

City of Santa Monica California

Annual Comprehensive Financial Report for the Year Ended June 30, 2024



City of
**Santa
Monica**

City of Santa Monica California

Annual Comprehensive Financial Report

Year ended June 30, 2024

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CITY OF SANTA MONICA, CALIFORNIA

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City of Santa Monica, California
Year Ended June 30, 2024

INTRODUCTORY SECTION



Department of Finance | 1685 Main Street, Mail Stop 09 | Santa Monica, CA 90401
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February 18, 2025

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, 2024 (FY 2023-24).

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.

Lance, Soll & Lunghard LLP has issued an unmodified opinion on the City of Santa Monica's basic financial statements for FY 2023-24. 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.

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 6.5 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

As a AAA rated city, Santa Monica has long relied on prudent fiscal planning to prepare for the future with two-year operating budgets, five-year fiscal forecasts and capital plans, and continuous review and refinement of fiscal policies and processes. This careful planning allowed the City to quickly reposition itself in response to fiscal impacts of unprecedented liabilities and emergencies, such as the COVID-19 pandemic that devastated economies at all levels around the world. Cities like Santa Monica, with strong tourism, retail and entertainment amenities, were hit the hardest by the pandemic. Despite these challenges, all three major rating agencies have affirmed Santa Monica's high quality credit rating in their most recent reviews. The City continues to recover and rebuild, as evidenced by significant new investments throughout our community. By cultivating new revenue streams through partnership initiatives and voter support for new tax measures, the City was able to allocate resources in FY 2023-24 to address City Council and community priorities – public safety, programs and services to address homelessness, and vital community services for youth, families, and seniors – to ensure the community continues to move forward.

While the long-term economic outlook is positive, resources remain constrained in the short-term. The City continues to experience significant cost increases coming from the highest levels of inflation in forty years and other market disruptions occurring as a result of global conflicts. Additionally, the City continues to face challenges such as a difficult economic climate, slow revenue recovery, challenging labor market, the shift of office workers to remote work impacting the local economy, lag in international and business travel impacting tourism, deferred equipment and infrastructure maintenance, significantly reduced reserve levels, and unknown impacts of unresolved legal liabilities. These challenges have a direct impact on the City's ability to restore services and programs to meet community needs and address critical gaps in services. While key investments have enabled staff to bring back some services and invest in new

areas addressing priorities, the City is still operating at 92% of previous staffing levels, which translates to most City programs and services continuing to operate at reduced levels.

The City's General Fund reserves have been impacted by both COVID losses and by a series of agreements to settle legal claims since March 2020. In the face of ongoing contingent liabilities, continued economic volatility, and the appreciation that strong reserves allow us to continue to provide essential services even in the most difficult times, the City diligently balances program restoration and addressing urgent needs with rebuilding its Rainy Day fund contingency reserve. At the end of FY 2023-24, the Rainy Day fund level has been increased to 13.5%, with the commitment to increase the reserve level by 0.5 percentage point a year until it once again reaches 15% in FY 2026-27.

Looking to the future and further recovery, City General Fund revenues are projected to increase by 2.2% in FY 2024-25 over prior year actuals and increase to an average 3.5% annually over the next five years. With limited resources, any new funds are allocated to address five City Council-adopted priorities: Addressing Homelessness; Clean and Safe Santa Monica; Cultivate Economic Recovery & Expand Community & Cultural Offerings; Racial Justice, Equity & Social Diversity; and Sustainable & Connected Community.

In January 2025, U.S. President Donald Trump returned to the White House with plans to implement several economic policies he promised during the 2024 campaign. Among these policies are new or increased tariffs, mass deportations, tax cuts and deregulation. While the U.S. economy continued to rebound strongly in 2024, the uncertainties of potential policy changes at the federal level create forecast challenges. According to the winter 2024 UCLA Anderson Forecast, tariffs will be passed on for the most part in the form of higher prices, temporarily raising inflation in 2025 to just above 3%, and will raise consumer prices by 0.9%. In 2026, inflation is forecasted to be well above 2%, with headline inflation going higher than core inflation. Additionally, the UCLA Anderson Forecast anticipates that one of the main results of mass deportations will be a rise in wages, which could also exacerbate the existing labor shortages, as construction and the food industry are hit particularly hard. With GDP growth expected to be above 2%, the national economy continues to outshine its global peers. The incoming tariff and deportation policies will put upward pressure on costs and downward pressure on consumption, leading to lower GDP growth, dipping below 2% in the second half of 2025.

According to the UCLA Anderson Forecast, California's economy is projected to grow at about the same rate as the national economy in 2025 and 2026. The unemployment rate for the fourth quarter of 2024 averaged 5.3%, while the averages for 2025 and 2026 are expected to be 5.5% and 5.0%, respectively. Real personal income is forecast to grow by 2.3% in 2025 and 2.6% in 2026. Despite higher interest rates, the continued demand for a limited housing stock, coupled with state policies inducing new home building, should result in the beginning of a recovery this year in that housing sector, followed by slow but solid growth in new home production thereafter.

Santa Monica is heavily dependent on visitors and the hospitality industry, which took a significant plunge during the pandemic. While the visitor activity has been increasing, the recovery has been slow. Both transient occupancy taxes and sales taxes continue to lag behind pre-pandemic levels. It is projected that activity in Santa Monica will not reach peak 2019 levels until late 2025/early 2026, as tourism recovers and as hotels that closed for renovations reopen.

Parking revenues, the other significant revenue source affected by visitors, are improving, but at a slower pace (average annual growth of 1.75%). The pandemic accelerated many trends, including online shopping and remote working, that will likely impact visitor behavior and decrease parking demand in future years. Staff anticipates that demand for parking will continue to flatten or decline as consumers

adopt alternative transportation methods, including rideshares, Metro Light Rail, bicycles and scooters, as well as the increased use of free 90-minute parking in the structures. Staff is currently in the process of conducting a citywide parking study, including conducting a parking supply and demand analysis, with recommendations expected back in mid-2025 to inform potential parking rate changes that would be brought to the City Council and submitted to the California Coastal Commission in 2025.

Property taxes have remained positive as assessed value increases continued during the pandemic. These increases are expected to continue but at a slower pace, reflecting a slight softening in the real estate market as interest rates remain high.

Business License taxes have begun to recover from the pandemic. In November 2024, Santa Monica voters approved Tax Measure F, a tax measure that modernizes and streamlines the City's outdated business license tax fee structure, with the goal of improving tax equity, exempting small businesses from the tax, decreasing tax rates for most retailers and restaurants, raising the corporate headquarters rate to 0.25%, removing auto dealer tax exemptions, and restoring a business license processing fee, generating approximately \$3 million annually. The business license tax increases are phased in over a period of three years, to lessen the impact on affected businesses. Once fully implemented, Measure F is expected to generate incremental new revenues of approximately \$3 million annually for the City's General Fund.

Santa Monica instituted a 10% Parking Facility Tax (PFT) in 1993. This tax currently applies to all public and private parking lots and structures in the City for occupying a parking space in any parking facility. At the November 2024 election, voters approved Tax Measure K, to increase the PFT by 8% on privately owned parking lots raising the total tax to 18% to raise \$6.7 million annually to help fund city services. The parking tax would rise to 18%, but will not impact city-owned lots where the tax will remain at 10% because of an exemption. Measure K was accompanied by an advisory measure, Measure PSK, to guide spending of additional resources.

FY 2024-25 utility users taxes (UUT) revenue growth from electric, gas, and cable television utilities is primarily driven by rate changes by Southern California Edison, Southern California Gas Company, Spectrum, and Frontier Communications, respectively. Taxes from water and wastewater services reflect Council-approved utility rates as well as anticipated consumption patterns. Taxes from electricity and natural gas, after spiking in FY 2022-23 due to sharp increases in energy costs, are expected to flatten in FY 2024-25.

Transient Occupancy Tax (TOT) and Documentary Transfer Tax revenues were bolstered by the 2022 voter-approved measures that increased the TOT rate (Measure CS) from 14% to 15% on hotels and 17% for homeshares (projected to generate \$5 million annually) and a third tier to the City's Documentary Transfer Tax (Measure GS) of \$56 per \$1,000 transfer value for transfers of \$8 million and over. While Measure GS could generate approximately \$50 million annually, it is a volatile revenue source, based on sales of very high value properties. Revenue from Measure GS is restricted to fund homelessness prevention, affordable housing projects, and schools. At that time, the voters also approved Measure HMP establishing business license tax rates for cannabis businesses, but no revenue from these sources is anticipated before FY 2025-26.

The FY 2023-25 biennial budget was built upon community-driven priorities, to continue to restore City programs and services to the community through strategic investments informed by Council's five priority areas. The restorations were made possible through a combination of a new voter-approved revenue source, moderate revenue growth, the reallocation of funds, new revenues from public and private partnerships, and staff's ability to expand capacity for cost-covering programs.

Looking ahead, as revenues recover, the City will remain centered on preserving jobs and services, ensuring that we can continue to restore programs and services in a responsible manner, as resources

allow, and continue to advance a bold agenda that is responsive to community need. Alongside these goals, staff will continue to rebuild the City's capital improvement program to a level that allows for preventive maintenance and lower cost pay as you go capital investments, as well as rebuild the City's Rainy Day Fund contingency reserve balance back to 15% of ongoing expenditures.

CITYWIDE BUDGET

For over a decade, the City has followed a biennial budgeting process. This technique improves budget development efficiency by reducing the amount of staff time needed to produce the budget in the second year and allows for long-term planning. Staff prepares and presents the City's Operating Biennial Budget in odd-numbered years, and the Capital Improvement Program (CIP) Biennial Budget in the even-numbered years. Because the City's Charter requires the Council to adopt a budget annually, the Council adopts the first year of the biennial budget and approves the budget plan for the second year at the same time. Council then adopts the second-year budget the following year. On June 25, 2024, Council adopted the second year of the biennial operating budget for FY 2024-25 and adopted the first year and approved the second year of the FY 2024-26 Biennial CIP Budget.

The Citywide Adopted FY 2024-25 Budget was \$765.3 million, net of reimbursements and transfers, \$463.3 million within the General Fund. An earlier-than-anticipated economic recovery allowed for higher than projected FY 2022-23 General Fund revenues to be set aside in assigned reserves, to cover upcoming contingent liabilities and future working capital to aid the City in providing essential services and honoring labor agreement provisions.

The FY 2024-25 Adopted Budget included an increase of 18.25 full-time equivalent permanent positions (10.25 in the General Fund) and a decrease of 2.3 full-time equivalent as-needed positions, primarily in the General Fund, as compared to the FY 2023-24 Revised Budget. As of June 30, 2024, the City was operating at approximately 92% of its pre-pandemic staffing levels overall.

The FY 2023-25 Adopted Biennial Budget includes significant restoration of ongoing services and the introduction of enhanced services since the 2020 budget restructuring. This is due to a combination of a new voter-approved revenue source (as discussed above), moderate revenue growth, a reallocation of existing funds, new revenues from public and private partnerships, and staff's ability to expand capacity for cost-covering programs. Budget restorations and enhancements address the five budget priorities noted above. The investments incorporated in the budget continue through FY 2024-25, the second year of the biennial budget. Some of the key investments in the priority areas include:

- Addressing homelessness – preparation of a Homelessness Strategic Plan; expanded outreach teams, including Multi-Disciplinary Teams consisting of mental health professionals who deliver immediate and intensive services to people experiencing homelessness, the Homeless Liaison Program (HLP) to expand operating hours, partnerships with outside agencies to provide greater resources to work with clients and connect them immediately to available services, redesign of the SAMOSHEL interim housing program to accommodate 24/7 intakes, and the grant-funded SaMo Bridge diversion program to address behavioral health, substance abuse, and housing needs of justice-involved adults.
- Clean and safe programs – implementation of the Santa Monica Analytical Real Time Center (S.M.A.R.T Center) to gather and synthesize real time data from an array of technologies to aid police resources, expanded security services at Downtown parking structures and the

Pier, maintenance of water features at Ken Genser and Tongva Parks, increased frequency of tree pruning in high-traffic areas to ensure safer conditions for the public and improve the aesthetics of our public spaces, specialized public space maintenance team focusing on waste and debris generated by people experiencing homelessness, enhanced monitoring and enforcement of the City's home-sharing ordinance, enhanced parking structure and lot maintenance program, enhanced community response unit capabilities, and implementation of a Transit Safety Program on buses and at bus stops.

- Community & cultural offerings – increased service hours at libraries and the Memorial Park gym and fitness room, enhanced direct service youth programs like CREST, PAL and VAP, including the Summer Lunch Program, continued financial support for the school district's playground club offering supervised afterschool play time on elementary schoolyards, continuation of the Art of Recovery program which supports production of free public art and cultural programming and events, and creation of a new Pickleball Program.
- Economic recovery – creation of a small business assistance and tenant improvement fund to provide revolving loans or grants and technical assistance to highest need businesses, advancement in streamlining the City's permitting processes with the added Senior Planner and restoration of the Neighborhood Grant Program, and modernization of the City's Business License Tax program.

Likewise, the Council's five priorities guided investments in the City's capital improvement program, in particular the General Fund projects, once the most critical maintenance needs and other obligations were addressed. Because the City's CIP budget has remained underfunded since the COVID-19 pandemic and the need to continue reduced funding to address uncertainty over city liabilities, the CIP unfunded citywide project list has grown to over \$460.0 million, including new projects and maintenance projects.

POLICIES, RESERVES AND TRANSPARENCY

Over the years, the City has worked to add policies and reserves to affirm its commitment to safeguarding public funds through transparent and careful fiscal management. For more than ten years, the City kept an economic uncertainty reserve of \$9.7 million in addition to its General Fund Rainy Day Fund contingency reserve totaling 15% of annual operating expenditures. Strong reserves allowed the use of contingency and economic uncertainty funds during the severe economic downturn that resulted from the pandemic, while the City retained a stable Rainy Day Fund reserve level of 12.5% of ongoing expenditures in the event of a new emergency. As noted above, as revenues continue to recover, the Rainy Day Fund level has been elevated to 13.5% in FY 2023-24, with the commitment to increase it by 0.5 percentage point a year until it once again reaches 15% in FY 2026-27.

The City ended the fiscal year with a positive operating balance and a General Fund fund balance of \$174.6 million which includes nonspendable (\$7.4 million), restricted (\$9.5 million), committed, assigned (\$106.3 million), and unassigned fund balances (\$51.4 million), 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 proactive paydown strategies, 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.

Recovery challenges

In the years after the pandemic, the City has had two additional challenges. The first is that most General Fund revenues have not reached the level that revenues would have been if the pandemic had not occurred. The second is the significant liability arising from allegations of sexual abuse claims against a former employee. The combined effect of this is a reduction in available General Fund revenues needed to restore the City's services to pre-pandemic levels and address important operating needs.

The City continues to see additional revenues from numerous tax measures approved by voters in 2022 (Measure CS, Measure GS and Measure HMP) and 2024 (Measure F and Measure K), which are described in the Financial Condition and Outlook section above.

Since 2021 the City has focused on leveraging grant funds to the greatest extent possible and have applied for and received direct project funding in excess of \$100 million in new competitive grant funds. Significant grants awarded in recent years include:

- \$53.3M California State Transportation Agency from the Transit and Intercity Rail Capital Program (TIRCP) for the Big Blue Bus to accelerate fleet electrification, service enhancements, and workforce development.
- \$10M for the City Yards Modernization Project to fund infrastructure and operational improvements that advance City Yards' transformation in delivering resident services from a facility with pioneering innovations in sustainability and safety.
- \$7.9M State of California, Board of State and Community Corrections (BSCC) from Proposition 47 grant funding for the City Attorney's Office to establish SaMo Bridge, a diversion program that addresses the behavioral health, substance abuse, and housing needs of justice-involved adults in the Santa Monica community.
- Up to \$6.75M from the Federal Emergency Management Agency FEMA-funded Hazard Mitigation Grant to fund a Seismic Retrofit Grant Program to provide qualifying property owners with reimbursable funds to complete the seismic retrofit of buildings required by the City's Seismic Retrofit Program.

- \$6.125M State grant funds from the Board of State and Community Corrections for the Santa Monica Police Department to continue and enhance efforts to combat organized retail theft, motor vehicle / motor vehicle accessory theft, or cargo theft.
- \$4.8M from the U.S. Department of Housing and Urban Development (HUD) to fund the Continuum of Care (CoC) Program designed to provide housing subsidies (supportive housing) to homeless, disabled households.
- \$3.2M from the U.S. Department of Homeland Security, Federal Emergency Management Agency to fund training in direct support of regional goals to promoting effective information gathering, sharing, and response to threats and/or acts of terrorism for the Fire Department and personal protective equipment (PPE) for the Police Department.

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, the City deferred an additional \$5.7 million 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, there are an additional 153 plaintiffs named in twenty-two lawsuits against the City.

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. The Court of Appeal transferred the case back to the trial court. The case may go to trial in late 2025. 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.

- 58% 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 as well as 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.
- In FY 2018-19, the City Manager established an ad hoc Pension Advisory Committee (PAC) made up of residents and City employees. Working with an independent actuary and staff, the PAC unanimously recommended that the City Manager consider an accelerated plan to pay down the City's current pension unfunded liability over 13 years, to conclude in 2032-33. However, after making the first \$9.3 million payment, additional paydowns were suspended due to the economic crisis the City experienced with COVID-19. On April 11, 2023, Council authorized a suspension of the accelerated paydown of the City's unfunded pension liability from FY 2022-23 until FY 2027-28, or later, to restore an array of community services and programs. The decision took into consideration the fact that the previous policy was adopted in 2019, when the City's programs were operating at full strength and reserves were strong.
- 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 2023-24, the City did not prepay its contributions as interest rates earned on its portfolio exceeded the discount rate.

Despite the steps taken by the City outlined above, CalPERS has made a number of changes to actuarial assumptions that have increased contribution rates. In addition to the phase in of the half percent discount rate decrease, CalPERS has shortened the period over which future actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on unfunded actuarial liability bases attributable to assumption changes and non-investment gains and losses and removes the 5-year ramp-down on investment gains and losses. These changes apply to new unfunded liability bases and are reflected in FY 2021-22 contribution rates. In FY 2020-21, a 21.3% net return on the CalPERS investment portfolio triggered a reduction in the discount rate from 7.0% to 6.8%, per CalPERS' Funding Risk Mitigation Policy. The lower discount rate increases the likelihood that CalPERS can reach its investment target over the longer term. The impact of the discount rate change, the high returns, and the elimination of the EPMC for miscellaneous employees is reflected in the FY 2023-24 contribution rates.

