,679
2023-24	—	217,924,702	—	5,845,863	76,282,777	52,068,703	923,421	353,045,466	0.72%	3,795
2022-23	—	224,416,033	—	3,120,182	77,927,139	52,981,570	1,331,723	359,776,647	0.77%	3,923
2021-22	1,060,000	228,880,218	—	—	78,191,500	53,330,029	—	361,461,747	0.82%	3,940
2020-21	2,273,237	159,348,210	—	—	2,389,951	28,079,704	—	192,091,102	0.46%	2,060
2019-20	3,506,472	162,504,543	—	—	4,764,846	5,550,789	—	176,326,650	0.45%	1,896
2018-19	4,754,709	166,858,953	200,000	—	7,074,741	855,820	—	179,744,223	0.48%	1,944
2017-18	6,012,945	171,078,364	400,000	—	9,304,636	661,765	—	187,457,710	0.54%	2,028
2016-17	7,281,181	64,474,634	400,000	—	9,404,529	921,636	—	82,481,980	0.25%	879
2015-16	8,554,417	69,944,367	400,000	—	9,504,426	1,213,411	—	89,616,621	0.29%	957

Note: Details regarding the City's outstanding debt can be found in Note 10 of the Financial Statements.

All bonds amounts are updated to reflect net of related premiums, discounts, and adjustments.

(1) Net assessed property valuations have been used because personal income is not available. See Table 6 for net assessed valuations.

(2) Redevelopment debt was transferred to the Successor Agency on February 1, 2012.

TABLE 12

CITY OF SANTA MONICA, CALIFORNIA

Ratios of General Bonded Debt

Last Ten Fiscal Years

		2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
General bonded debt outstanding											
General obligation bonds	$	—	—	—	1,060,000	2,273,237	3,506,472	4,754,709	6,012,945	7,281,181	8,554,417
Less: Amounts Available in Debt Service Fund (3)		—	—	—	1,060,000	1,075,000	1,095,000	1,110,000	1,120,000	1,130,000	1,135,000
Total		—	—	—	—	1,198,237	2,411,472	3,644,709	4,892,945	6,151,181	7,419,417
Assessed value (in thousands) (1)	$	52,930,503	48,958,245	46,509,916	43,833,607	42,052,274	39,521,346	37,477,850	34,427,832	33,159,981	31,155,457
Percentage of assessed Property value		0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.02%
Population (2)		93,212	93,034	91,720	91,739	93,242	92,995	92,480	92,416	93,834	93,640
Per capita		-	-	-	-	13	26	39	53	66	79

(1) See Table 6 for Assessed Value Data

(2) See Table 16 for Population Data

(3) This is the amount restricted for debt service principal payments.

All bonds amounts are net of related premiums, discounts, and adjustments.

CITY OF SANTA MONICA, CALIFORNIA

Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Overlapping debt:			
Los Angeles County General Fund Obligations	$ 3,036,637,390	2.422%	$ 73,547,358
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	2.422%	56,476
Metropolitan Water District	17,155,000	1.251%	214,609
Santa Monica Community College District	666,066,899	65.103%	433,629,533
Los Angeles Unified School District	11,745,405,000	0.0001%	11,745
Santa Monica-Malibu Unified School District	492,430,000	65.165%	320,892,010
Santa Monica-Malibu Unified School District School Facilities Improvement District 1	600,755,000	100.000%	600,755,000
Los Angeles Unified School District Certificates of Participation	225,010,000	0.0001%	225
Los Angeles Community College District	4,919,505,000	0.0120%	590,341
Santa Monica-Malibu Unified School District Certificates of Participation	36,115,000	65.165%	23,534,340
Overlapping Tax Increment Debt (Successor Agency):	60,470,000	100.000%	60,470,000
Subtotal, Overlapping Debt			1,513,701,637
City of Santa Monica Direct Debt (2)			217,190,618
Total direct and overlapping governmental debt (3)			$ 1,730,892,255

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Net of issuance discounts and premiums.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bond and non-bonded capital lease obligations.

Source for overlapping debt information: California Municipal Statistics, Inc.