In FY 2021-22, the CalPERS investment portfolio experienced a net return of -6.1%, while FY 2022-23 performance showed a return of 5.8%, still less than the projected 6.8% that CalPERS expects. In FY 2023-24 performance showed a return of 9.3%, which is 2% more than the current discount rate and could have resulted in a reduction of the discount rate. In September 2024 the CalPERS Finance and Administration Committee voted on making no changes to the discount rate at that time and will decide

if an increase is required after the Asset Liability Management process is completed in 2025. To plan for the higher contribution rates that will follow these loss years, City staff is projecting future year pension contributions with the revised returns, using the CalPERS Pension Outlook modeling tool.

Other Post Employment Benefit liability

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 through FY 2018-19. This has allowed the City to benefit from a higher discount rate used in calculating its OPEB unfunded liability. The City Council suspended the prefunding contributions during FY 2019-20 and FY 2020-21, but contributions resumed in FY 2021-22 and are continuing.

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. Despite these major claims, program liabilities under the City's direct responsibility, known as Self-Insured Retention (SIR), remained stable, with a modest \$100,000 decrease from FY 2022-23. 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.

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.

MAJOR CAPITAL PROJECTS

The FY 2024-26 Biennial Capital Improvement Program (CIP) Budget for the General Fund continued to reflect decreases in capital funding, including deferral of eight projects totaling \$2.5 million for FY 2024-25 and 12 projects totaling \$4.0 million in FY 2025-26. The adopted FY 2024-25 Capital Improvement Program budget strategically allocates its very limited General Fund resources to on-going facility and

infrastructure maintenance, and technology upgrades to ensure that projects most closely addressing City Council priorities rise to the top.

The majority of the CIP portfolio is funded by non-General Fund funding sources that are mostly restricted and must fund projects within their enterprise or follow grant guidelines. Staff have proactively identified multiple grants and outside resources in order to implement innovative projects that support attainment of various sustainability goals. Below are highlights of some of the larger projects that reflect a commitment to maintaining and enhancing the City's infrastructure and that focus on a Clean and Safe Santa Monica, a Sustainable and Connected Community and aligned with City Council priorities.

Project	Fund	Amount
Memorial Park PLD Relocation – relocation of Public Landscape Division (PLD) to implement the first phase of the Memorial Park Expansion	General Fund	\$1,000,000
Cybersecurity – upgrade and replace system that has reached end of life	General Fund	\$612,096
Annual Paving – paving of 2-3 miles of road along California Avenue, Broadway, and Pico Blvd.	Gas Tax, Local Return	\$1,700,000
Park Improvement Program – address maintenance issues identified at Virginia Avenue Park, Tongva Park, Reed Park, Clover Park and Airport Park	Special Revenue Fund	\$250,000
Water Main Replacements – replace approximately 2 miles of water mains in the following areas: 7th St, 11th Ct, 22nd Ct, 24th Ct, Euclid Ct, Michigan Ave, Ocean Ave, Washington Ave.	Water Fund	\$7,737,500
Wastewater Main Replacements – replace approximately 1.5 miles of wastewater collection pipes in the following areas: 4th St, 5th Ct, 9th Ct, 24th Ct, 26th Ct, Centinela Ave, Chelsea Ave, Frank Ct, Georgina Pl N, Harvard Ct, Hill Pl N, Maple St, Pico Pl S, Raymond Ave, Raymond Pl N, Santa Monica Pl S, Stanford St, Washington Pl N, Washington Pl S.	Wastewater Fund	\$3,477,800
Urban Forest and Planting Renewal – planting and removal of approximately 300 trees citywide aiming for a net public tree gain in every neighborhood of 5-10% more trees are planted than removed.	General Fund	\$250,000
Groundwater Recharge Well – part of the City's overall goal to be water self-sufficient and reduce reliance on imported water supplies, would fund design and construction of groundwater recharge well SM-11i to replenish the City's groundwater aquifers.	Water Fund	\$2,000,000

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, 2023. 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 thirty-nine years. We believe our current ACFR also conforms to the Certificate of Achievement program requirements.

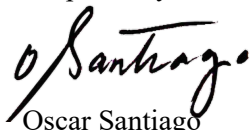
A copy of this ACFR can be viewed by appointment in the City Clerk's Office. Electronic copies have been provided to City Council and Audit Subcommittee members, City management personnel, bond rating agencies, and other agencies which have expressed an interest in the financial affairs of the City. 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Oscar Santiago". The signature is written in a cursive, flowing style with a large initial "O".

Oscar Santiago
Director of Finance/City Treasurer

OFFICIALS OF THE CITY OF SANTA MONICA

As of January 23, 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

Assistant City Manager

Deputy City Manager

City Clerk (Director of Records and Election Services)

Director of Finance/City Treasurer

Director of Human Resources

Chief Information Officer

Chief of Police

Fire Chief

Director of Community Development

City Librarian

Director of Transit Services

Director Recreation and Arts

Director of Public Works

Director of Housing and Human Services

David White

Susan Cline

Christopher Smith

Nikima Newsome

Oscar Santiago

Dana Brown

Feroz Merchhiya

Ramon Batista

Matthew Hallock

Armine Chaparyan

Erica Cuyugan

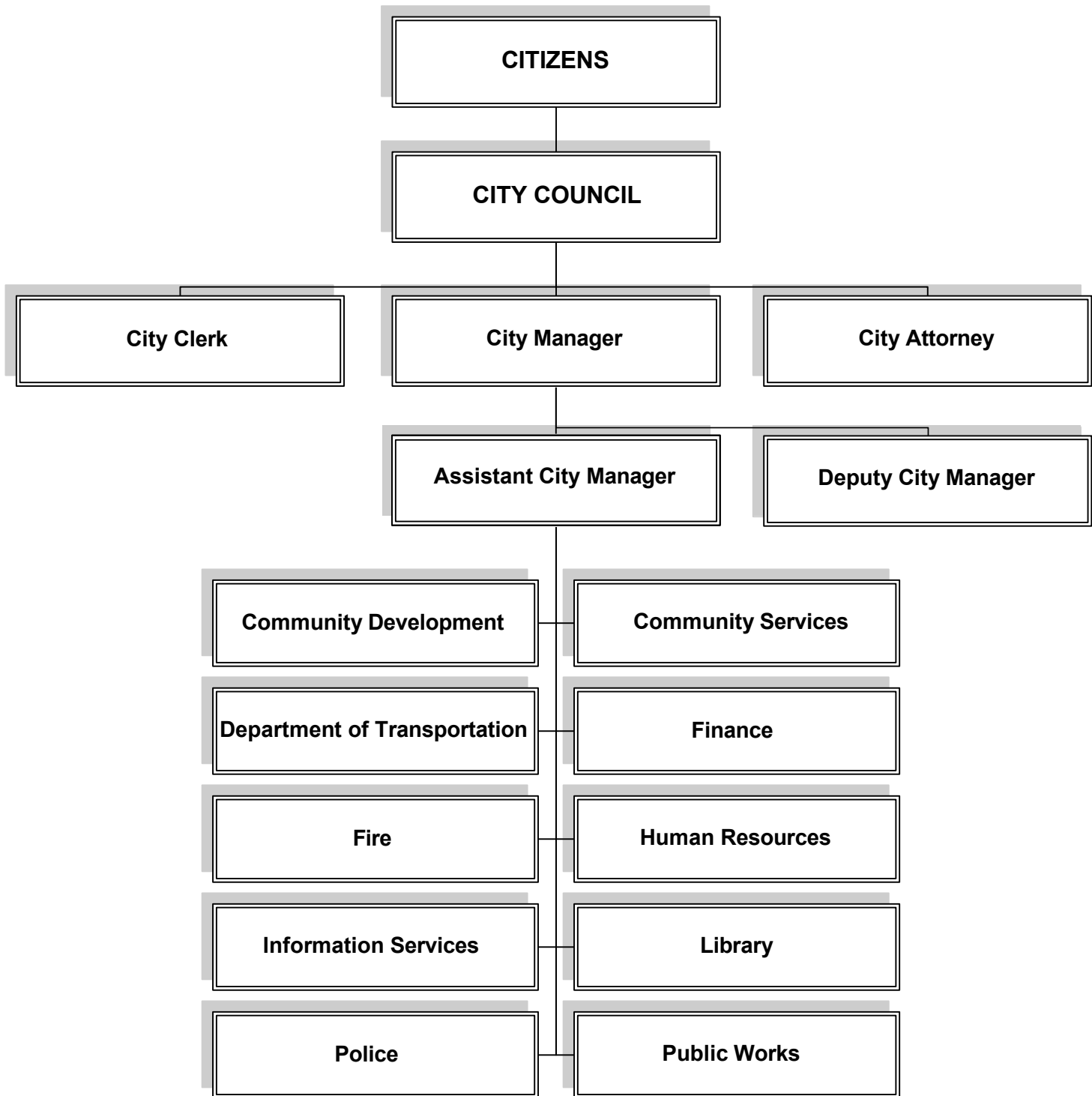
Anuj Gupta

Jenny Rogers

Rick Valte

Heather Averick

**ORGANIZATION OF THE
CITY OF SANTA MONICA**
as of June 30, 2024





Government Finance Officers Association

Certificate of
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**City of Santa Monica
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Santa Monica, California
Year Ended June 30, 2024

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, California (the "City"), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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.



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

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, budgetary comparison information for the General Fund and the major special revenue funds, and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



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 February 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
February 18, 2025

CITY OF SANTA MONICA, CALIFORNIA

Management's Discussion and Analysis For the fiscal year ended June 30, 2024 (Unaudited)

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, 2024. 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 \$1,496.1 million as of June 30, 2024. Of this amount, \$1,137.4 million represents net investment in capital assets, \$304.5 million represents net position restricted for specific purposes, and \$54.2 million represents unrestricted net position. Governmental activities and business-type activities reported unrestricted net positions of (\$52.7) and \$106.9 million as restated, which is an increase of \$46.5 million and a decrease of \$4.2 million respectively. The increase in governmental activities was primarily due to the receipt of \$16.5 million in settlements from several of the City's insurance carriers plus absence of payments related to the settlement of claims offset by reductions in sales and use and transit and occupancy taxes. The decrease in business-type activities unrestricted net position is primarily from the normal results of operations and increases in expenses in the Resource Recovery and Recycling, Airport and Big Blue Bus funds for refurbishment of properties. \$930.9 million represents net position for governmental activities and \$565.2 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 \$550.8 million, compared to \$497.4 million (as restated), at the end of the prior fiscal year, which is an increase of \$53.4 million or 10.7%.
- The General Fund reported an ending fund balance of \$174.6 million as of June 30, 2024, compared to \$152.0 million, as restated, as of June 30, 2023, which represents an increase of \$22.6 million or 14.9%. The main reasons for the overall increase in fund balance were settlement payments from several of the City's carriers related to coverage of legal claims as well as amounts received for business licenses taxes arrearages.
- The City's net capital assets increased by \$0.3 million, or less than 0.1%, to \$1,459.5 million as of June 30, 2024, from \$1,459.2 million, as of June 30, 2023.
- The City's long-term debt (excluding unamortized issuance premiums) decreased by \$7.6 million or 2.3%, from \$326.6 million as of June 30, 2023, to \$319.0 million as of June 30, 2024. The decrease is due to annual debt service payments made during FY 2023-24.
- The City's net pension liability increased from \$496.7 million at June 30, 2023 to \$504.3 million at June 30, 2024, an increase of \$7.6 million or 1.5%. The increase in the liability was due to lower than projected CalPERS investment portfolio returns of 5.8% in FY 2022-23. In accordance with the Governmental Accounting Standards Board, the financial statements report the City's net pension liability measured as of June 30, 2023.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

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, 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, community broadband, 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 1 and 2 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*

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

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 twelve 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 4 through 7 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.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

The proprietary funds financial statements can be found at pages 9 through 12 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 14 through 15 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 16 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 \$1.5 billion at the close of the current fiscal year.

As shown on the next page, the largest portion of the City's net position, \$1.1 billion or 76.0%, 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, \$304.5 million or 20.3%, 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 for all three categories of net assets primarily as the City continues recovery from the economic effect of the COVID-19 pandemic offset by the payments of legal claims. Governmental activities reported a negative unrestricted net position due to an increase in the City's net pension liability plus cumulative revenue shortfalls from the pandemic and settlement payments made in the past few years. 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 where the return on City investments exceeds 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. To meet the additional challenge of COVID-related revenue losses, the City implemented a workforce reduction in FY 2019-20 and is still operating with a reduced workforce (93% of pre-pandemic staff levels) focusing on the return of essential services while many programs and capital infrastructure investments are still operating at reduced levels. Earlier than anticipated recovery, resulting in one-time revenue surpluses,

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

and Federal government subsidies offset by legal settlements have helped rebuild the City's unrestricted net position balance.

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

CITY OF SANTA MONICA
Summary of Net Position
(in millions)

	Governmental activities		Business-type activities		Total	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
	(as restated)		(as restated)		(as restated)	
Current and other assets	\$ 785.8	704.2	473.5	427.3	1,259.3	1,131.5
Capital assets	908.3	921.6	551.2	537.5	1,459.5	1,459.1
Total assets	1,694.1	1,625.8	1,024.7	964.8	2,718.8	2,590.6
Deferred outflows of resources	173.9	182.1	38.3	42.1	212.2	224.2
Current and other liabilities	119.8	94.9	151.5	133.3	271.3	228.2
Long-term liabilities	753.8	750.3	255.2	256.7	1,009.0	1,007.0
Total liabilities	873.6	845.2	406.7	390.0	1,280.3	1,235.2
Deferred inflows of resources	63.5	78.3	91.0	47.4	154.5	125.7
Net position:						
Net investment in capital assets	690.6	701.3	446.8	446.6	1,137.4	1,147.9
Restricted	293.0	247.0	11.5	11.4	304.5	258.4
Unrestricted	(52.7)	(63.9)	106.9	111.4	54.2	47.5
Total net position	\$ 930.9	884.4	565.2	569.4	1,496.1	1,453.8

Total current and other assets increased \$127.8 million or 11.3% from the prior fiscal year. Governmental activities increased by \$81.6 million and business-type activities increased by \$46.2 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 \$12.0 million or 5.4% from the prior fiscal year. Governmental activities decreased by \$8.2 million and business-type activities decreased by \$3.8 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 increased \$43.1 million or 18.9% from the prior fiscal year, as restated. Governmental activities increased by \$24.9 million and business-type activities increased by \$18.2 million, primarily from increases in unearned grant revenue.

Total deferred inflows of resources increased by \$28.8 million or 22.9%. Governmental activities decreased by \$14.8 million and business-type activities increased by \$43.6 million. The increase 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.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
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Total long-term liabilities increased \$2.0 million or 0.2% from the prior fiscal year. The increase in this category is primarily due to the increase in net pension and OPEB liabilities of \$11.1 million offset by \$9.0 million in reductions in loans and bonds payable.

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

CITY OF SANTA MONICA
Summary of Changes in Net Position
(in millions)

	Governmental activities		Business-type activities		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
	As restated		As restated		As restated	
Revenues						
Program revenues:						
Charges for services	\$ 122.7	138.8	140.1	127.1	262.8	265.9
Operating grants and contributions	85.8	53.8	63.0	62.7	148.8	116.5
Capital grants and contributions	0.2	16.8	14.2	10.8	14.4	27.6
General revenues:						
Property taxes	84.2	79.7	—	—	84.2	79.7
Sales and use taxes	72.8	78.5	—	—	72.8	78.5
Transient occupancy taxes	65.9	67.6	—	—	65.9	67.6
Utility users taxes	36.7	36.5	—	—	36.7	36.5
Business license taxes	39.5	31.4	—	—	39.5	31.4
Parking facility taxes	11.1	10.8	—	—	11.1	10.8
Real property transfer taxes	10.4	10.7	—	—	10.4	10.7
Other taxes	4.0	4.0	—	—	4.0	4.0
Investment income	22.1	2.1	12.4	3.2	34.5	5.3
Other revenue	32.6	17.2	8.8	18.3	41.4	35.5
Total revenues	588.0	547.9	238.5	222.1	826.5	770.0
Expenses						
General government	65.4	184.7	—	—	65.4	184.7
Public safety	195.6	168.7	—	—	195.6	168.7
General services	120.4	101.3	—	—	120.4	101.3
Community services	101.3	96.3	—	—	101.3	96.3
Library	13.5	11.1	—	—	13.5	11.1
Community development	42.3	40.8	—	—	42.3	40.8
Interest on long-term debt	3.7	3.9	—	—	3.7	3.9
Water	—	—	35.1	32.8	35.1	32.8
Resource recovery and recycling	—	—	40.6	30.2	40.6	30.2
Pier	—	—	9.0	8.4	9.0	8.4
Wastewater	—	—	24.8	19.8	24.8	19.8
Airport	—	—	28.1	13.0	28.1	13.0
Stormwater management	—	—	0.5	0.5	0.5	0.5
Cemetery	—	—	2.6	2.1	2.6	2.1
Big Blue Bus	—	—	101.2	93.3	101.2	93.3
Parking Authority	—	—	0.1	0.1	0.1	0.1
Total expenses	542.2	606.8	242.0	200.2	784.2	807.0
Excess (deficiency) of revenues						
over expenses before special items						
and transfers	45.8	(58.9)	(3.5)	21.9	42.3	(37.0)
Transfers	0.7	16.0	(0.7)	(16.0)	—	—
Change in net position	46.5	(42.9)	(4.2)	5.9	42.3	(37.0)
Beginning net position, as restated	884.4	927.3	569.4	563.5	1,453.8	1,490.8
Ending net position	\$ 930.9	884.4	565.2	569.4	1,496.1	1,453.8

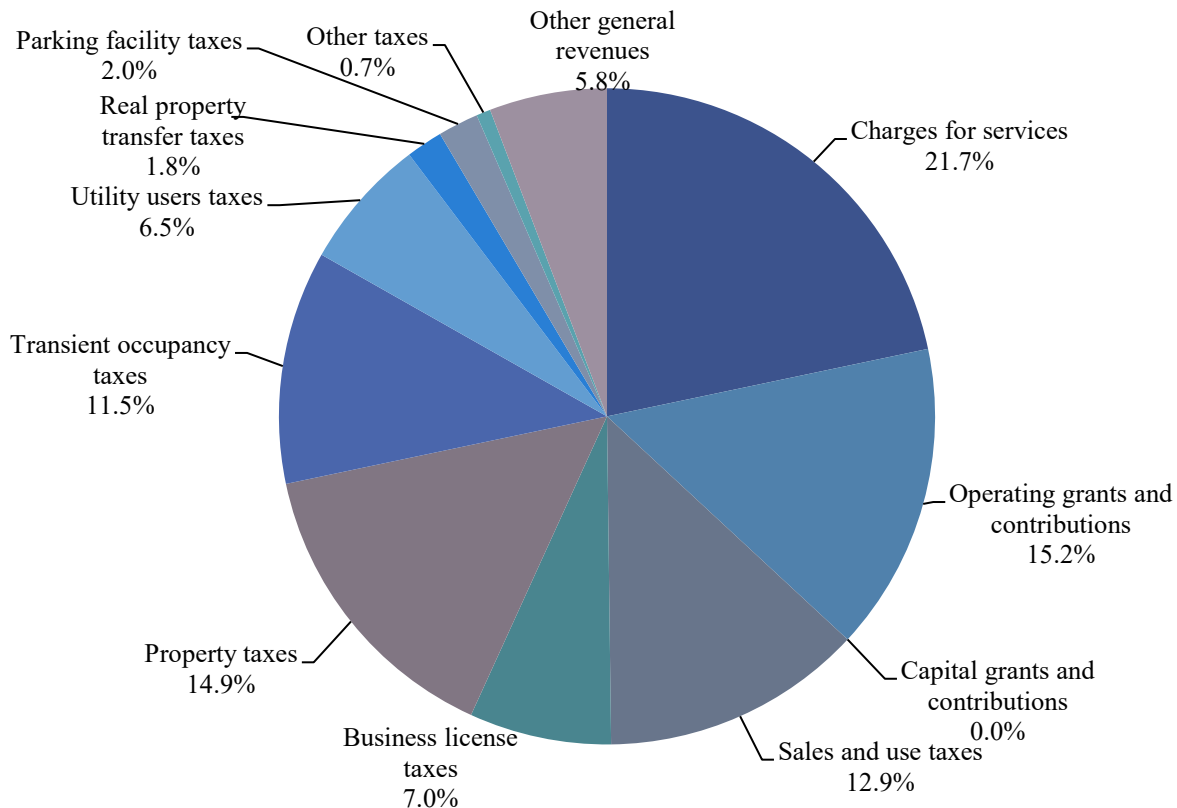
CITY OF SANTA MONICA, CALIFORNIA

Management's Discussion and Analysis, Continued For the fiscal year ended June 30, 2024 (Unaudited)

Governmental Activities. The City's governmental activities net position increased by \$46.4 million, or 4.8%. Analysis of revenues and expenses are discussed below and on the following pages.

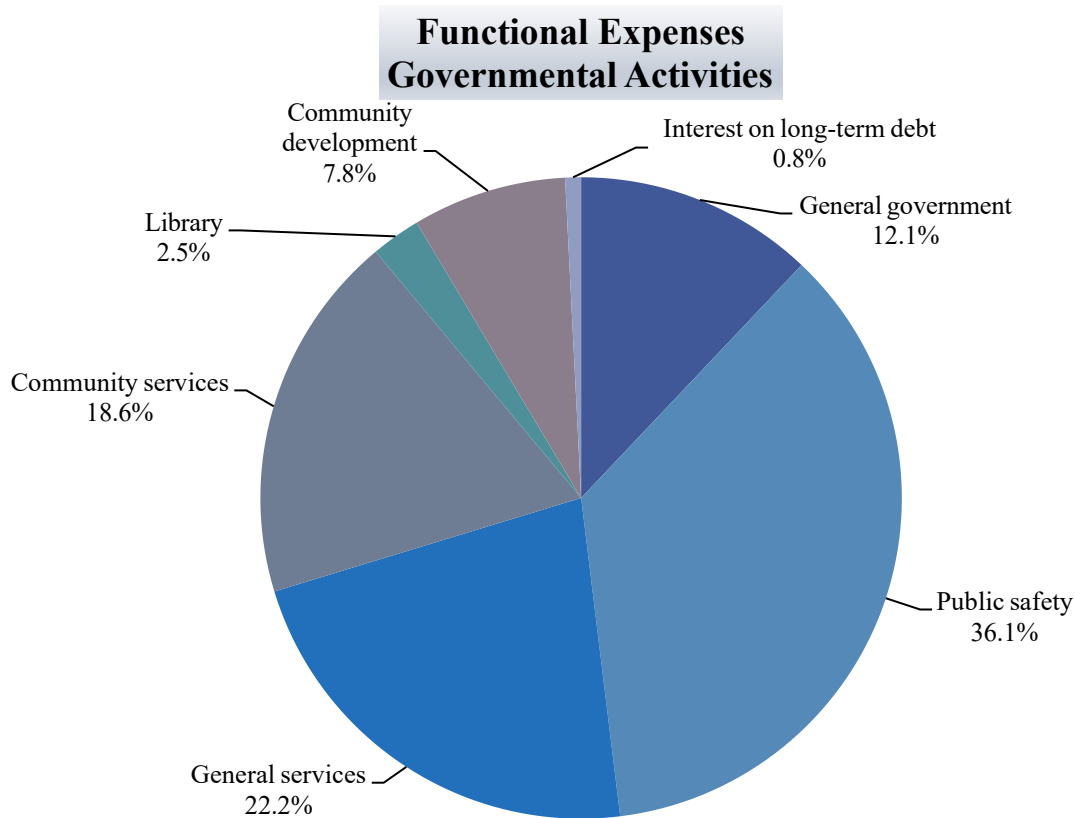
Revenue Sources: Governmental Activities. As shown in the chart below, the largest category of revenue for governmental activities is charges for services, which represents 21.7% of total governmental activities revenue. The category totaled \$122.7 million in FY 2023-24, compared to \$135.6 million in FY 2022-23, which is a decrease of \$12.9 million or 9.5% due to decreased developer fees and lack of revenue related to a digital kiosk licensing agreement as the devices installation was not completed until FY 2025. The second largest category is property taxes, which represent 14.9% of total governmental activities revenue. Property taxes increased \$4.5 million or 5.3% from the prior fiscal year. The increase was primarily due to a continued strong rise in the City's assessed valuation plus an increase in RPTTF residuals. The third largest category is sales and use taxes and represents 12.9% of total governmental activities revenue, which decreased \$5.7 million or 7.5% from the prior fiscal year, as taxable sales level off from their prior year increase when businesses reopened after pandemic related closures and as the City's post-pandemic economic recovery continues. The City's auto dealership luxury vehicle activity softened after previously surging. Additionally, a large retailer in the downtown area who opened in 2006, closed their location in the City during FY 2023-24. Transient Occupancy Taxes decreased \$1.8 million from \$67.6 million to \$65.8 million or 2.7% primarily due to closure of a hotel for remodeling in the later part of FY 2022-23 and remained closed throughout SF 2023-24 occupancy rates stayed flat due to the loss of American Film Market film industry annual event, lower-than-expected return of international visitors, a tier one property rebranded and underwent a rebuild for the entire fiscal year, along with several rooms at multiple properties being offline on and off for renovation.

Sources of Revenue Governmental Activities*



CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
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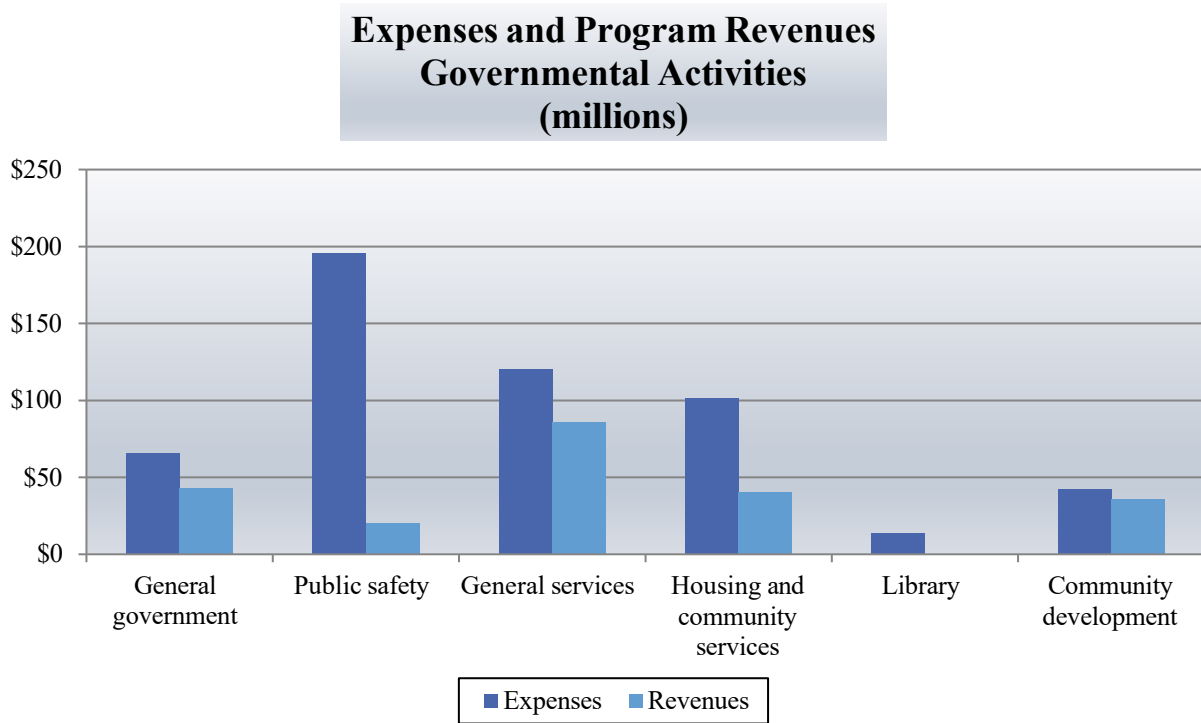
Functional Expenses: Governmental Activities. As displayed in the chart below, general government, public safety, general services, community services, and community development accounted for 97.5% of total governmental activities expenses.



Total governmental activities expenses decreased \$62.5 million or 33.8% from the prior fiscal year after restatement. The three categories with the largest variance from the prior year were general government, public safety, and general services. General government expenses decreased \$119.2 million or 64.5%. Public safety increased \$26.9 million or 15.9%. General services increased \$19.1 million or 18.9%. General government decreased due to the absence in the current year of payments of legal settlements being made in the prior year. Public safety and general services expenses increased primarily due to OPEB and pension expense because the CalPERS 5.8% return on pension plan assets which is lower than the discount rate of 6.8%. Additionally, the City hired a dozen sworn personnel which had been delayed due to the COVID19 pandemic because academies in the region were closed for a portion of the pandemic. The increase in expenses in general government was due to GASB 96 software expenses.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
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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.

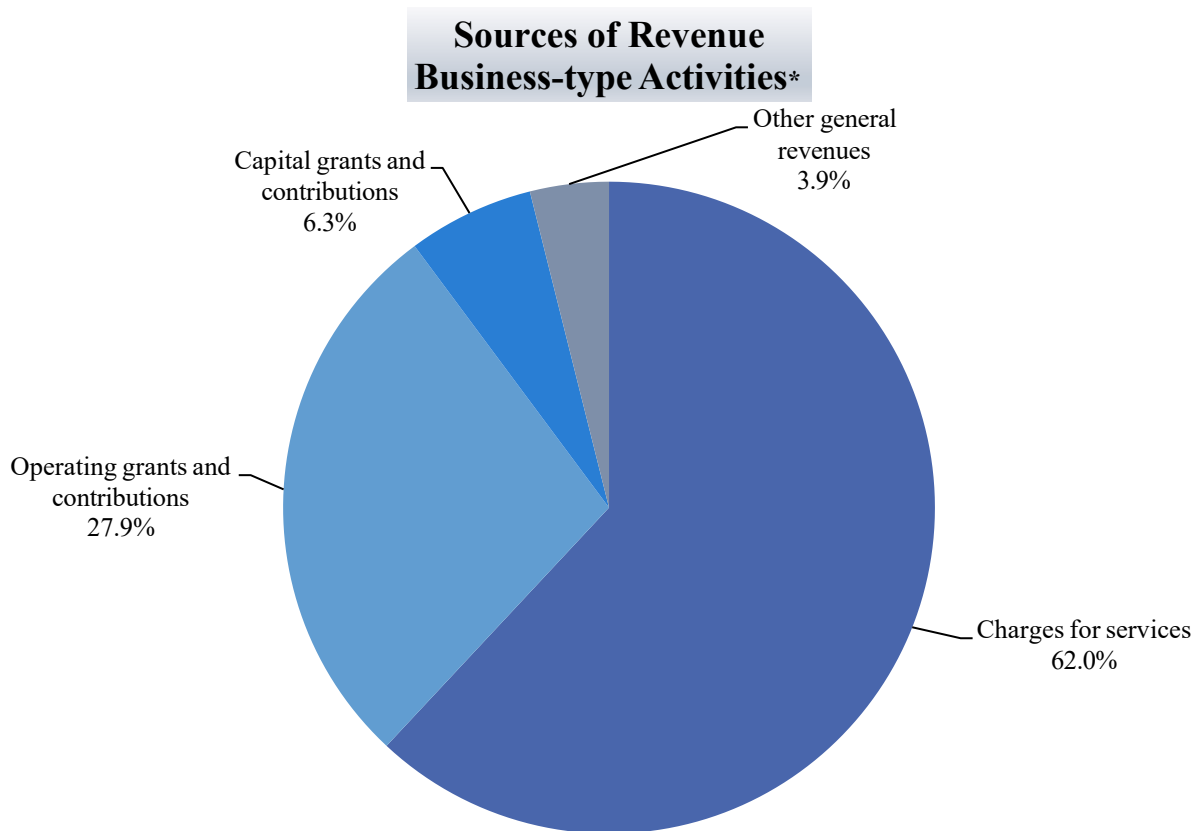
The function with the highest percentage of program revenues to direct expenses in FY 2023-24 is community development, which had expenses of \$42.4 million and program revenues of \$36.0 million, a ratio of 84.9%. This high percentage indicates that all the expenses in this category are financed by revenues generated by activities within the community development category.

The function with the lowest percentage of program revenues to direct expenses in FY 2023-24 is the library, which had expenses of \$13.4 million and program revenues of \$0.2 million, a ratio of 1.5%. This low percentage indicates that most of the expenses in this category are financed by the general revenues of the City.

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Management's Discussion and Analysis, Continued
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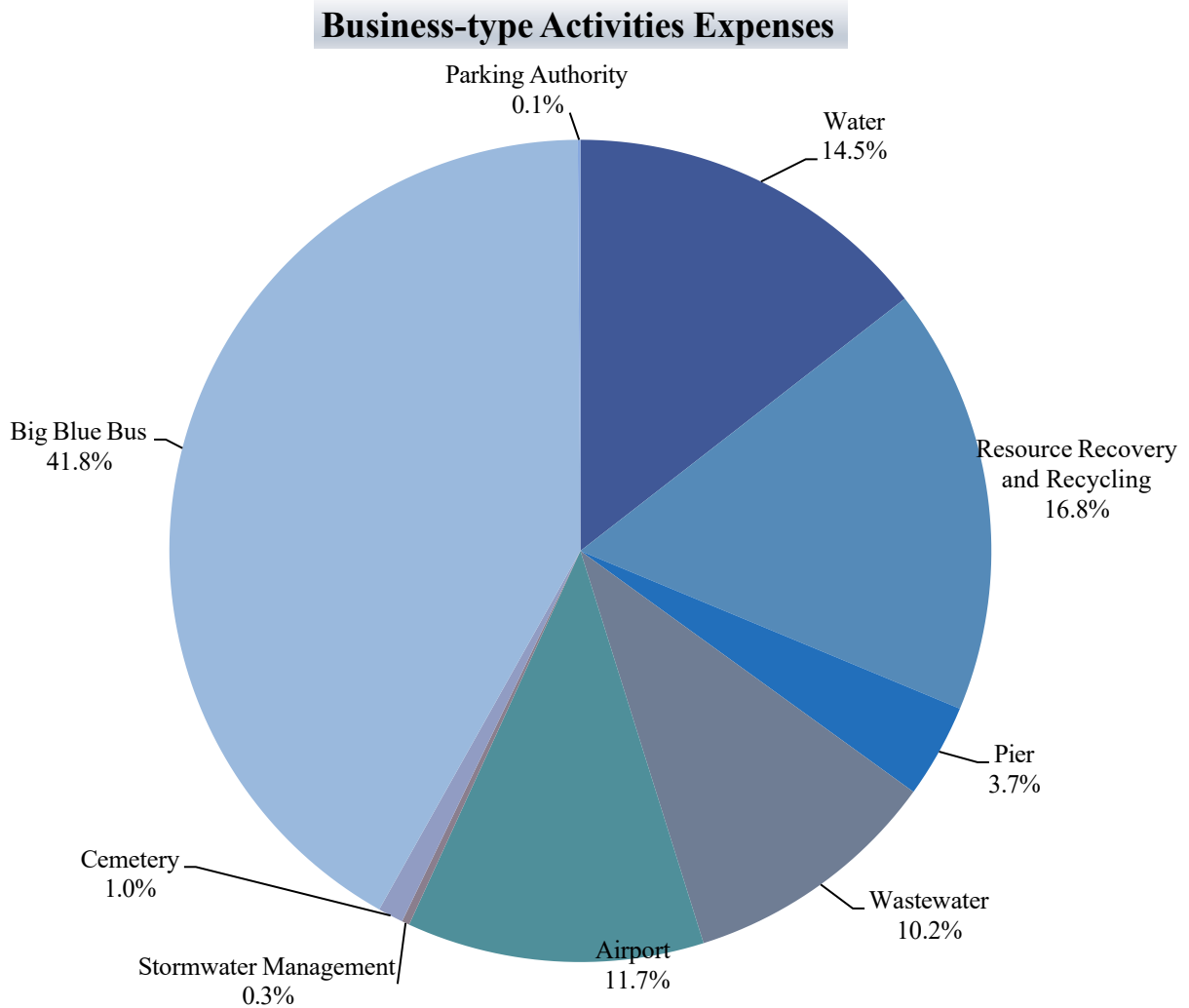
Business-type Activities. The City's business-type activities net position decreased \$4.2 million or 0.7% from the prior fiscal year after restatement.

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 93.7% of the total business-type activities revenues of \$238.6 million.