TABLE 14

CITY OF SANTA MONICA, CALIFORNIA

Computation of Legal Debt Margin
Last Ten Fiscal Years

	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Total net debt applicable to limit	$ 180,147,124	$ 186,987,124	193,769,388	199,006,792	140,007,696	146,646,915	151,391,076	156,788,174	62,271,351	67,444,525
Debt limit	5,491,741,800	5,089,807,600	4,820,842,200	4,549,799,000	4,402,742,600	4,122,070,400	3,610,653,400	3,608,475,600	3,381,352,900	3,219,838,100
Legal debt margin	5,311,594,676	4,902,820,476	4,627,072,812	4,350,792,208	4,262,734,904	3,975,423,485	3,459,262,324	3,451,687,426	3,319,081,549	3,152,393,575
Total net debt applicable to the limit as a percentage of debt limit	3.28%	3.67%	4.02%	4.37%	3.18%	4.19%	4.34%	1.84%	2.09%	2.44%

Net assessed value		52,930,503,000
Add: exempt property		1,986,915,000
Total gross assessed value		$ 54,917,418,000
Debt limit - 10% of total assessed value (1)		5,491,741,800
Amount of debt applicable to debt limit:		
Total bonded debt	190,945,000	
Less:		
Assets in debt service funds available for payment of bonds	10,797,876	
Total amount of debt applicable to debt limit		180,147,124
Legal debt margin		$ 5,311,594,676

(1) Per Section 607 of the City Charter, bonded indebtedness of the City may not exceed 10% of total assessed valuation of property within the City, exclusive of any indebtedness incurred for the purpose of water supply or sewers or storm drains.

Source: City of Santa Monica Finance Department

TABLE 15

CITY OF SANTA MONICA, CALIFORNIA

Water Enterprise Revenue Bonds Coverage

Last Four Fiscal Years

Fiscal year	Gross revenues	Direct operating expense (1)	Net revenue available for debt service	Debt service requirement			Coverage (2)
				Principal	Interest	Total	
2024-25	$ 46,238,326	$ 36,241,681	$ 9,996,645	$ 1,435,000	$ 2,118,187	$ 3,553,187	2.81
2023-24	$ 40,874,059	$ 34,668,111	$ 6,205,948	$ 1,380,000	$ 2,174,488	$ 3,554,488	1.75
2022-23	$ 37,747,817	$ 29,736,607	$ 8,011,210	$ —	$ 2,202,087	$ 2,202,087	3.64
2021-22	$ 34,259,154	$ 26,054,538	$ 8,204,616	$ —	$ 954,237	$ 954,237	8.60

CUSIP 802490

(1) Excludes depreciation expense, write-off of disposed assets, and capital-related expenses

(2) Bond covenant requires a coverage ratio of 1.20

The Water Enterprise Revenue Bonds were issued August 25, 2021 at an interest rate from 2.25% to 4.00% with a rating of AAA from Standard & Poor's Corporation. Debt service began in FY 2021-22.

Demographic and Economic Information

TABLE 16

CITY OF SANTA MONICA, CALIFORNIA
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar year		Population (1)		** Personal income (2) (millions)		** Per capita personal income (3)	** Unemployment rate (4)	
2025		93,212	$	*	$	*	5.9	%
2024		93,034		818,509		83,888	6.2	
2023		91,720		1,035,420		80,898	5.2	
2022	**	91,739		987,909		76,760	4.6	
2021		93,242		977,062		75,332	7.0	
2020		92,995		917,714		69,637	10.1	
2019		92,480		851,031		64,282	4.3	
2018		92,416		806,415		60,689	4.4	
2017		93,834		775,686		58,274	4.5	
2016		93,640		748,382		56,280	5.1	

Note: 2016-2023 Personal income data shown is the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana, CA. As of 2024, data includes Los Angeles only.
Data by City is not available.

Population and unemployment rate are for Santa Monica

* No data is available for 2025 as of publication date of ACFR
** Data revised per source

Source: (1) California Department of Finance
(2) and (3) Bureau of Economic Analysis
(4) State of California, Employment Development Department, Labor Market Information Division