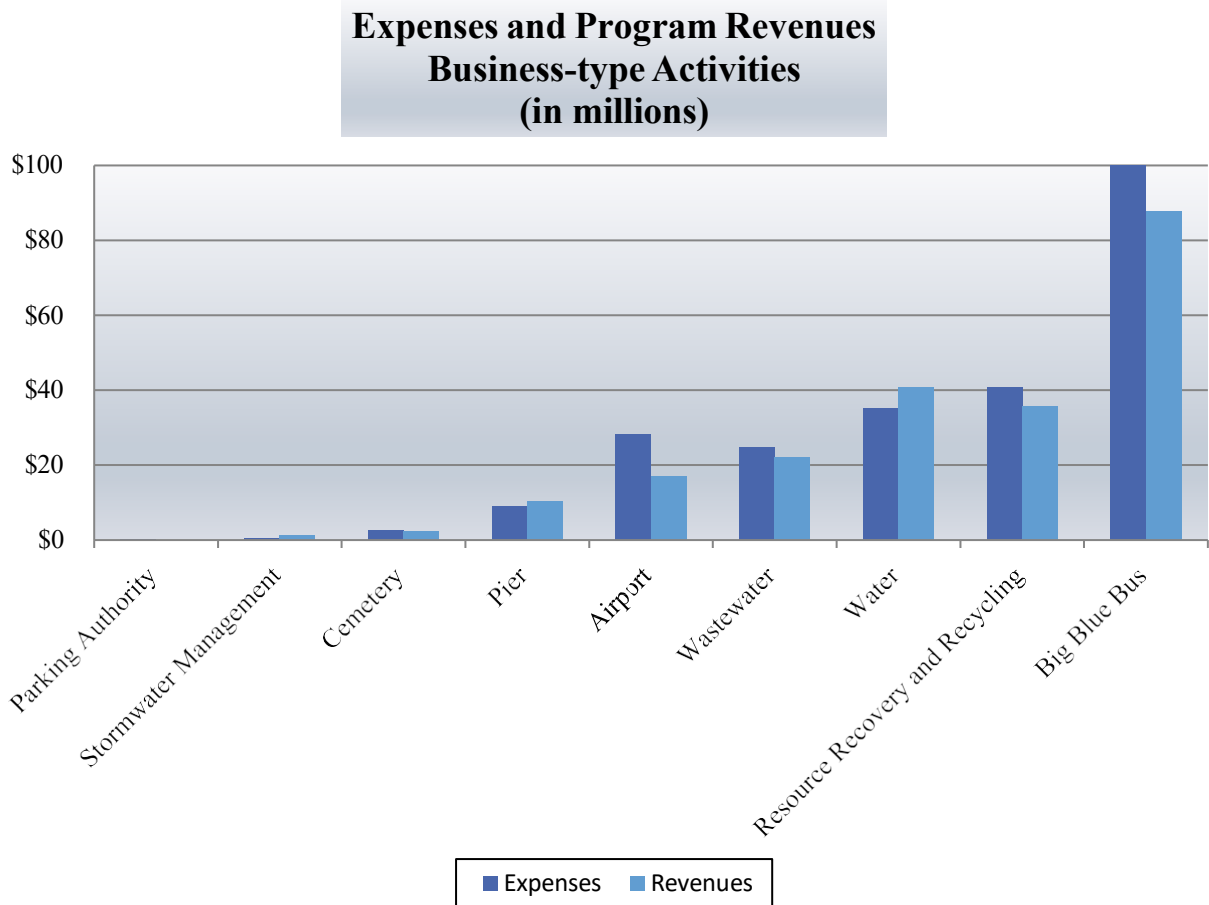
CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
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Expenses: Business-type Activities. The chart below displays individual business-type activities as a percentage of total business-type activity expenses. The Big Blue Bus, water, resource recovery and recycling, and airport activities accounted for 84.8% of total business-type activity expenses. Other business-type activities of the City include the wastewater, pier, cemetery, stormwater management, and Parking Authority.



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Management's Discussion and Analysis, Continued
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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 \$53.4 million or 10.7% from the prior fiscal year. The primary reasons for the increase are discussed on the following pages.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

General Fund

The General Fund is the chief operating fund of the City. Total fund balance in the General Fund increased \$22.6 million or 14.9% 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 increased \$23.6 million or 5.5% 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 48.8% of the total General Fund revenues for FY 2023-24. Property taxes increased 5.5% from the previous year as strong assessed value increases occurred including a 12.8% increase in RPTTF residual revenues. Transient occupancy taxes decreased \$1.8 million or 2.7%, as occupancy rates stayed flat due to the loss of American Film Market event, lower-than-expected return of international visitors, a tier one property rebranded and underwent a rebuild for the entire fiscal year, along with several rooms at multiple properties being offline on and off for renovation international and business travel continue to lag especially considering the 1% increase in transient occupancy tax on March 1, 2023 as Measure CS became effective. Investment income increased by \$16.9 million due to increase returns on the City's investment in part to a change from an unrealized loss of \$12.4 million in 2023 and an unrealized loss of \$5.7 million in 2024 on the City's investments. The unrealized loss is due to the dynamic, in which the market value of fixed income investments moves in an inverse relationship to interest rates. As a result, the continued Fed interest rate increases in FY 2022-23 reduced the overall market value of the portfolio. However, due to the City's lower yielding investments maturing and being replaced by more current and higher yielding investments and the FY 2023-24 reductions in the central bank's benchmark interest rate yielded the unrealized loss has been reduced compared to FY 2022-23. This plus future anticipated rate reductions in interest rates by the Fed will further reduce unrealized losses. In any event, because the City typically holds investments to maturity, it is unlikely that these losses will be realized.
2. Total General Fund expenditures increased \$17.5 million or 4.1% from the prior fiscal year. This increase was due primarily to an increase in public safety expenditures of \$4.4 million or 2.5% and an increase in general government expenditures of \$9.7 million or 8.9%. Public safety, general services, and general government represent the largest expense categories of the General Fund which account for 85.7% of all General Fund expenditures for FY 2023-24. Increases in all categories reflected restoration of programming that had been reduced during the restructuring in 2020; in addition to a small rebuilding of the capital program in the general government category, hiring of sworn personnel as vacancies in Police are filled, and to additional parking costs being incurred as parking revenues began to rebound in the general services category.
3. In FY 2023, the City paid \$125.6 million in relation to settlement agreements related to sexual abuse claims against a former City employee and volunteer. This was reported as a special item. No similar payments were made in FY 2023-24.

Special Revenue Source Fund

Total fund balance in the Special Revenue Source Fund decreased \$1.6 million or 0.8% from the prior fiscal year. Total revenues decreased \$11.8 million or 72.4%, these revenues consisted primarily of

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
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(Unaudited)

developer fees which included a \$5.0 million developer fee paid by St John's Hospital in the previous year.

Measure GS Fund

Total fund balance in the Measure GS Fund increased \$18.2 million the prior year's fund balance was \$0. The primary reason for the increase was Measure GS tax less payments made to the Santa Monica Malibu School District under the rules of the Measure GS tax.

Low and Moderate Income Housing Asset Fund

Total fund balance in the Low and Moderate Income Housing Asset Fund increased \$0.7 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 decreased \$9.2 million, or 1.7% 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 \$5.9 million, or 10.9% from the prior fiscal year. Revenues reflect a \$3.1 million increase in water service charges primarily from a 14% water rate increase and increase in customer water usage as workers returned to offices and business activity increased.

Wastewater Fund

The total net position of the Wastewater Fund increased \$2.6 million, or 1.3% from the prior fiscal year. The primary reason for the increase was an increase in charges for services of \$1.0 million or 4.5%, an increase in investment income of \$1.7 million or 566.7% due to increased returns on the City's investment and a decrease in unrealized losses.

Resource Recovery and Recycling Fund

The total net position of the Resource Recovery and Recycling Fund decreased \$4.4 million or 93.6%.

The decrease was primarily related to an increase in charges for services of \$6.7 million or 23.1% offset by larger increases in personnel services as returns to prepandemic service levels continue and increases in materials and supplies due to increases in vehicle replacement fund contributions. Council approved new rate increases of approximately 11% on June 13, 2023, which took effect on August 23, 2023. These increases primarily accounted for \$6.7 million increase in charges for services.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

Big Blue Bus Fund

The total net position of the Big Blue Bus Fund decreased \$9.0 million, or 1.1% from the prior fiscal year. The primary reason was the increase in personnel to restore BBB service to 80% of pre-pandemic levels. At June 30, 2024, the Big Blue Bus reported unearned income of \$103.9 million that can be used to fund future operations and capital purchases.

Airport Fund

The total net position of the Airport Fund decreased \$8.2 million, or 17.7% from the prior fiscal year. The primary reason was the increase in and materials and supplies for refurbishing of the Airport office space. Additionally, the Airport paid a lease commission of \$2.6 million which was reported in contractual services.

General Fund Budgetary Variances

Revenue Original Budget to Final Amended Budget. The final revenue budget of \$438.9 million for the General Fund was \$0.2 million (less than 0.1%) greater than the original budget of \$438.7 million. Revenue budget changes are approved by the City Council. The primary components of the variance were increased budgets for business license tax (\$3.4 million) charges for services (\$2.2 million), and decreased budget for other revenue (\$5.7 million).

Revenue Final Amended Budget to Actuals. Actual General Fund revenues of \$456.8 million were \$18.0 million (4.1%) more than the final budget of \$438.9 as the City's economy continues to recover. The primary difference between the final revenue budget and actual is the \$16.6 million in unbudgeted settlement revenue.

Expenditure Original Budget to Final Amended Budget. The final General Fund expenditure budget is greater than the original budget by \$34.3 million, or 8.1%. Also, the remaining increase is primarily due to the capital budgeting process. The original capital budget includes only amounts adopted by Council as part of the biennial capital budgeting process. However, large capital projects often span across numerous years and remaining capital budgets from previous fiscal periods are rolled over to the current fiscal year to complete those projects. Funds are reported as Assigned Fund Balance Continuing Capital Projects to cover these costs. The final budget includes both newly adopted and rolled over amounts. Significant projects that were rolled over include the Pier Bridge improvements, Public Safety Management System and City Yards Modernization at \$7.1 million, \$2.0 million and \$2.2 million, respectively.

Expenditure Final Amended Budget to Actuals. Actual expenditures (budgetary basis) for the General Fund totaled \$448.5 million, while the final budget totaled \$458.1 million, a variance of \$9.6 million or 2.1%. General government City Manager was under budget \$1.1 million due to unfilled positions. Other was over budget by \$1.5 million due to the write off of uncollectable receivables. Most all the remaining variance is due to capital improvement expenditures, which had actual expenditures of \$46.3 million, compared to the final budget of \$58.6 million, a variance of \$12.3 million. Many capital projects are constructed over numerous fiscal periods and the variance in this category is due to the timing between the establishment of the budget at the beginning of the project and actual capital improvement project spending. Unexpended capital budget will be reappropriated into FY 2024-25 to continue work on projects that have not yet been completed. Actual operating expenditures totaled \$400.3 million, compared to the final budget of \$399.5 million.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's capital assets (net of accumulated depreciation and amortization) as of June 30, 2024, amounted to \$1,459.5 million, an increase of \$0.3 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:

CITY OF SANTA MONICA						
Capital Assets						
(in millions)						
	Governmental activities		Business-type activities		Total	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
	As restated		As restated		As restated	
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	96.8	90.6	91.7	71.1	188.5	161.7
Subscription asset	10.7	7.6	2.3	2.1	13.0	9.7
Buildings	460.1	460.1	150.1	150.1	610.2	610.2
Improvements other than buildings	222.2	218.6	32.8	32.8	255.0	251.4
Machinery and equipment	63.5	62.7	252.7	249.2	316.2	311.9
Infrastructure	413.2	413.2	338.7	326.6	751.9	739.8
Utility systems	1.7	1.7	—	—	1.7	1.7
Intangibles	5.4	4.9	124.9	121.3	130.3	126.2
Less accumulated depreciation	(638.0)	(610.4)	(495.4)	(469.1)	(1,133.4)	(1,079.5)
Capital assets, net	<u>\$ 908.3</u>	<u>921.7</u>	<u>551.2</u>	<u>537.5</u>	<u>1,459.5</u>	<u>1,459.2</u>

Some of the City's major capital asset events in FY 2023-24 were:

Governmental Activities:

1. Major projects included \$2.3 million for the Pier Bridge Improvements, \$1.3 million for the Public Safety Management System, and \$6.3 million for the design and construction of the bond funded City Yards Modernization project.

Business-Type Activities:

1. Major projects included \$7.6 million for the Smart Water Meters, a \$3.6 million payment to the City of Los Angeles for capital improvements to the Amalgamated Sewer System, and \$9.6 million for the Arcadia Capacity Expansion project. The Big Blue Bus purchased 6 new electric buses and chargers totaling \$5.7 million.

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

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

As of June 30, 2024, the City had \$83.3 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 \$319.0 million, a decrease from the prior year of \$7.6 million or 2.3%. This decrease was due to scheduled debt service payments.

CITY OF SANTA MONICA						
Outstanding Debt						
(in millions)						
	Governmental activities		Business-type activities		Total	
	6/30/24	6/30/23	6/30/24	6/30/23	6/30/24	6/30/23
General obligation bonds (backed by specific tax, fee and lease revenues)	\$ 197.8	203.1	69.1	70.5	266.9	273.6
Notes and loans	-	-	52.1	53.0	52.1	53.0
Total	<u>\$ 197.8</u>	<u>203.1</u>	<u>121.2</u>	<u>123.5</u>	<u>319.0</u>	<u>326.6</u>

The City of Santa Monica maintains a "AAA" rating from both Standard and Poor's and Fitch, and a "Aaa" rating from Moody's. There were no changes to any bond ratings during FY 2023-24. Subsequent to year end, S&P downgraded their Santa Monica Public Financing Authority rating from AA+ to AA.

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 2023-24 supports the basic responsibilities of local government, the policy interests of the City Council members, and diverse concerns of residents. The Budget sets forth a plan to rebuild and enhance services against a backdrop of continued economic uncertainty driven by labor shortages, supply chain disruptions, inflation, and global conflicts at the national and international levels, in addition to significant liabilities and mounting deferred maintenance at the local level. The Budget reflects the outcomes of a priority setting Council workshop, including restoring key City services and making investments in five priority areas:

- Addressing Homelessness
- Clean & Safe Santa Monica
- Cultivate Economic Recovery & Expand Community & Cultural Offerings
- Racial Justice, Equity & Social Diversity
- Sustainable & Connected Community

These priorities continue the necessary work of helping our community recover from the COVID-19 pandemic and its economic and social impacts, but also focuses work on ensuring the long-term resilience and equity of Santa Monica.

CITY OF SANTA MONICA, CALIFORNIA
Management's Discussion and Analysis, Continued
For the fiscal year ended June 30, 2024
(Unaudited)

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 www.smgov.net/finance or call (310) 458-8281.

City of Santa Monica, California
Year Ended June 30, 2024

BASIC FINANCIAL STATEMENTS

CITY OF SANTA MONICA, CALIFORNIA

Statement of Net Position

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (note 2)	\$ 372,752,618	294,526,699	667,279,317
Receivables (net of allowances for uncollectibles):			
Accounts	13,976,572	21,840,734	35,817,306
Interest	3,766,932	1,888,638	5,655,570
Taxes	37,446,427	18,395	37,464,822
Leases, current (note 3)	3,711,566	7,316,773	11,028,339
Notes (note 4)	216,946,505	-	216,946,505
Other governments	11,503,950	7,662,700	19,166,650
Internal balances	10,246,774	(10,246,774)	-
Inventory	-	3,693,028	3,693,028
Deposits	482,471	-	482,471
Prepays	2,982,281	696,067	3,678,348
Restricted cash and investments (note 2)	46,788,362	38,825,006	85,613,368
Restricted cash with fiscal agent (note 2)	36,780,651	27,744,997	64,525,648
Leases receivable, non-current	28,392,843	79,532,066	107,924,909
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	96,832,366	91,676,076	188,508,442
Capital assets being depreciated:			
Subscription asset	10,645,880	2,337,665	12,983,545
Buildings	460,081,033	150,050,361	610,131,394
Improvements other than buildings	222,247,298	32,791,025	255,038,323
Utility systems	1,742,912	-	1,742,912
Machinery and equipment	63,497,734	252,748,014	316,245,748
Infrastructure	413,193,451	338,721,164	751,914,615
Intangibles	5,385,578	124,851,273	130,236,851
Less accumulated depreciation and amortization	(638,042,727)	(495,371,097)	(1,133,413,824)
Total capital assets, net	908,291,471	551,185,231	1,459,476,702
TOTAL ASSETS	1,694,069,423	1,024,683,560	2,718,752,983
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions (note 12)	156,601,308	36,466,454	193,067,762
Deferred outflows from OPEB (note 12)	17,283,453	1,795,716	19,079,169
TOTAL DEFERRED OUTFLOWS OF RESOURCES	173,884,761	38,262,170	212,146,931
LIABILITIES			
Accounts payable	27,679,382	13,950,312	41,629,694
Accrued liabilities	15,591,732	6,128,053	21,719,785
Accrued interest payable	3,923,166	1,363,154	5,286,320
Contracts payable (retained percentage)	3,110,553	4,000,033	7,110,586
Unearned revenue (note 7)	57,980,126	106,774,793	164,754,919
Due to other governments	10,000,000	-	10,000,000
Deposits payable from restricted assets	1,499,149	19,235,139	20,734,288
Long-term liabilities:			
Subscription liability due in within one year (note 6)	1,304,610	478,311	1,782,921
Subscription liability due in more than one year (note 6)	4,541,253	445,110	4,986,363
Compensated absences due within one year (note 8)	9,689,407	3,166,115	12,855,522
Compensated absences due in more than one year (note 8)	5,256,912	688,027	5,944,939
Claims payable due within one year (note 9)	19,050,571	1,521,640	20,572,211
Claims payable due in more than one year (note 9)	52,973,148	4,443,936	57,417,084
Loans and bonds payable due within one year (note 10)	6,840,000	2,818,194	9,658,194
Loans and bonds payable due in more than one year (note 10)	211,084,702	125,533,286	336,617,988
Pollution remediation obligation due within one year (note 11)	373,912	6,245,663	6,619,575
Pollution remediation obligation due in more than one year (note 11)	569,086	18,489,189	19,058,275
Net OPEB liability due in more than one year (note 12)	26,535,689	2,757,006	29,292,695
Net pension liability due in more than one year (note 12)	415,626,415	88,645,999	504,272,414
TOTAL LIABILITIES	873,629,813	406,683,960	1,280,313,773
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	387,623	-	387,623
Deferred inflows leases	29,288,577	83,290,800	112,579,377
Deferred inflows from pensions (note 12)	17,831,716	6,092,370	23,924,086
Deferred inflows from OPEB (note 12)	15,957,391	1,657,944	17,615,335
TOTAL DEFERRED INFLOWS OF RESOURCES	63,465,307	91,041,114	154,506,421
NET POSITION			
Net investment in capital assets	690,573,384	446,843,126	1,137,416,510
Restricted for (note 15):			
Community development	182,067,962	-	182,067,962
Community services	13,918,676	-	13,918,676
Transportation	47,658,144	-	47,658,144
Clean beaches and ocean parcel tax	16,479,298	-	16,479,298
Debt service	10,797,876	2,298,946	13,096,822
Other	3,279,223	-	3,279,223
Perpetual care - nonexpendable	18,818,871	-	18,818,871
Prop 1B	-	9,167,026	9,167,026
Unrestricted	(52,734,370)	106,911,558	54,177,188
TOTAL NET POSITION	\$ 930,859,064	565,220,656	1,496,079,720

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA

Statement of Activities

For the fiscal year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 65,506,624	22,883,781	3,408,554	146,376	(39,067,913)	-	(39,067,913)
Public safety	195,559,306	16,563,171	3,498,247	653	(175,497,235)	-	(175,497,235)
General services	120,403,250	38,071,724	47,916,329	-	(34,415,197)	-	(34,415,197)
Housing and community services	101,260,869	10,497,671	29,567,221	-	(61,195,977)	-	(61,195,977)
Library	13,446,435	148,098	9,146	-	(13,289,191)	-	(13,289,191)
Community development	42,373,451	34,561,144	1,419,573	-	(6,392,734)	-	(6,392,734)
Interest on long-term debt	3,720,772	-	-	-	(3,720,772)	-	(3,720,772)
Total governmental activities	542,270,707	122,725,589	85,819,070	147,029	(333,579,019)	-	(333,579,019)
Business-Type Activities:							
Water	35,156,866	40,874,059	-	-	-	5,717,193	5,717,193
Resource recovery and recycling	40,599,050	35,744,144	-	-	-	(4,854,906)	(4,854,906)
Pier	9,025,424	10,261,391	-	-	-	1,235,967	1,235,967
Wastewater	24,764,489	22,091,422	-	-	-	(2,673,067)	(2,673,067)
Airport	28,162,406	16,931,568	-	-	-	(11,230,838)	(11,230,838)
Stormwater management	481,984	1,368,933	-	-	-	886,949	886,949
Cemetery	2,640,605	2,397,381	-	-	-	(243,224)	(243,224)
Big Blue Bus	101,175,931	10,428,571	63,012,297	14,173,294	-	(13,561,769)	(13,561,769)
Parking authority	17,904	-	-	-	-	(17,904)	(17,904)
Total business-type activities	242,024,659	140,097,469	63,012,297	14,173,294	-	(24,741,599)	(24,741,599)
Total Primary Government	\$ 784,295,366	262,823,058	148,831,367	14,320,323	(333,579,019)	(24,741,599)	(358,320,618)
General revenues:							
Taxes:							
Property					84,157,162	-	84,157,162
Sales and use					72,813,915	-	72,813,915
Transient occupancy					65,860,928	-	65,860,928
Utility users					36,660,336	-	36,660,336
Business license					39,471,644	-	39,471,644
Parking facility					11,139,618	-	11,139,618
Real property transfer					10,394,602	-	10,394,602
Other					4,062,890	-	4,062,890
Other revenue					32,579,525	8,832,157	41,411,682
Investment income					22,130,218	12,444,614	34,574,832
Transfers					740,785	(740,785)	-
Total general revenues and transfers					380,011,623	20,535,986	400,547,609
Change in net position					46,432,604	(4,205,613)	42,226,991
Net position at beginning of year, as previously reported					879,227,647	571,525,082	1,450,752,729
Restatements:							
Error correction					3,100,000	-	3,100,000
Change in reporting entity					2,098,813	(2,098,813)	-
Net position beginning of year, as restated					884,426,460	569,426,269	1,453,852,729
Net position at end of year					\$ 930,859,064	565,220,656	1,496,079,720

See accompanying notes to basic financial statements.

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.

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.

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

CITY OF SANTA MONICA, CALIFORNIA

Balance Sheet Governmental Funds June 30, 2024

	Special Revenue Funds					
	General Fund	Special Revenue Source Fund	Measure GS	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
ASSETS						
Cash and investments (note 2)	\$ 158,161,166	77,453,574	22,119,750	13,563,817	24,806,215	296,104,522
Restricted cash and investments (note 2)	430,669	-	-	-	46,357,693	46,788,362
Receivables (net, where applicable, of allowances for uncollectibles):						
Accounts	11,223,891	31,017	-	-	2,714,619	13,969,527
Leases (note 3)	20,655,405	-	-	-	11,449,004	32,104,409
Notes (note 4)	-	141,387,144	-	53,662,933	21,896,428	216,946,505
Taxes	31,258,565	-	6,123,450	-	64,412	37,446,427
Interest	2,426,776	133,763	-	98,340	527,880	3,186,759
Other governments	218,993	-	-	-	11,284,957	11,503,950
Due from other funds (note 18)	1,695,150	-	-	-	-	1,695,150
Deposits	479,214	-	-	-	3,257	482,471
Prepays	2,957,260	-	-	-	25,021	2,982,281
Restricted cash with fiscal agent (note 2)	7,358,120	-	-	-	29,422,531	36,780,651
Advances to other funds (note 18)	4,005,935	1,450,000	-	-	-	5,455,935
Total assets	<u>\$ 240,871,144</u>	<u>220,455,498</u>	<u>28,243,200</u>	<u>67,325,090</u>	<u>148,552,017</u>	<u>705,446,949</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 22,442,338	1,252,982	-	-	2,661,977	26,357,297
Accrued liabilities	11,098,851	-	-	-	534,007	11,632,858
Contracts payable (retained percentage)	479,691	229,483	-	-	2,391,918	3,101,092
Due to other funds (note 18)	-	-	-	1	1,695,150	1,695,151
Due to other governments	-	-	10,000,000	-	-	10,000,000
Unearned revenue (note 7)	10,567,243	29,500,836	-	-	17,912,047	57,980,126
Deposits payable	1,090,148	-	-	-	409,001	1,499,149
Advances from other funds (note 18)	-	-	-	-	5,455,935	5,455,935
Total liabilities	<u>45,678,271</u>	<u>30,983,301</u>	<u>10,000,000</u>	<u>1</u>	<u>31,060,035</u>	<u>117,721,608</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue (note 7)	1,361,152	-	-	-	6,298,407	7,659,559
Deferred inflows leases	19,232,150	-	-	-	10,056,427	29,288,577
Total deferred inflows of resources	<u>20,593,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,354,834</u>	<u>36,948,136</u>
Fund balances (note 13)						
Nonspendable	7,442,409	-	-	-	18,843,892	26,286,301
Restricted	9,471,443	81,999,895	18,243,200	67,325,089	98,221,267	275,260,894
Committed	-	107,472,302	-	-	-	107,472,302
Assigned	106,258,256	-	-	-	-	106,258,256
Unassigned	51,427,463	-	-	-	(15,928,011)	35,499,452
Total fund balances	<u>174,599,571</u>	<u>189,472,197</u>	<u>18,243,200</u>	<u>67,325,089</u>	<u>101,137,148</u>	<u>550,777,205</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 240,871,144</u>	<u>220,455,498</u>	<u>28,243,200</u>	<u>67,325,090</u>	<u>148,552,017</u>	<u>705,446,949</u>

See accompanying notes to 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, 2024

Fund balances - total governmental funds	\$ 550,777,205
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Amounts reported for governmental activities in the statement of net position are different because (Note 17):

- | | |
|--|---------------|
| (1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet. | 907,534,337 |
| (2) Differences in pension liability reporting under GASB 68 where net pension liability is reported in the Government Wide statements. | 137,904,705 |
| (3) Differences in OPEB reporting under GASB 75 where net OPEB liability is reported in the Government Wide statements. | 1,323,173 |
| (4) Deferred gain on refunding of debt is not a current financial resource and, therefore, is not reported in the balance sheet. | (387,623) |
| (5) Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the balance sheet. | (686,308,660) |
| (6) Revenue earned, but unavailable to pay for current period expenditures, is reported as deferred inflows in the balance sheet, but recognized as revenue in the statement of activities. | 7,659,559 |
| (7) Internal service funds are used by management to charge the costs of vehicle management, information technology and risk management to individual funds. The assets and liabilities of the information technology and risk management (excluding bus) internal service funds are included in the governmental activities in the statement of net position. | 12,356,368 |

Net position of governmental activities	\$ 930,859,064
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See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2024

		Special Revenue Funds				
	General Fund	Special Revenue Source Fund	Measure GS	Low and Moderate Income Housing Asset Fund	Nonmajor governmental funds	Total governmental funds
Revenues:						
Property taxes	\$ 84,082,967	-	-	-	-	84,082,967
Sales and use taxes	72,813,915	-	-	-	-	72,813,915
Transient occupancy taxes	65,860,928	-	-	-	-	65,860,928
Utility user taxes	34,975,996	-	-	-	-	34,975,996
Real property transfer taxes	10,394,602	-	37,053,200	-	-	47,447,802
Business license taxes	38,110,492	-	-	-	-	38,110,492
Parking facility taxes	11,139,618	-	-	-	-	11,139,618
Other taxes	115,284	-	-	-	3,947,606	4,062,890
Licenses and permits	36,034,850	-	-	-	45,444	36,080,294
Intergovernmental	1,531,766	-	-	-	53,437,612	54,969,378
Charges for services	48,849,667	836,007	-	-	20,967,764	70,653,438
Fines and forfeitures	12,094,497	-	-	-	-	12,094,497
Investment income	12,663,592	874,659	-	748,308	4,561,163	18,847,722
Rental income	8,743,304	-	-	-	1,686,959	10,430,263
Settlement income	16,560,500	-	-	-	-	16,560,500
Other revenue	2,872,468	2,785,062	-	180,575	1,783,146	7,621,251
Total revenues	456,844,446	4,495,728	37,053,200	928,883	86,429,694	585,751,951
Expenditures:						
Current:						
General government	77,678,032	-	-	-	945,828	78,623,860
Public safety	181,755,709	63,820	-	-	2,847,438	184,666,967
General services	76,678,080	4,181,173	18,810,000	-	15,475,648	115,144,901
Housing and Community services	59,081,229	2,804,805	-	-	33,542,662	95,428,696
Library	11,245,168	-	-	-	63,383	11,308,551
Community development	20,622,670	172,954	-	-	18,164,682	38,960,306
Debt service expenditures:						
Principal	1,721,768	-	-	-	5,410,213	7,131,981
Interest	181,229	-	-	-	5,031,961	5,213,190
Total expenditures	428,963,885	7,222,752	18,810,000	-	81,481,815	536,478,452
Excess (deficiency) of revenues over (under) expenditures	27,880,561	(2,727,024)	18,243,200	928,883	4,947,879	49,273,499
Other financing sources (uses):						
Transfers in	13,118,554	3,214,295	-	-	17,640,720	33,973,569
Transfers out	(22,541,441)	(2,134,125)	-	(180,575)	(9,500,011)	(34,356,152)
Subscription proceeds	4,185,571	-	-	-	276,893	4,462,464
Total other financing sources (uses)	(5,237,316)	1,080,170	-	(180,575)	8,417,602	4,079,881
Net change in fund balances	22,643,245	(1,646,854)	18,243,200	748,308	13,365,481	53,353,380
Fund balances at beginning of year, as previously reported	146,425,303	191,119,051	-	66,576,781	87,771,667	491,892,802
Restatements:						
Error correction	4,162,500	-	-	-	-	4,162,500
Change in reporting entity	1,368,523	-	-	-	-	1,368,523
Fund balances at beginning of year, as restated	151,956,326	191,119,051	-	66,576,781	87,771,667	497,423,825
Fund balances at end of year	\$ 174,599,571	189,472,197	18,243,200	67,325,089	101,137,148	550,777,205

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the fiscal year ended June 30, 2024

Net change in fund balances – total governmental funds	\$	53,353,380
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets:

1) The acquisition of capital assets requires the use of current financial resources but has no effect on net position.		13,523,492
2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.		(31,331,461)
3) Loss on disposal of capital assets is reported on the statement of activities		(60,546)

Measurement focus:

4) Interest expense accrued when obligated not when paid.		90,260
5) Principal payments on long-term obligations use current financial resources but have no effect on net position.		5,340,000
6) Bond premiums are recorded as other financing sources in the fund statements but are amortized in the statement of activities.		1,151,331
7) Deferred gain and loss on refunding is amortized in the statement of activities.		61,819
8) The increase in compensated absences liability does not use current financial resources but is recorded as an decrease in expense in the statement of activities.		(324,300)
9) Grant revenue previously recognized in the statement of activities is recorded as revenue in the fund statements.		(10,338,852)
10) Grant revenue earned but not yet available being recorded on the statement of activities that are not recorded on the fund statements.		7,659,557
11) Pollution remediation expense activity was recorded in the fund statements and reduced the liability in the statement of activities.		363,022
12) OPEB expense is the cost of benefits earned during the year instead of contributions paid.		2,058,641
13) Pension expense is the cost of benefits earned during the year instead of contributions paid.		(6,226,836)
14) Liabilities under SBITA contracts are recognized on the government wide statements.		1,791,981
15) Noncurrent liability of employee benefits reported as a reduction of liability in the government wide statements.		4,649,231
16) Previously recognized expenditure.		74,197

Internal service funds:

17) Certain internal service funds are used by management to charge the costs of information technology and risk management to individual funds.		
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The net revenue/(expense) of certain internal service funds is reported with governmental activities.		4,597,687
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Change in net position (statement of activities, governmental activities)	\$	46,432,604
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See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA

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.

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

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

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, 2024

	Business-Type Activities - Enterprise Funds							
	Water	Wastewater	Airport	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
ASSETS								
Current assets:								
Cash and investments (note 2)	\$ 13,462,164	42,913,268	42,293,598	12,465,080	115,384,189	15,651,624	242,169,923	129,004,872
Restricted cash and investments (note 2)	355,474	2,298,946	1,278,418	-	17,699,842	9,377,635	31,010,315	-
Receivables (net, where applicable, of allowances for uncollectibles):								
Accounts	7,216,888	3,640,630	267,823	5,701,058	4,257,374	670,687	21,754,460	93,319
Interest	193,627	297,189	291,298	179,481	458,658	146,772	1,567,025	901,786
Leases (note 3)	42,514	-	5,471,356	-	-	1,802,903	7,316,773	-
Taxes	-	-	-	-	-	18,395	18,395	-
Due from other governments	-	-	-	-	7,662,700	-	7,662,700	-
Inventory	-	-	-	-	3,690,403	-	3,690,403	2,625
Prepays	-	-	-	-	696,067	-	696,067	-
Total current assets	21,270,667	49,150,033	49,602,493	18,345,619	149,849,233	27,668,016	315,886,061	130,002,602
Noncurrent assets:								
Restricted cash and investments (note 2)	476,945	-	-	7,337,746	-	-	7,814,691	-
Restricted cash with fiscal agent	27,744,997	-	-	-	-	-	27,744,997	-
Lease receivable, non-current	3,029,042	-	62,746,543	-	8,197,437	5,559,044	79,532,066	-
Capital assets (note 5):								
Land	21,006	3,189,132	8	-	48,807,900	1,362,704	53,380,750	-
Construction in progress	71,263,836	1,961,464	817,270	1,291,198	5,171,622	9,961,323	90,466,713	1,269,663
Subscription asset	619,876	476,962	-	-	838,492	-	1,935,330	970,898
Buildings	1,532,511	251,447	7,769,091	314,223	131,604,733	8,578,356	150,050,361	-
Improvements other than buildings	2,008,072	297,592	5,604,488	99,731	15,312,973	9,468,169	32,791,025	-
Machinery and equipment	3,778,029	1,595,504	555,173	169,731	199,684,774	899,469	206,682,680	47,820,357
Infrastructure	84,587,021	225,526,823	-	-	-	28,607,320	338,721,164	-
Intangibles	3,575,000	121,276,273	-	-	-	-	124,851,273	-
Less: accumulated depreciation and amortization	(40,725,053)	(139,132,160)	(11,548,502)	(494,858)	(240,957,559)	(28,930,638)	(461,788,770)	(35,209,079)
Net capital assets	126,660,298	215,443,037	3,197,528	1,380,025	160,462,935	29,946,703	537,090,526	14,851,839
Total noncurrent assets	157,911,282	215,443,037	65,944,071	8,717,771	168,660,372	35,505,747	652,182,280	14,851,839
TOTAL ASSETS	179,181,949	264,593,070	115,546,564	27,063,390	318,509,605	63,173,763	968,068,341	144,854,441
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows from pensions	3,642,842	1,269,866	966,989	4,747,698	22,823,047	1,497,424	34,947,866	2,556,952
Deferred outflows from OPEB	346,491	29,533	31,300	169,708	1,039,477	115,122	1,731,631	101,742
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,989,333	1,299,399	998,289	4,917,406	23,862,524	1,612,546	36,679,497	2,658,694
LIABILITIES								
Current liabilities:								
Accounts payable	6,191,396	629,825	3,054,520	706,845	2,189,087	434,903	13,206,576	2,065,907
Accrued liabilities	518,039	174,266	153,066	706,294	3,768,633	204,208	5,524,506	405,298
Subscription liability due within one year	76,704	43,339	-	-	303,749	-	423,792	151,337
Contracts payable (retained percentage)	1,051,693	2,209,446	453,773	54,623	40,370	190,128	4,000,033	9,461
Compensated absences due within one year (note 8)	316,637	110,141	115,818	419,183	1,985,169	130,774	3,077,722	184,428
Claims payable due within one year (note 8)	-	-	-	-	-	-	-	20,572,211
Unearned revenue (note 7)	-	-	2,854,074	-	103,894,982	25,737	106,774,793	-
Accrued interest payable	894,536	468,618	-	-	-	-	1,363,154	-
Loans and bonds payable due within one year (note 10)	1,435,000	1,383,194	-	-	-	-	2,818,194	-
Liabilities payable from restricted assets - deposits	316,450	-	1,564,020	16,896,206	163,245	295,218	19,235,139	-
Pollution remediation obligation due within one year (note 11)	6,245,663	-	-	-	-	-	6,245,663	-
Total current liabilities	17,046,118	5,018,829	8,195,271	18,783,151	112,345,235	1,280,968	162,669,572	23,388,642
Long-term liabilities:								
Accrued liabilities	33,414	14,267	11,703	53,376	226,228	15,001	353,989	33,739
Compensated absences due in more than one year (note 8)	155,381	71,743	27,454	97,317	95,324	90,735	537,954	245,125
Subscription liability due in more than one year	133,914	90,161	-	-	24	-	224,099	556,941
Claims payable due in more than one year (note 9)	-	-	-	-	-	-	-	57,417,084
Loans and bonds payable due in more than one year (note 10)	74,847,776	50,685,510	-	-	-	-	125,533,286	-
Pollution remediation obligation due in more than one year (note 11)	18,489,189	-	-	-	-	-	18,489,189	-
Net OPEB liability due in more than one year (note 12)	531,975	45,343	48,056	260,557	1,595,933	176,750	2,658,614	156,208
Net pension liability due in more than one year (note 12)	8,855,355	3,086,906	2,350,646	11,541,138	55,480,353	3,640,077	84,954,475	6,215,673
Total long-term liabilities	103,047,004	53,993,930	2,437,859	11,952,388	57,397,862	3,922,563	232,751,606	64,624,770
TOTAL LIABILITIES	120,093,122	59,012,759	10,633,130	30,735,539	169,743,097	5,203,531	395,421,178	88,013,412
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows from pensions	608,602	212,154	161,553	793,187	3,812,996	250,171	5,838,663	427,184
Deferred inflows from OPEB	319,907	27,267	28,899	156,688	959,724	106,290	1,598,775	93,937
Deferred inflows from leases	1,954,302	-	67,537,192	-	7,113,811	6,685,495	83,290,800	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,882,811	239,421	67,727,644	949,875	11,886,531	7,041,956	90,728,238	521,121
NET POSITION								
Net investment in capital assets	75,790,752	163,089,791	3,190,720	1,380,025	159,907,748	29,717,939	433,076,975	14,090,516
Restricted for Prop 1B (note 15)	-	-	-	-	9,167,026	-	9,167,026	-
Restricted for debt service	-	2,298,946	-	-	-	-	2,298,946	-
Unrestricted	(15,595,403)	41,251,552	34,993,359	(1,084,643)	(8,332,273)	22,822,883	74,055,475	44,888,086
TOTAL NET POSITION	\$ 60,195,349	206,640,289	38,184,079	295,382	160,742,501	52,540,822	518,598,422	58,978,602
Net position, business-type activities - internal service funds							56,869,023	
Net adjustment to reflect the allocation of the internal service funds net income							(10,246,789)	
Net position of business-type activities							\$565,220,656	