TABLE 17

CITY OF SANTA MONICA, CALIFORNIA

Principal Employers
Current Year and Nine Years Ago

Employers	2024-25 Number of employees	2024-25 Rank	2024-25 Percentage of total City employment	2015-16 Number of employees	2015-16 Rank	2015-16 Percentage of total City employment
UCLA Medical Center, Santa Monica	4,010	1	4.68 %	2,351	1	2.65 %
City of Santa Monica	2,295	2	2.68	1,870	3	2.10
Providence Saint John's Health Center	2,026	3	2.37	1,750	4	1.97
Amazon.com Services LLC	1,970	4	2.30	—		—
Santa Monica College	1,932	5	2.26	1,977	2	2.23
Snap, Inc.	1,575	6	1.84	—		—
Santa Monica-Malibu Unified School District	1,370	7	1.60	1,457	5	1.64
Hulu	1,334	8	1.56	—		—
Activision Publishing	1,294	9	1.51	827	7	0.93
Universal Music Group	914	10	1.07	760	9	0.86
RAND Corporation	—		—	862	6	0.97
Lionsgate Entertainment	—		—	799	8	0.90
ET Whitehall Santa Monica Partners LP	—		—	610	10	0.69
Total jobs provided by principal employers	18,720			13,263		
Average total jobs in Santa Monica	85,641			88,848		
Principal employers as percent of total jobs	21.86%			14.93%		

Source: City of Santa Monica Economic Development Division, Housing and Economic Development Department

Operating Information

CITY OF SANTA MONICA, CALIFORNIA
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
General government	429.1	427.2	277.2	269.2	250.3	273.5	276.7	277.6	269.7	281.5
Public safety										
Police										
Sworn	232.0	228.0	221.0	221.0	223.0	229.0	227.0	224.0	224.0	221.0
Non-sworn	178.6	178.1	176.6	174.1	165.8	203.4	203.4	201.4	202.4	202.4
Fire										
Sworn	121.0	121.0	122.0	122.0	120.0	120.0	120.0	120.0	120.0	114.0
Non-sworn	16.4	16.4	16.0	15.0	14.0	16.0	16.0	17.0	16.0	15.8
General services	220.0	217.5	214.5	208.0	210.0	270.5	282.0	281.0	281.6	257.3
Housing and community services	—	—	120.1	118.5	98.2	150.3	152.7	152.7	152.7	153.0
Library	74.3	72.9	68.0	58.3	47.8	112.0	113.5	113.5	112.5	111.0
Community development	103.0	100.0	96.5	97.5	88.5	174.3	164.8	163.2	161.5	159.5
Beach recreation	47.3	46.3	46.3	41.1	35.5	53.3	52.6	52.6	50.5	50.3
Water	58.0	53.0	52.0	52.0	51.0	47.0	47.0	46.0	46.0	46.0
Resource Recovery & Recycling	105.0	105.0	93.9	89.9	81.0	88.3	91.3	92.3	90.7	89.7
Pier	16.9	16.9	16.9	16.9	16.9	21.9	21.9	21.9	20.3	19.3
Wastewater	22.0	22.0	20.0	20.0	21.0	21.0	21.0	22.0	22.2	22.2
Airport	18.0	18.0	17.0	17.0	14.0	15.9	20.9	27.9	37.9	12.9
Cemetery	7.4	7.4	7.0	7.0	7.0	7.0	7.0	8.0	8.1	7.1
Big Blue Bus	440.3	438.2	435.3	414.8	410.8	450.0	463.0	464.0	462.9	464.5
Vehicle management	23.0	21.0	21.0	21.0	21.0	29.3	29.3	29.3	29.0	29.0
Self insurance - workers' compensation	12.5	12.5	12.0	11.0	10.0	13.0	13.0	13.0	13.0	13.0
Community Broadband	—	—	6.0	5.0	4.0	3.0	3.0	4.0	4.0	—
Total all funds	2,124.8	2,101.4	2,039.3	1,979.3	1,889.8	2,298.7	2,326.1	2,331.4	2,325.0	2,269.5

Note: Includes permanent and temporary employees (2,080 hours = 1 full-time position).

Source: City of Santa Monica Budget

TABLE 19

CITY OF SANTA MONICA, CALIFORNIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function / program	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
General government:										
Electronic requests for government information	9,120,668	8,546,970	8,197,511	8,195,035	9,236,685	10,679,005	11,784,998	12,465,631	13,811,858	12,558,833
Hours of live public meeting coverage	159	178	252	288	257	187	230	210	220	275
Public safety:										
Number of emergency response incidents	17,694	17,919	17,800	16,978	15,257	15,802	17,355	17,199	16,384	15,963
Number of inspections	8,182	7,467	7,061	5,482	2,221	6,150	8,201	8,795	10,592	10,202
Calls to Police Department for service	125,265	119,519	99,713	105,871	95,441	111,310	128,992	134,192	129,524	130,016
Police reports issued	11,361	12,692	12,195	11,026	10,932	12,468	16,043	16,298	14,467	14,358
Number of crimes recorded	8,871	9,408	8,883	7,527	7,569	8,301	10,369	10,008	8,988	8,774
General services:										
Number of square feet of sidewalks replaced/repaired	37,981	19,800 (4)	100,232	151,679	123,991	161,924	219,871	126,959	99,907	14,001
Number of graffiti removals performed	4,135	4,282	3,974	3,185 (1)	448 (1)	33,359	40,156	45,729	43,535	38,311
Feet of sewer mains cleaned	1,479,774	1,426,123	1,523,245	1,836,480 (2)	2,247,313	2,372,320	2,072,933	2,093,410	1,988,287	1,985,816
Library:										
Library visitors	370,736	310,576	223,876	133,845	88,974	740,009	1,131,524	1,221,015	1,257,746	1,184,130
Materials used	909,436	886,197	821,116	731,077	622,006	1,563,205	1,688,615	1,707,798	1,882,878	1,888,473
Public access computer sessions	30,091	37,346	19,053	13,592	21,961	95,630	159,705	175,485	173,702	164,318
Community development:										
Building and Safety plan checks completed	4,728	4,714	4,250	4,399	3,936	4,587	4,389	4,412	4,749	2,823
Building inspections performed	18,769	18,157	16,150	16,539	18,429	21,860	23,342	24,009	24,080	23,858
Rounds of transportation plan check & entitlement application review completed	557	623	781	566	678	793	530	323	640	632
Housing and community services:										
Senior services meals served	209,825	183,457	188,425	171,269	183,652	141,568	118,875	104,472	64,406	52,917
Number of low income persons receiving primary health care	3,227	3,223	3,874	3,703	3,516	4,336	4,460	4,711	4,458	4,137
Number of cars parked in beach lots	1,698,395	1,977,603	1,897,032	2,002,648	1,670,062	1,655,820	2,190,104	2,553,233	2,829,771	2,580,752
Number of youth regularly attending homework assistance programs	523	589	489	378	261	617	687	597	641	745
Resident parking passes sold	62,262	67,222	44,027	47,041	32,511	47,161	57,993	53,118	51,325	48,962
Number of traffic signs installed, replaced, repaired, or removed	3,754	3,179	325	281	200	739	2,951	3,024	2,858	1,659
Number of parking meters installed, replaced, repaired, or removed	10,668	6,618	6,584	6,211 (3)	18,822	22,780	21,650	18,605	14,843	13,844
Water:										
Number of direct customer accounts	18,556	18,529	18,492	18,480	18,439	18,342	18,342	18,061	17,976	17,842
Water sold to direct customers in whole acre feet	10,221	9,542	9,983	10,729	10,605	10,988	11,265	11,718	11,552	11,242
Airport:										
Number of tenant aircraft	197	212	237	228	196	195	256	278	310	309
Noise ordinance violations issued	39	44	35	30	38	33	38	130	148	162
Big Blue Bus:										
Revenue Miles	4,056,576	3,925,400	3,860,997	3,921,249	3,700,401	4,643,786	4,978,667	5,024,447	4,969,546	4,862,782
Farebox revenue (in millions)	6.45	6.42	5.78	5.62	1.99	8.97	11.41	11.72	11.80	12.84
Total passenger trips (in millions)	10.10	8.60	7.74	6.31	5.03	10.29	12.54	13.18	13.30	16.50
Number of customer relations phone calls	40,450	41,610	43,216	49,256	23,768	38,445	51,952	30,730	37,187	38,705

(1) Due to restructuring, only graffiti removal requested by the public and submitted to the 311 system are tracked and included in the stat. Additional graffiti removal, not currently tracked by City Staff, continues to be performed. Staff has not seen a reduction in quantity of graffiti in our City, however the response time to remove graffiti has increased due to the restructuring.

(2) The wastewater fund reduced their sewer main cleaning budget due to revenue contraints.

(3) In FY 2020-21, the City invested in parking meters through the CIP Program and replaced over 6,000 outdated on-street meters that had exceeded their useful life. In FY 2021-22, various meters were removed to accommodate for the parklets program. As of FY 2021-22, all meters are new and under warranty reflecting the significant drop in the statistic.