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2024

	Business-Type Activities - Enterprise Funds					Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
	Water	Wastewater	Airport	Resource Recovery and Recycling	Big Blue Bus			
Operating revenues								
Charges for services	\$ 40,874,059	22,091,422	17,226,038	35,744,144	10,250,131	14,027,705	140,213,499	67,117,861
Total operating revenues	40,874,059	22,091,422	17,226,038	35,744,144	10,250,131	14,027,705	140,213,499	67,117,861
Operating expenses								
Personnel services	8,218,543	2,858,745	2,210,682	13,386,500	58,016,676	3,688,599	88,379,745	5,603,830
Administrative indirect	2,044,223	750,324	1,236,422	1,497,773	5,456,835	1,647,563	12,633,140	1,660,236
Contractual services	2,370,516	5,561,491	4,160,369	5,060,867	3,970,674	1,631,222	22,755,139	1,286,097
Repairs and maintenance	1,303,784	2,188,584	1,469,724	4,310,267	1,282,750	671,444	11,226,553	2,893,992
Materials and supplies	4,104,090	1,514,004	14,240,252	13,536,721	9,482,409	1,000,369	43,877,845	4,580,617
Utilities	1,532,501	614,282	1,242,269	71,389	1,055,576	438,333	4,954,350	128,746
Water purchases	11,486,454	-	-	-	-	-	11,486,454	-
Casualty property and liability costs	818,494	796,469	689,315	808,192	5,310,860	1,108,266	9,531,596	398,953
Claims expense net of claims reserve adjustment	-	-	-	-	-	-	-	23,465,544
Insurance and bonds	-	-	-	-	-	-	-	16,338,239
Miscellaneous fees and costs	287,646	-	1,166,763	1,975	159,660	2,160	1,618,204	4,812,541
Depreciation and amortization	1,938,514	7,336,761	287,778	4,897	15,442,649	964,568	25,975,167	3,776,557
Other	2,501,860	2,181,077	1,458,832	1,920,469	981,737	1,013,393	10,057,368	324,593
Total operating expenses	36,606,625	23,801,737	28,162,406	40,599,050	101,159,826	12,165,917	242,495,561	65,269,945
Operating income (loss)	4,267,434	(1,710,315)	(10,936,368)	(4,854,906)	(90,909,695)	1,861,788	(102,282,062)	1,847,916
Nonoperating revenues (expenses)								
Operating grants	-	-	-	-	188,440	-	188,440	-
Shared sales tax proceeds	-	-	-	-	60,830,686	-	60,830,686	-
Investment income	4,015,135	1,963,036	1,978,700	1,420,694	2,181,611	959,093	12,518,269	6,493,046
Interest expense	(1,903,952)	(962,752)	-	-	(16,105)	-	(2,882,809)	(11,580)
Gain on disposal of capital assets	-	-	-	-	35,850	-	35,850	176,020
Fees	172,466	-	65,000	-	-	501,242	738,708	-
Tax credits	1,528	279	173	164,873	823,398	33	990,284	-
Rent	-	-	-	-	3,440,904	-	3,440,904	-
Other nonoperating revenues	424,210	354,481	1,324,630	147,979	739,398	338,406	3,329,104	433,421
Total nonoperating revenues (expenses) net	2,709,387	1,355,044	3,368,503	1,733,546	68,224,182	1,798,774	79,189,436	7,090,907
Income (loss) before capital contributions and transfers	6,976,821	(355,271)	(7,567,865)	(3,121,360)	(22,685,513)	3,660,562	(23,092,626)	8,938,823
Capital contributions	-	-	-	-	14,163,294	-	14,163,294	-
Transfers in (note 18)	531,265	4,240,448	17,871	85,386	637,753	1,406,616	6,919,339	3,665,769
Transfers out (note 18)	(1,652,526)	(1,253,430)	(647,599)	(1,384,156)	(1,087,547)	(1,193,750)	(7,219,008)	(2,983,517)
Change in net position	5,855,560	2,631,747	(8,197,593)	(4,420,130)	(8,972,013)	3,873,428	(9,229,001)	9,621,075
Net position at beginning of year, as previously reported	54,339,789	204,008,542	-	4,715,512	169,714,514	97,147,879	529,926,236	50,420,027
Restatement - Change in reporting entity	-	-	46,381,672	-	-	(48,480,485)	(2,098,813)	(1,062,500)
Net position at beginning of year, as restated	54,339,789	204,008,542	46,381,672	4,715,512	169,714,514	48,667,394	527,827,423	49,357,527
Net position at end of year	\$ 60,195,349	206,640,289	38,184,079	295,382	160,742,501	52,540,822	518,598,422	58,978,602
Change in net position							\$ (9,229,001)	
Net adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							5,023,388	
Change in net position of business-type activities							\$ (4,205,613)	

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2024

	Business-type activities - Enterprise Funds							
	Water	Wastewater	Airport	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
Cash flows from operating activities:								
Cash received from customers	\$ 41,572,532	22,533,410	20,232,882	36,183,566	9,881,139	14,006,267	144,409,796	67,042,380
Cash payments for materials and services	(32,736,031)	(13,788,712)	(22,040,364)	(27,760,314)	(28,055,774)	(7,662,199)	(132,043,394)	(34,137,127)
Cash payments to employees for services	(8,356,587)	(2,859,596)	(2,143,841)	(13,002,331)	(57,144,653)	(3,771,665)	(87,278,673)	(5,475,583)
Cash paid for claims and related services	—	—	—	—	—	—	—	(20,923,368)
Other revenue received	575,607	354,760	836,195	312,852	5,341,246	886,198	8,306,858	433,421
Net cash provided by (used in) operating activities	1,055,521	6,239,862	(3,115,128)	(4,266,227)	(69,978,042)	3,458,601	(66,605,413)	6,939,723
Cash flows from noncapital financing activities:								
Sales tax proceeds	—	—	—	—	80,034,667	—	80,034,667	—
Other operating grants	—	—	—	—	7,292,981	—	7,292,981	—
Advances from other funds	—	—	7,427,303	—	—	—	—	(1,500,000)
Transfers in	531,265	4,240,448	17,871	85,386	637,753	1,406,616	6,919,339	3,665,769
Transfers out	(1,652,526)	(1,253,430)	(647,599)	(1,384,156)	(1,087,547)	(1,193,750)	(7,219,008)	(2,983,517)
Net cash provided by (used in) noncapital financing activities	(1,121,261)	2,987,018	6,797,575	(1,298,770)	86,877,854	212,866	87,027,979	(817,748)
Cash flows from capital and related financing activities:								
Capital contributions received	—	—	—	—	11,100,178	—	11,100,178	—
Acquisition and construction of capital assets	(22,903,230)	(5,168,277)	—	—	(6,964,375)	(1,602,686)	(36,638,568)	(4,551,179)
Proceeds from sale of capital assets	—	—	—	—	35,850	—	35,850	176,020
Payments on long-term obligations	(1,644,362)	(912,867)	—	—	—	—	(2,557,229)	—
Payments on SBITA liability	(134,181)	(104,246)	—	—	(290,000)	—	(528,427)	(321,139)
Interest paid on long-term obligations	(1,926,952)	(966,124)	—	—	—	—	(2,893,076)	(11,580)
Net cash provided by (used in) capital and related financing activities	(26,608,725)	(7,151,514)	-	-	3,881,653	(1,602,686)	(31,481,272)	(4,707,878)
Cash flows from investing activities								
Investments income	4,672,587	2,811,175	2,809,426	1,956,903	3,411,580	1,374,318	17,035,990	9,119,066
Net cash provided by investing activities	4,672,587	2,811,175	2,809,426	1,956,903	3,411,580	1,374,318	17,035,990	9,119,066
Net increase (decrease) in cash and cash equivalents	(22,001,878)	4,886,541	6,491,873	(3,608,094)	24,193,045	3,443,099	13,404,587	10,533,163
Cash and cash equivalents at beginning of year	64,701,435	41,338,640	38,073,030	24,022,680	110,454,321	22,086,427	300,676,533	121,545,443
Effect of unrealized loss	(659,977)	(1,012,967)	(992,887)	(611,760)	(1,563,335)	(500,267)	(5,341,194)	(3,073,734)
Cash and cash equivalents at end of year	\$ 42,039,580	45,212,214	43,572,016	19,802,826	133,084,031	25,029,259	308,739,926	129,004,872
Cash and investments	\$ 13,462,164	42,913,268	42,293,598	12,465,080	115,384,189	15,651,624	242,169,923	129,004,872
Restricted cash and investments	28,577,416	2,298,946	1,278,418	7,337,746	17,699,842	9,377,635	66,570,003	—
Total cash and cash equivalents	\$ 42,039,580	45,212,214	43,572,016	19,802,826	133,084,031	25,029,259	308,739,926	129,004,872

(Continued)

See accompanying notes to basic financial statements

CITY OF SANTA MONICA, CALIFORNIA

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2024

	Business-type activities - Enterprise Funds							
	Water	Wastewater	Airport	Resource Recovery and Recycling	Big Blue Bus	Nonmajor enterprise funds	Total enterprise funds	Total internal service funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ 4,267,434	(1,710,315)	(10,936,368)	(4,854,906)	(90,909,695)	1,861,788	(102,282,062)	1,847,916
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Add depreciation and amortization	1,938,514	7,336,761	287,778	4,897	15,442,649	964,568	25,975,167	3,776,557
Add non-cash transfer, pollution remediation	-	-	-	-	-	-	-	-
Add allowance for doubtful accounts	1,646,382	(84,775)	133,886	1,219,566	—	124,952	3,040,011	—
Other non-oper revenue received	575,607	354,760	4,105,025	312,852	5,341,246	886,198	11,575,688	433,421
Change in assets and liabilities and deferred outflows and inflows of resources:								
(Increase) decrease in accounts receivable	(998,054)	910,899	16,816,229	(1,331,940)	(263,282)	(151,448)	14,982,404	(63,740)
(Increase) in taxes receivable	—	—	—	—	—	5,058	5,058	—
Decrease in due from other governments	—	—	—	—	(123,715)	—	(123,715)	—
Decrease in prepaids	1,600	—	—	—	(640,461)	-	(638,861)	—
(Increase) decrease in inventory	—	—	—	—	103,333	—	103,333	(70)
Increase (decrease) in accounts payable	(4,106,130)	(70,040)	(15,715,832)	(552,661)	168,047	(234,600)	(20,511,216)	(1,713,861)
(Decrease) in accrued liabilities	(22,928)	(30,087)	—	(99,698)	(851,453)	(44,027)	(1,048,193)	(57,307)
Increase (decrease) in contracts payable	(377,634)	(112,441)	—	—	13,808	85,151	(391,116)	818
Increase in unearned revenue	—	—	2,194,154	—	—	-	2,194,154	—
Increase (decrease) in deposits payable from restricted assets	50,145	(384,136)	—	551,796	13,615	-	231,420	—
Increase (decrease) in compensated absences payable	(48,833)	20,902	—	44,924	104,907	(6,260)	115,640	40,796
(Decrease) in claims payable	—	—	—	—	—	—	—	2,530,435
(Decrease) in pollution remediation obligation	(1,804,299)	—	—	—	—	—	(1,804,299)	—
Net OPEB liability and related changes in deferred outflows and inflows of resources	348,542	(2,970)	—	(135,282)	348,258	(38,868)	519,680	(38,013)
Net pension liability and related changes in deferred outflows and inflows of resources	(414,825)	11,304	—	574,225	1,274,701	6,089	1,451,494	182,771
Total adjustments	(3,211,913)	7,950,177	7,821,240	588,679	20,931,653	1,596,813	35,676,649	5,091,807
Net cash provided by (used in) operating activities	\$ 1,055,521	6,239,862	(3,115,128)	(4,266,227)	(69,978,042)	3,458,601	(66,605,413)	6,939,723
Schedule of non-cash capital and related financing activities:								
Capital assets acquired through accounts payable	\$ 1,110,016	76,124	—	—	238,686	141,880	1,566,706	53,024
Gain/(Loss) on disposal of capital assets	—	—	—	—	35,850	—	35,850	176,020

See accompanying notes to basic financial statements

CITY OF SANTA MONICA, CALIFORNIA

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, 2024

	Total Private-Purpose Trust Fund	Total Custodial Fund
ASSETS		
Restricted cash (note 2)	\$ 4,644,790	1,504,858
Money market funds with fiscal agent (note 2)	7,321,311	-
Accounts receivable	-	109,526
Total assets	<u>11,966,101</u>	<u>1,614,384</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	<u>826,383</u>	-
LIABILITIES		
Loans and bonds payable, due within one year (note 19)	7,357,770	-
Loans and bonds payable, due in more than one year (note 19)	104,982,089	-
Accrued interest payable, due in more than one year	<u>3,309,156</u>	-
Total liabilities	<u>115,649,015</u>	<u>-</u>
NET POSITION		
Restricted for the dissolution of the Former Redevelopment Agency	\$ (102,856,531)	-
Restricted for other governments, organizations and individuals	<u>-</u>	<u>1,614,384</u>

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA
Statement of Changes in
Fiduciary Net Position
Fiduciary Funds
For the fiscal year ended June 30, 2024

	Private-purpose Trust Fund	Custodial Fund
Additions:		
Property tax distribution	\$ 13,405,945	-
Investment income	130,402	-
Held for others	-	11,173
Fees collected for other governments	-	1,442,167
Total additions	<u>13,536,347</u>	<u>1,453,340</u>
Deductions:		
Project expenses	3,072	-
Interest expense	6,882,466	-
Payments to other governments	-	1,238,698
Payments to organizations and individuals	-	11,243
Total deductions	<u>6,885,538</u>	<u>1,249,941</u>
Change in net position	6,650,809	203,399
Net position at beginning of year	<u>(109,507,340)</u>	<u>1,410,985</u>
Net position at end of year	<u><u>\$ (102,856,531)</u></u>	<u><u>1,614,384</u></u>

See accompanying notes to basic financial statements.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements
For the fiscal year ended June 30, 2024

(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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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,

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

general services, community services, library and community development. The business-type activities of the City include water, wastewater, stormwater, resource recovery and recycling, pier, airport, cemetery, community broadband, 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.

For the year ended June 30, 2024, the City implemented the provision of Governmental Accounting Standards Board (GASB) Statement No. 100 "Accounting Changes and Error Corrections-an amendment to GASB Statement No. 62". Statement 100 provides guidance for the changes in financial reporting entity, accounting principles, and estimates used to prepare financial information. The new standard requires disclosure of which line items on the financial statements were affected by an accounting change or error correction.

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.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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 **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 **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 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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.

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.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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.

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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, 2024, the allowance for uncollectible accounts for governmental and business-type activities is \$2,252,342 and \$4,863,723 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.

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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 7

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

- 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.

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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, 2024, fund balances for governmental funds include nonspendable, restricted, committed, assigned and unassigned balances.

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

Other Postemployment 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 667,279,317
Restricted cash and investments	85,613,368
Restricted cash with fiscal agent	64,525,648
Fiduciary funds:	
Restricted cash and investments	6,149,648
Restricted cash with fiscal agent	7,321,311
Total cash and investments	<u><u>\$ 830,889,292</u></u>

Cash and investments as of June 30, 2024 consist of the following:

Cash on hand	\$ 23,958
Deposits with financial institutions	32,266,526
Investments	798,598,808
Total cash and investments	<u><u>\$ 830,889,292</u></u>

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 \$1,381,894 has been included as interest income in the General Fund.

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).

<u>Investment types authorized by state law</u>	<u>Authorized by investment policy</u>	<u>*Maximum maturity</u>	<u>*Maximum percentage of portfolio</u>	<u>*Maximum Investment in one issuer</u>
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%

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Investment types authorized by state law	Authorized by investment policy	*Maximum maturity	*Maximum percentage of portfolio	*Maximum Investment in one issuer
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.

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum Investment in one issuer
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

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 market 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

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

Investment type	Amount	Remaining maturity (in months)				N/A
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	
Held by City:						
Federal agency securities	\$ 468,690,193	105,448,408	97,031,561	201,822,432	64,387,792	—
Corporate medium term notes	111,182,754	31,997,331	29,552,942	49,632,481	—	—
Municipal bonds	38,467,478	16,470,560	8,885,383	9,954,675	3,156,860	—
Supranationals	34,577,089	—	21,987,379	12,589,710	—	—
State investment pool	73,834,336	73,834,336	—	—	—	—
Held by others:						
Treasury notes/bonds	3,837,411	175,097	108,919	553,067	3,000,328	—
Corporate medium term notes	3,166,593	585,908	724,364	683,639	1,172,682	—
Common stock	10,852,690	—	—	—	—	10,852,690
Money market funds	53,990,264	53,990,264	—	—	—	—
Total	\$ 798,598,808	282,501,904	158,290,548	275,236,004	71,717,662	10,852,690

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments as of June 30, 2024 (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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

		Minimum legal rating**	Actual ratings - Standard & Poor's***										
Investment type	Amount		AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Not rated
Held by City:													
Corporate medium													
term notes	111,182,754	A	6,205,226	13,136,120	3,499,910	23,277,681	57,414,917	5,764,800	1,884,100	—	—	—	—
Municipal bonds	38,467,477	N/A	3,416,137	10,870,234	8,998,535	10,736,118	2,274,933	—	2,171,520	—	—	—	—
Supranationals	34,577,089	AA	34,577,089	—	—	—	—	—	—	—	—	—	—
State investment													
pool	73,834,336	N / A	—	—	—	—	—	—	—	—	—	—	73,834,336
	258,061,656												
Held by others:													
Corporate medium													
term notes	3,166,593	N / A	108,493	—	—	446,940	—	513,348	132,818	247,572	976,733	740,689	—
Common stock	10,852,690	N / A	—	—	—	—	—	—	—	—	—	—	10,852,690
Money market funds	53,990,264	*	53,222,304	—	—	—	—	—	—	—	—	—	767,960
	\$ 326,071,203		97,529,249	24,006,354	12,498,445	34,460,739	59,689,850	6,278,148	4,188,438	247,572	976,733	740,689	85,454,986

*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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

As of June 30, 2024, 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.

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:

<u>Issuer</u>	<u>Investment type</u>	<u>Reported amount</u>	<u>% of Investments</u>
Federal Home Loan Bank	Federal agency securities	\$ 242,774,607	33.4%
Federal Farm Credit Bank	Federal agency securities	60,820,098	8.4%
FHLMC (Freddie Mac)	Federal agency securities	60,094,678	8.3%
FNMA (Fannie Mae)	Federal agency securities	67,300,930	9.3%
FAMC (Farmer Mac)	Federal agency securities	37,699,880	5.2%

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 market 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, 2024.

As of June 30, 2024, no City investments were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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, 2024, \$73,834,336 was invested in the City's account. The total amount invested by all public agencies in LAIF at that date was \$22.0 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2024, the investments in the PMIA totaled \$178.0 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 217 days as of June 30, 2024. 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.

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, 2024:

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued

For the fiscal year ended June 30, 2024

Investment Type	Totals	Level			Uncategorized
		1	2	3	
Federal agency securities	\$ 468,690,192	—	468,690,192	—	—
Corporate medium term notes	111,182,754	—	111,182,754	—	—
Municipal bonds	38,467,478	—	38,467,478	—	—
Supranationals	34,577,089	—	34,577,089	—	—
Local Agency Investment Fund	73,834,336	—	—	—	73,834,336
Held by Others:					
Treasury notes/bonds	3,837,412	3,837,412	—	—	—
Corporate medium term notes	3,166,593	—	3,166,593	—	—
Common stock	10,852,690	10,852,690	—	—	—
Money market mutual funds	53,990,264	—	—	—	53,990,264
Investments at Fair Value	<u>\$ 798,598,808</u>	<u>14,690,102</u>	<u>656,084,106</u>	<u>-</u>	<u>127,824,600</u>

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(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.
- 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 \$13,608,521 and interest revenue of \$4,608,956 related to lease payments received. These leases are summarized as follows:

Fund	Lease Receivable as of July 1, 2023	Additions	Deductions	Lease Receivable as of June 30, 2024
General	\$ 22,117,954	1,174,455	2,637,004	20,655,405
Beach	12,354,472	—	905,468	11,449,004
Water	3,112,000	—	40,444	3,071,556
Pier	8,519,738	775,790	1,933,581	7,361,947
Airport	18,088,147	71,127,368	20,997,616	68,217,899
Big Blue Bus	9,174,735	—	977,298	8,197,437
Total	<u>\$ 73,367,046</u>	<u>73,077,613</u>	<u>27,491,411</u>	<u>118,953,248</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Fund	Lease Revenue	Lease Interest Revenue
General	\$ 2,986,462	1,092,966
Beach	904,496	599,162
Water	80,122	154,682
Pier	1,968,748	407,835
Airport	6,576,520	1,919,308
Big Blue Bus	1,092,173	435,005
Total	<u>\$ 13,608,521</u>	<u>4,608,956</u>

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 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.

Airport Fund Leases – There are a variety of leases for offices, artists, hangars, and tiedowns. 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 – Most of the leases are at the Bergamot property and mostly for artists' spaces. Most of the lease agreements were entered on January 1, 2024 and are for one year. The City is receiving monthly payments through 2024. The most 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 3,711,566	1,523,062	5,234,628
2026	3,010,521	1,341,276	4,351,797
2027	1,222,047	1,242,993	2,465,040
2028	1,234,727	1,181,709	2,416,436
2029	1,295,755	1,118,747	2,414,502
2030-2034	3,351,867	4,918,831	8,270,698
2035-2039	2,074,471	4,330,394	6,404,865
2040-2044	2,662,290	3,742,575	6,404,865
2045-2049	3,416,674	2,988,192	6,404,866
2050-2054	3,139,976	2,082,693	5,222,669
2055-2059	2,631,344	1,435,193	4,066,537
2060-2064	3,362,934	692,399	4,055,333
2065-2069	982,451	35,309	1,017,760
2070-2074	3,346	1,528	4,874
2075-2079	4,440	37	4,477
Total	<u>\$ 32,104,409</u>	<u>26,634,938</u>	<u>58,739,347</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 7,316,774	4,172,460	11,489,234
2026	6,312,877	3,818,186	10,131,063
2027	4,580,286	3,549,930	8,130,216
2028	4,275,802	3,331,162	7,606,964
2029	4,167,498	3,115,772	7,283,270
2030-2034	21,756,055	12,340,332	34,096,387
2035-2039	25,137,093	6,687,614	31,824,707
2040-2044	11,654,061	1,000,040	12,654,101
2045-2049	638,730	336,903	975,633
2050-2054	819,720	155,913	975,633
2055-2059	189,943	5,184	195,127
Total	<u>\$ 86,848,839</u>	<u>38,513,496</u>	<u>125,362,335</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes Receivable Information For the fiscal year ended June 30, 2024

(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.

CITY OF SANTA MONICA, CALIFORNIA

Notes Receivable Information For the fiscal year ended June 30, 2024

Detail of notes receivable totaling \$216,946,505 are as follows:

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Special Revenue Source Fund				
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)	19,400,000	-	176,758	19,223,242
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)	10,643,109	-	70,303	10,572,806
Community Corporation of Santa Monica (l)	429,965	3,508,434	-	3,938,399
Community Corporation of Santa Monica (m)	9,547,656	2,271,727	-	11,819,383
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	-	-	5,087,439
Community Corporation of Santa Monica (q)	14,360,237	174,885	-	14,535,122
Total Special Revenue Source Fund	<u>135,679,159</u>	<u>5,955,046</u>	<u>247,061</u>	<u>141,387,144</u>
Low and Moderate Income Housing Asset Fund				
Community Corporation of Santa Monica (r)	7,979,656	-	-	7,979,656
Community Corporation of Santa Monica (s)	2,738,277	-	-	2,738,277
Community Corporation of Santa Monica (t)	4,437,001	-	-	4,437,001
FAME Santa Monica Senior Apartments (u)	4,058,652	-	-	4,058,652
Step Up (v)	3,011,818	-	-	3,011,818
Community Corporation of Santa Monica (w)	4,234,506	-	-	4,234,506
Community Corporation of Santa Monica (x)	2,900,000	-	-	2,900,000
Community Corporation of Santa Monica (y)	5,408,035	-	-	5,408,035
Step Up (z)	5,870,000	-	-	5,870,000
Santa Monica Housing Partners (aa)	5,684,455	-	-	5,684,455
Community Corporation of Santa Monica (bb)	685,738	-	-	685,738
EAH, Inc (cc)	6,654,795	-	-	6,654,795
Total Low and Moderate Income Housing Asset Fund	<u>53,662,933</u>	<u>-</u>	<u>-</u>	<u>53,662,933</u>
Nonmajor Governmental Funds				
Low- and moderate-income housing (dd)	663,506	-	1,427	662,079
Ocean Park Community Center (ee)	400,000	-	-	400,000
Community Corporation of Santa Monica (ff)	6,345,807	-	-	6,345,807
Community Corporation of Santa Monica (gg)	841,600	-	-	841,600
Community Corporation of Santa Monica (hh)	1,691,965	-	-	1,691,965
Community Corporation of Santa Monica (ii)	669,456	-	-	669,456
MERL Program (jj)	5,506,997	-	81,986	5,425,011
Ocean Park Community Center (kk)	800,000	-	-	800,000
Step Up (ll)	1,300,000	-	-	1,300,000
MERL Program (mm)	3,874,108	-	113,598	3,760,510
Total major governmental funds	<u>22,093,439</u>	<u>-</u>	<u>197,011</u>	<u>21,896,428</u>
Total notes receivable	<u>\$ 211,435,531</u>	<u>5,955,046</u>	<u>444,072</u>	<u>216,946,505</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes Receivable Information For the fiscal year ended June 30, 2024

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, 2024, \$448,280 had been disbursed to the borrower. See item “r” 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, 2024, \$7,114,401 had been disbursed to the borrower. See item “s” 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, 2024, \$4,420,698 had been disbursed to the borrower. See item “t” 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, 2024, \$7,416,347 had been disbursed to the borrower. See item “u” 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, 2024, \$2,029,437 had been disbursed to the borrower. See item “v” 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, 2024, \$19,223,242

CITY OF SANTA MONICA, CALIFORNIA

Notes Receivable Information For the fiscal year ended June 30, 2024

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, 2024, \$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, 2024, \$3,350,000 had been disbursed to the borrower. See item “x” below for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- 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, 2024, \$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, 2024, \$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, 2024, \$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 0% interest loan with a two-year term and option to extend for additional two and one-half years. 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, 2024, \$3,938,399 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, 2024, \$11,819,383 had been disbursed to the borrower.

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Notes Receivable Information For the fiscal year ended June 30, 2024

- 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, 2024, \$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, 2024, \$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, 2024, \$5,087,439 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 "cc" below.
- 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 fifty-four (54) months from the date of the Note, unless further extended. This is a 0% interest loan. As of June 30, 2024, \$14,535,122 had been disbursed to the borrower.

Low and Moderate Income Housing Asset Fund

- r. 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, 2024, the outstanding balance is \$7,979,656. See item "a" above for the amount disbursed from the Special Revenue Source Fund.
- s. 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, 2024, \$2,738,277 had been disbursed to the borrower. See item "b" above for amounts disbursed from the Special Revenue Source Fund.

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Notes Receivable Information For the fiscal year ended June 30, 2024

- t. 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, 2024, the outstanding balance is \$4,437,001. See item “c” above for the amount disbursed from the Special Revenue Source Fund.
- u. 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, 2024, \$4,058,652 had been disbursed to the borrower. See item “d” above for the amount disbursed from the Special Revenue Source Fund.
- v. 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, 2024, \$3,011,818 had been disbursed to the borrower. See item “e” above for the amount disbursed from the Special Revenue Source Fund.
- w. 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, 2024, \$4,234,506 had been disbursed to the borrower.
- x. 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, 2024, \$2,900,000 had been disbursed to the borrower. See item “h” above for the amount disbursed from the Special Revenue Source Fund.
- y. 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, 2024, \$5,408,035 had been disbursed to the borrower. This was disbursed from the Low and Moderate Income Housing Asset Fund. See item “hh” below for the amount disbursed from the CDBG Fund.
- z. 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

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Notes Receivable Information For the fiscal year ended June 30, 2024

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, 2024, \$5,870,000 had been disbursed to the borrower. This was disbursed from the Low and Moderate Income Housing Asset Fund. See item "ll" below for the amount disbursed from the Miscellaneous Grants Fund.

- aa. 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, 2024, the outstanding balance is \$5,684,455.
- bb. 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, 2024, \$685,738 had been disbursed to the borrower.
- cc. 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, 2024, \$6,654,795 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

- dd. 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, 2024, the outstanding balances of such loans total \$662,079.
- ee. 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, 2024, \$400,000 had been disbursed to the borrower. This was disbursed from the TORCA Fund. See item "kk" below for the amount disbursed from the Miscellaneous Grants Fund.
- ff. 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

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Notes Receivable Information For the fiscal year ended June 30, 2024

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, 2024, \$6,345,807 had been disbursed to the borrower. This was disbursed from the TORCA Fund.

- gg. 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, 2024, \$841,600 had been disbursed to the borrower. This was disbursed from the CDBG Fund.
- hh. 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, 2024, \$1,691,965 had been disbursed to the borrower. This was disbursed from the CDBG Fund. See item “y” above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- ii. 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, 2024, the outstanding balance is \$669,456.
- jj. 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, 2024, the CDBG Program Emergency Supplemental Fund outstanding balance is \$5,425,011. See item “mm” below for the amount disbursed from the Miscellaneous Grants Fund.
- kk. 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, 2024, \$800,000 had been disbursed to the borrower. This was disbursed from the Miscellaneous Grants Fund. See item “ee” above for the amount disbursed from the TORCA Fund.

CITY OF SANTA MONICA, CALIFORNIA

Notes Receivable Information For the fiscal year ended June 30, 2024

- ll. 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, 2024, \$1,300,000 had been disbursed to the borrower. This was disbursed from the Miscellaneous Grants Fund. See item “z” above for the amount disbursed from the Low and Moderate Income Housing Asset Fund.
- mm. 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, 2024, the Miscellaneous Grants Fund outstanding balance is \$3,760,510. See item “jj” above for the amount disbursed from the CDBG fund.

The City has various notes receivable outstanding. Below is the activity for FY 2023-24 by borrower:

	Beginning	Additions	Reductions	Ending
Borrower				
CCSM	\$ 128,947,038	5,955,046	-	134,902,084
EAH Inc.	22,385,343	-	70,303	22,315,040
FAME	11,474,999	-	-	11,474,999
Santa Monica Housing Partners	25,084,455	-	176,758	24,907,697
Step Up	12,211,255	-	-	12,211,255
Other	11,332,441	-	197,011	11,135,430
Total	\$ 211,435,531	5,955,046	444,072	216,946,505

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Notes Receivable Information For the fiscal year ended June 30, 2024

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	191,178
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
	<u>\$ 171,752,139</u>

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Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(5) CAPITAL ASSETS

Capital assets activity for the primary government for fiscal year ended June 30, 2024 is as follows:

	Balance at July 1, 2023 <u>(As Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance at June 30, 2024
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	90,579,556	10,705,700	—	(4,452,890)	96,832,366
Total capital assets, not being depreciated	<u>363,287,502</u>	<u>10,705,700</u>	<u>—</u>	<u>(4,452,890)</u>	<u>369,540,312</u>
Capital assets, being depreciated:					
Subscription Asset	7,485,986	7,014,835	(3,854,941)	—	10,645,880
Buildings	460,081,033	—	—	—	460,081,033
Improvements other than buildings	218,625,167	94,108	—	3,528,023	222,247,298
Utility systems	1,742,912	—	—	—	1,742,912
Machinery and equipment	62,682,439	816,526	(421,320)	420,089	63,497,734
Infrastructure	413,193,451	—	—	—	413,193,451
Intangibles	4,880,800	—	—	504,778	5,385,578
Total capital assets being depreciated	<u>1,168,691,785</u>	<u>7,925,469</u>	<u>(4,276,261)</u>	<u>4,452,890</u>	<u>1,176,793,883</u>
Less accumulated depreciation for:					
Subscription Asset	(3,923,902)	(1,954,487)	3,493,963	—	(2,384,426)
Buildings	(162,384,408)	(9,814,017)	—	—	(172,198,425)
Improvements other than buildings	(120,880,423)	(7,421,124)	—	—	(128,301,547)
Utility systems	(1,742,917)	—	—	—	(1,742,917)
Machinery and equipment	(43,873,794)	(2,850,777)	421,320	—	(46,303,251)
Infrastructure	(276,593,436)	(9,051,750)	—	—	(285,645,186)
Intangibles	(994,405)	(472,569)	—	—	(1,466,974)
Total accumulated depreciation	<u>(610,393,282)</u>	<u>(31,564,724)</u>	<u>3,915,283</u>	<u>—</u>	<u>(638,042,727)</u>
Total capital assets, being depreciated, net	<u>558,298,503</u>	<u>(23,639,255)</u>	<u>(360,978)</u>	<u>4,452,890</u>	<u>538,751,160</u>
Subtotal governmental activities	<u>921,586,001</u>	<u>(12,933,555)</u>	<u>(360,978)</u>	<u>—</u>	<u>908,291,471</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	53,380,750	—	—	—	53,380,750
Construction in progress	71,119,491	28,248,803	—	(7,692,218)	91,676,076
Total capital assets, not being depreciated	<u>124,500,241</u>	<u>28,248,803</u>	<u>—</u>	<u>(7,692,218)</u>	<u>145,056,826</u>
Capital assets, being depreciated:					
Subscription Asset	2,226,627	212,207	(101,169)	—	2,337,665
Buildings	150,050,361	—	—	—	150,050,361
Improvements other than buildings	32,791,025	—	—	—	32,791,025
Machinery and equipment	249,187,633	6,794,044	(3,233,663)	—	252,748,014
Infrastructure	326,628,889	4,400,057	—	7,692,218	338,721,164
Intangibles	121,294,780	3,556,493	—	—	124,851,273
Total capital assets being depreciated	<u>882,179,315</u>	<u>14,962,800</u>	<u>(3,334,832)</u>	<u>7,692,218</u>	<u>901,499,502</u>
Less accumulated depreciation for:					
Subscription Asset	(868,841)	(567,462)	101,169	—	(1,335,134)
Buildings	(82,944,025)	(2,947,388)	—	—	(85,891,412)
Improvements other than buildings	(22,116,252)	(1,173,103)	—	—	(23,289,355)
Machinery and equipment	(185,441,762)	(15,387,304)	3,233,663	—	(197,595,403)
Infrastructure	(127,573,540)	(6,387,914)	—	—	(133,961,453)
Intangibles	(50,166,402)	(3,131,938)	—	—	(53,298,340)
Total accumulated depreciation	<u>(469,110,820)</u>	<u>(29,595,109)</u>	<u>3,334,832</u>	<u>—</u>	<u>(495,371,097)</u>
Total capital assets, being depreciated, net	<u>413,068,495</u>	<u>(14,632,308)</u>	<u>—</u>	<u>7,692,218</u>	<u>406,128,405</u>
Subtotal business-type activities	<u>537,568,736</u>	<u>13,616,494</u>	<u>—</u>	<u>—</u>	<u>551,185,231</u>
Total	<u>\$ 1,459,154,737</u>	<u>682,939</u>	<u>(360,978)</u>	<u>—</u>	<u>1,459,476,702</u>

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Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

Governmental activities:

General government	2,453,176
Public safety	3,616,549
General services	15,157,513
Community services	4,384,740
Library	1,305,622
Community development	4,490,509
Capital assets held by the government's internal service funds are charged to the various functions based on their assets' usage	156,615
Total depreciation and amortization expense - governmental activities	<u>\$ 31,564,724</u>

Business-type activities:

Water	\$ 1,938,514
Resource Recovery and Recycling	4,897
Pier	474,641
Wastewater	7,336,761
Airport	287,778
Stormwater management	432,129
Cemetery	41,535
Big Blue Bus	15,442,649
Parking authority	16,263
Capital assets held by the government's internal service funds are charged to the various programs based on their assets' usage	3,619,942
Total depreciation and amortization expense - business-type activities	<u>\$ 29,595,109</u>

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(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 (SBITA). Under GASB Statement No. 96, the City recognizes a subscription liability and an intangible right-to-use subscription asset for SBITAs 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.