(4) in 2023-24, the City changed reporting to sidealk replaced instead of repaired

Sources: Various City departments.

CITY OF SANTA MONICA, CALIFORNIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / program	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Public safety:										
Number of police vehicles	257	254	252	250	244	245	237	243	235 (1)	232
Number of fire vehicles	79	71	72	73	70	71	71	67	67	71
Number of fire stations	5	5	5	5	5	5	5	5 (6)	4	4
Number of police substations including Public Safety Facility	4	4	4	4	4	3	3	3	3	3
General services:										
Square footage of asphalt paved streets	30,968,078	30,968,078	30,968,078	30,191,740	30,191,740	30,191,740	30,191,740	30,170,740	30,170,740	30,170,740
Square footage of concrete paved streets	1,183,981	1,183,981	1,183,981	1,183,981	1,183,981	1,183,981	1,183,981	1,177,981	1,177,981	1,177,981
Square footage of sidewalks	8,686,573	8,675,573	8,675,573	8,620,831	8,620,831	8,620,831	8,451,871	8,451,871	8,451,871	8,451,871
Square footage of curbs and gutters	1,939,804	1,939,804	1,939,804	1,938,820	1,938,820	1,938,820	1,938,820	1,938,420	1,938,420 (2)	1,938,420
Cultural and recreation services:										
Number of beach parking lots	16	16	16	16	16	16	16	16	16 (3)	16
Number of parks	32	31	31	31	31	31	31	31	30	29
Number of swim centers	2	2	2	2	2	2	2	2	2	2
Library:										
Number of facilities: main and branches	5	5	5	5	5	5	5	5	5	5
Community development:										
Downtown structure visitors	3,576,731	3,876,685	3,897,642	3,566,171	2,740,785	4,104,583 (8)	5,171,173	5,339,806	5,753,204 (4)	6,722,688
Water:										
Number of feet of water main installed	0 (11)	1,600	6,828	10,822	10,822	10,822 (9)	4,825	4,500 (7)	2,269 (5)	2,495
Water main system (in miles)	211	211	211	211	211	205	205	205	205	205
Reclaimed water main system (in miles)	6	6	6	6	6	5	5	5	5	5
Wastewater:										
City sewage flow in million gallons/day	16	12	12	11	12	14	14	13.8	14.2	13.9
Sewer main system (in miles)	155	155	155	155	155	152	152	151	151	151
Stormwater:										
Daily gallons treated for recycling by SMURRF	0 (10)	0 (10)	0 (10)	212,399	171,746	193,250	186,732	180,699	159,740	160,059
Storm drain system (in miles)	59	59	59	59	59	59	59	59	59	59
Airport:										
Aircraft operations (departures and arrivals)	64,081	55,300	62,259	74,935	63,870	67,205	74,511	74,130	83,471	89,217
Big Blue Bus:										
Number of buses	193	194	195	195	178	189	195	199	200	200

(1) Includes police patrol boat, Mobile Command Center, and SUVs (to eventually replace old Crown Victorias).

(2) Per Engineers, curbs and gutters are in linear feet. Thus, use approximate factor of 2 to convert from linear feet to square feet.

(3) 1650 Appian is residental parking only and has been removed from count.

(4) 2017 Downtown Community Plan (DCP) Downtown perimeter: Wilshire Blvd (north), Lincoln Blvd (east), I-10 Freeway (south), Ocean Avenue (west).

- includes Parking Structures 1-8, Main Library Parking Structure, Ken Edwards Center
- excludes Parking Structure 9, Civic Center Parking Lot, Civic Center Parking Structure
- includes transient (“daily”) visitor parking and does not include monthly permit parkers

(5) Per Engineers, this total is lower compared to prior years because no water main CIP was started this year.

(6) Per Fire, there were 4 permanent and 1 temporary station @ Station #4 for FY17/18.

(7) Total updated per Engineering.

(8) Per PCD this count now includes monthly permit parkers.

(9) Per Engineers, Water department doubled linear feet on new projects as part of self sufficiency goal.

(10) Per Water Administrator, SMURRF was shutdown due to SWIP upgrades for FY22-23, FY23-24, and FY24-25.

(11) Per Water Administrator, water mains were in design in FY25 to be constructed in FY26.

Sources: Various City departments.

City of
Santa
Monica