- 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 \$2,445,300 and interest expense of \$239,960 related to subscription payments. These SBITAs are summarized as follows:

	Subscription Liability as of June 30, 2023	Additions	Deductions	Subscription Liability as of June 30, 2024	Due within one year
Governmental activities	\$ 3,120,182	5,007,778	2,282,097	5,845,863	1,304,610
Business-type activities	1,331,723	202,831	611,133	923,421	478,311
Total	<u>\$ 4,451,905</u>	<u>5,210,609</u>	<u>2,893,230</u>	<u>6,769,284</u>	<u>1,782,921</u>

	Subscription Amortization Expense	Subscription Interest Expense
Governmental activities	\$ 1,954,487	194,082
Business-type activities	567,462	45,878
Total	<u>\$ 2,521,949</u>	<u>239,960</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

General Fund SBITAs – This fund contains a majority of the SBITAs including software for library services, cybersecurity, procurement, parking analytics, employee timekeeping, and police body camera cloud-based storage systems. The most significant SBITA agreement is with Versaterm Public Safety Inc. for a police and fire computer aided dispatch (CAD) and mobile solution with an integrated law enforcement records management system (RMS). 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 SBITAs – 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 SBITAs – 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 SBITAs – These funds use most of the same SBITAs including software for cybersecurity and asset management. The most significant SBITA 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 SBITAs – This fund contains one significant SBITA 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.

Vehicle Management Fund SBITAs – 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.

Self-Insurance Comprehensive Fund, Self-Insurance Auto Fund, and Self-Insurance Worker's Compensation Fund SBITAs – These funds use the same SBITA, 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 1,304,610	258,282	1,562,892
2026	1,010,196	203,140	1,213,336
2027	1,015,349	152,059	1,167,408
2028	796,605	104,741	901,346
2029	280,877	78,314	359,191
2030-2034	1,414,716	189,834	1,604,550
2035-2039	23,510	594	24,104
Total	<u>\$ 5,845,863</u>	<u>986,964</u>	<u>6,832,827</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 478,311	27,320	505,631
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
2030-2034	1,486	6	1,492
Total	<u>\$ 923,421</u>	<u>57,540</u>	<u>980,961</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(7) UNEARNED REVENUE AND DEFERRED INFLOWS 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.

The components of unearned revenue are as follows:

Governmental funds:	
General Fund:	
Unearned user fees	\$ 1,061,676
Business license tax	9,505,567
Total General Fund	<u>10,567,243</u>
Special Revenue Source Fund:	
Advanced lease payments	<u>29,500,836</u>
Total Special Revenue Source Fund	<u>29,500,836</u>
Nonmajor governmental funds:	
Grants received prior to meeting all eligibility requirements	17,383,369
Unearned user fees	<u>528,678</u>
Total nonmajor governmental funds:	<u>17,912,047</u>
Total governmental funds	<u>57,980,126</u>
Enterprise funds:	
Big Blue Bus Fund:	
Unearned developer fees	185,000
Unearned rent	526
Grant and other funds received prior to meeting all eligibility requirements	<u>103,709,456</u>
Total Big Blue Bus Fund	<u>103,894,982</u>
Airport Fund:	
Unearned rent	<u>2,854,074</u>
Total Airport Fund	<u>2,854,074</u>
Nonmajor enterprise funds:	
Unearned rent	<u>25,737</u>
Total nonmajor enterprise funds:	<u>25,737</u>
Total enterprise funds	<u>106,774,793</u>
Total unearned revenue	<u>\$ 164,754,919</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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			
Business license taxes	\$ 1,361,152	(1,361,152)	-
Total General Fund	<u>1,361,152</u>	<u>(1,361,152)</u>	<u>-</u>
Non-major governmental funds			
Grants receivable	<u>6,298,407</u>	<u>(6,298,407)</u>	<u>-</u>
Total non-major governmental funds	<u>6,298,407</u>	<u>(6,298,407)</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 7,659,559</u>	<u>(7,659,559)</u>	<u>-</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(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.

	<u>Balance at July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2024</u>	<u>Due within one year</u>	<u>Due beyond one year</u>
Governmental Activities (1)	\$ 14,604,662	9,832,906	9,491,249	14,946,319	9,689,407	5,256,912
Business-type activities	3,759,951	3,114,484	3,020,293	3,854,142	3,166,115	688,027
Total	<u>\$ 18,364,613</u>	<u>12,947,390</u>	<u>12,511,542</u>	<u>18,800,461</u>	<u>12,855,522</u>	<u>5,944,939</u>

(1) Compensated absences are predominately liquidated by General Fund resources.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(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 \$60,000,000. 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.

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, 2024 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 (\$1,132,205) meaning the City's reserves and IBNR exceeded premiums and interest earned. Accel's total net reserves and IBNR was \$4,355,732. Total assets of ACCEL at June 30, 2024 were \$101,826,188. 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, 2024, based on a 5.0% 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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, 2023:					
Governmental activities:					
General Liability and Automobile	20,970,030	131,408,227	(128,102,198)	24,276,059	13,051,401
Workers' Compensation	53,352,181	5,053,206	(10,027,395)	48,377,992	9,856,917
Total Governmental activities	<u>\$ 74,322,211</u>	<u>136,461,433</u>	<u>(138,129,593)</u>	<u>72,654,051</u>	<u>22,908,318</u>
Business-type activities:					
Bus	4,319,472	5,082,036	(3,496,699)	5,904,809	2,114,644
Total Business-type activities	<u>\$ 4,319,472</u>	<u>5,082,036</u>	<u>(3,496,699)</u>	<u>5,904,809</u>	<u>2,114,644</u>
June 30, 2024:					
Governmental activities:					
General Liability and Automobile	24,276,059	4,851,816	(6,495,472)	22,632,403	8,768,373
Workers' Compensation	48,377,992	14,497,035	(13,483,711)	49,391,316	10,282,198
	<u>\$ 72,654,051</u>	<u>19,348,851</u>	<u>(19,979,183)</u>	<u>72,023,719</u>	<u>19,050,571</u>
Business-type activities:					
Bus	5,904,809	188,833	(128,066)	5,965,576	1,521,640
Total Business-type activities	<u>\$ 5,904,809</u>	<u>188,833</u>	<u>(128,066)</u>	<u>5,965,576</u>	<u>1,521,640</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(10) LONG-TERM DEBT

Changes in long-term debt:

Long-term debt activity for the fiscal year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due within one year	Due beyond one year
Governmental Activities:						
Lease Revenue bonds	203,125,000	—	5,340,000	197,785,000	6,840,000	190,945,000
Plus deferred amounts:						
For issuance premiums	21,291,033	—	1,151,331	20,139,702	—	20,139,702
Total loans and bonds payable	224,416,033	—	6,491,331	217,924,702	6,840,000	211,084,702
Business-type activities:						
Loans payable						
from direct borrowings	52,981,570	—	912,867	52,068,703	1,383,194	50,685,509
Revenue bonds	70,525,000	—	1,380,000	69,145,000	1,435,000	67,710,000
Plus deferred amounts:						
For issuance premiums	7,402,139	—	264,362	7,137,777	—	7,137,777
Total loans and bonds payable	130,908,709	—	2,557,229	128,351,480	2,818,194	125,533,286
Total	<u>\$ 355,324,742</u>	<u>—</u>	<u>9,048,560</u>	<u>346,276,182</u>	<u>9,658,194</u>	<u>336,617,988</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

	<u>Date of issue</u>	<u>Original issue</u>	<u>Final maturity date</u>	<u>Interest rate</u>	<u>Balance at June 30, 2024</u>
Governmental activities:					
Lease Revenue bonds (1):					
Public Finance Authority 2021	August 4, 2021	\$ 64,780,000	July 1, 2051	2.125-5.00%	\$ 64,780,000
Public Finance Authority Refunding 2021 (Series A)	May 5, 2021	17,860,000	July 1, 2031	4.00%	17,860,000
Public Finance Authority Refunding 2015	Jul 9, 2015	26,360,000	July 1, 2033	3.00-5.00%	17,145,000
Public Finance Authority 2017	Sep 14, 2017	68,565,000	July 1, 2047	3.00-5.00%	65,650,000
Public Finance Authority 2018	Jun 6, 2018	34,220,000	July 1, 2048	3.625-5.000%	32,350,000
Subtotal lease revenue bonds - governmental activities					197,785,000
Subtotal governmental activities					197,785,000
Business-type activities:					
Loans payable from direct borrowings (2):					
State Water Resources Control					
Board Construction Installment Sale Agreement (3)	Sep 21, 2017	56,046,630	Dec 31, 2052	1.80%	52,068,703
Revenue bonds (2):					
Water enterprise revenue bonds 2021	Aug 25, 2021	70,525,000	Aug 01, 2051	2.25-5.00%	69,145,000
Subtotal business-type activities					121,213,703
Total					\$ 318,998,703

(1) For construction of City facilities.

(2) To fund various water projects.

(3) Subsequent to year end, the City and the lender agreed to reduce the loan amount available to \$56,046,630.

Management believes it is in compliance with all debt covenants. See Note 19.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Annual debt service requirements to maturity are as follows:

Governmental Activities							
Fiscal year ending June 30,	Lease Revenue bonds						
	Principal	Interest					
2025	\$ 6,840,000	6,970,138					
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					
2030-2034	41,200,000	26,186,770					
2035-2039	30,475,000	18,973,238					
2040-2044	37,825,000	11,579,506					
2045-2049	40,900,000	4,181,225					
2050-2053	9,860,000	336,038					
	<u>\$ 197,785,000</u>	<u>95,698,418</u>					

Business-type activities							
Fiscal year ending June 30,	Loan payable from direct borrowings		Revenue bonds		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 1,383,194	937,237	1,435,000	1,044,744	2,818,194	1,981,981	
2026	1,408,091	904,644	1,495,000	2,059,588	2,903,091	2,964,232	
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	
2030-2034	7,838,367	3,732,038	7,550,000	6,654,575	15,388,367	10,386,613	
2035-2039	8,569,678	3,006,896	11,425,000	6,339,313	19,994,678	9,346,209	
2040-2044	9,369,219	2,214,099	13,465,000	4,294,781	22,834,219	6,508,880	
2045-2049	10,243,356	1,347,334	15,315,000	2,442,431	25,558,356	3,789,765	
2050-2053	8,878,619	399,702	13,595,000	620,381	22,473,619	1,020,083	
	<u>\$ 52,068,704</u>	<u>15,103,273</u>	<u>69,145,000</u>	<u>29,246,439</u>	<u>121,213,704</u>	<u>44,349,712</u>	

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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
Base rental payments				
Public Finance Authority 2021	\$ 3,435,250	3,435,250	100%	92,811,331
Public Finance Authority Refunding 2021	2,654,400	2,654,400	100%	18,496,205
Public Finance Authority Refunding 2015	2,049,943	2,049,943	100%	18,586,400
Public Finance Authority 2017	4,378,225	4,378,225	100%	102,090,213
Public Finance Authority 2018	2,145,887	2,145,887	100%	51,174,197
Water charges for services				
Water enterprise revenue bonds 2021	3,554,487	3,554,487	100%	96,434,066

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2023

(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.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2023

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.

The balance of the pollution remediation liability is \$942,998 in the governmental activities of which \$373,912 is due within one year and \$24,734,852 in the business-type activities, of which \$6,245,663 is due within one year. These liabilities are reported in the business-type and governmental activities in the Statement of Net Position.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(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		
	Prior to July 1, 2012	Between July 1, 2012 and December 31, 2012	On or after January 1, 2013
Hire Date			
Benefit formula	2.70% @ 55	2.00% @ 55	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefits 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	28.69%	28.69%	28.69%

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

	Police	
	Prior to December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit formula	3.00% @ 50	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefits 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	62.72%	62.72%

	Fire	
	Prior to December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit formula	3.00% @ 55	2.70% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefits payments	monthly for life	monthly for life
Retirement age	50-55	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	50.03%	50.03%

As of June 30, 2024, the City had 1,863 active members of which 785 were considered “classic” members (hired prior to 12/31/2012) and 1,078 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 2022-23, the City paid CalPERS \$26,214,071, \$13,685,265 and \$6,717,351 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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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%. 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.

Contributions consist of normal cost, the cost of benefits for current employees, and amortization of the unfunded liability, the amount the discounted projected plan liabilities exceed plan assets. CalPERS amortizes the unfunded liability over approximately 20 years. At this point the amortization bases comprising the current unfunded liability will be fully amortized.

Employees' share of pension costs totaled \$20,531,135 for FY 2023-24.

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for each Plan:

Employees	Miscellaneous	Public Safety	
		Police	Fire
Inactive employees or their beneficiaries currently receiving benefits	1,673	358	152
Inactive employees 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 2022 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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2023 (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, 2022	June 30, 2022	June 30, 2022
Measurement date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial cost method	Entry-Age Normal		
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	7.00%	7.00%	7.00%
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 table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS experience study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates includes generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

Events subsequent to actuarial valuation date

Inflation has been significantly higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2023 valuation. The actual impact of higher inflation on future valuation results will depend

on, among other factors, how long higher inflation persists. CalPERS believes the long-term inflation assumption of 2.3% is appropriate.

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:

Asset Class ¹	Assumed asset allocation	Real Return % ^{1,2}
Global equity - Cap-weighted	30.00 %	4.54 %
Global equity - Non- Cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Coporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation of 2.3% used for this period

(2) Figures are based on the 2022 Asset Liability Management study.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c)=(a)-(b)
Balance at 6/30/2022 (VD) ¹	\$ 1,348,696,720	1,087,408,948	261,287,772
Changes recognized for the measurement period			
Service cost	23,971,244	—	23,971,244
Interest on total pension liability	91,665,614	—	91,665,614
Changes of Benefit Terms	1,091,674	—	1,091,674
Differences between expected and actual experience	(4,528)	—	(4,528)
Contribution - employer	—	39,554,659	(39,554,659)
Contribution - employee	—	9,775,361	(9,775,361)
Net investment income	—	66,936,805	(66,936,805)
Benefit payments, includes employee contribution refunds	(66,564,697)	(66,564,697)	—
Administrative expense	—	(799,629)	799,629
Net changes	50,159,307	48,902,499	1,256,808
Balance at 6/30/2023 (MD)	\$ 1,398,856,027	1,136,311,447	262,544,580

¹ VD = Valuation Date

² MD = Measurement Date

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Public Safety - Police:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2022 (VD) ¹	\$ 581,656,795	435,056,220	146,600,575
Changes recognized for the measurement period			
Service cost	11,160,753	—	11,160,753
Interest on total pension liability	39,811,421	—	39,811,421
Changes of Benefit Terms	187,484		187,484
Changes of assumptions	0	—	-
Differences between expected and actual experience	4,636,052	—	4,636,052
Plan to plan resource movement	—		-
Contribution - employer	—	21,964,048	(21,964,048)
Contribution - employee	—	3,604,634	(3,604,634)
Net investment income	—	26,969,215	(26,969,215)
Benefit payments, includes employee contribution refunds	(30,167,180)	(30,167,180)	-
Administrative expense	—	(319,920)	319,920
Net changes	<u>25,628,530</u>	<u>22,050,797</u>	<u>3,577,733</u>
Balance at 6/30/2023 (MD)	<u>\$ 607,285,325</u>	<u>457,107,017</u>	<u>150,178,308</u>

¹ VD = Valuation Date

² MD = Measurement Date

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Public Safety - Fire:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c)=(a)-(b)
Balance at 6/30/2022 (VD) ¹	\$ 293,432,065	204,632,010	88,800,055
Changes recognized for the measurement period			
Service cost	5,629,571	—	5,629,571
Interest on total pension liability	20,037,805	—	20,037,805
Changes of Benefit Terms	83,724	—	83,724
Differences between expected and actual experience	2,094,906	—	2,094,906
Contribution - employer	—	10,601,782	(10,601,782)
Contribution - employee	—	2,001,163	(2,001,163)
Net investment income	—	12,644,067	(12,644,067)
Benefit payments, includes employee contribution refunds	(16,045,022)	(16,045,022)	—
Administrative expense	—	(150,477)	150,477
Net changes	11,800,984	9,051,513	2,749,471
Balance at 6/30/2023 (MD)	\$ 305,233,049	213,683,523	91,549,526

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	\$ 448,307,969	232,799,792	132,307,137
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 262,544,580	150,178,306	91,549,526
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 109,161,118	82,657,736	57,975,973

Pension Plan Fiduciary Net Position

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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

For the year ended June 30, 2024, the City recognized pension expense as follows:

Plan	Pension Expense
Miscellaneous	\$ 39,913,505
Safety - Police	27,759,218
Safety - Fire	13,528,508
Total	<u>\$ 81,201,231</u>

As of June 30, 2024, the City had deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 17,178,154	-
Difference between expected and actual experience	—	(18,043,889)
Net difference between projected and actual earnings on pension plan investments	51,840,701	—
Employer contributions subsequent to the measurement date	<u>38,984,554</u>	<u>—</u>
Total	<u>\$ 108,003,409</u>	<u>(18,043,889)</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

	Safety - Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,327,956	—
Difference between expected and actual experience	3,485,787	(2,712,977)
Net difference between projected and actual earnings on pension plan investments	20,651,671	—
Employer contributions subsequent to the measurement date	23,779,512	—
Total	<u>\$ 56,244,926</u>	<u>(2,712,977)</u>

	Safety - Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,200,967	(38,932)
Difference between expected and actual experience	3,316,063	(3,128,288)
Net difference between projected and actual earnings on pension plan investments	9,755,761	—
Employer contributions subsequent to the measurement date	10,546,636	—
Total	<u>\$ 28,819,427</u>	<u>(3,167,220)</u>

The amounts above are net of outflows and inflows recognized in the pension expense for the fiscal year ended June 30, 2024.

Contributions of \$73,310,701 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, 2025, rather than in the current fiscal year.

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CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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

Measurement Periods	Deferred Outflows / (Inflows) of Resources		
ended June 30	Miscellaneous	Safety - Police	Safety - Fire
2024	\$ 8,265,457	8,761,613	3,430,559
2025	5,306,685	5,583,324	2,308,089
2026	35,919,756	14,835,941	7,897,303
2027	1,483,068	571,559	1,091,869
2028	—	—	343,427
Thereafter	—	—	34,344

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.

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,

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

retirement, death or unforeseeable emergency. For the fiscal year ended June 30, 2024, the total employee contributions were \$13,903,519.

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, 2024, the total employee contributions were \$1,017,524.

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, 2024, the combined employee/employer contributions were \$230,538.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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	<u>135</u>
Total	<u><u>2,255</u></u>

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, 2023 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	5.15%
Inflation	2.50%
Salary increases	3.00% per year, used only to allocate the costs between service years.
Investment rate of return	5.55%
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	5.8% decreasing to 3.90%

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued

For the fiscal year ended June 30, 2024

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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return % Years 1-5</u>	<u>Real Return % Years 6+</u>
Global equity	34%	4.40%	4.50%
Fixed Income	41%	-1.00%	2.20%
Global real estate	17%	3.00%	3.90%
Treasury Inflation			
Protected Securities	5%	-1.80%	1.30%
Commodities	3%	0.80%	1.20%

Discount Rate

The discount rate used to measure the OPEB liability was 5.15%. 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

Changes in OPEB liability

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

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c)=(a)-(b)
Balance at 6/30/2022 (valuation date)	\$ 32,265,433	6,486,101	25,779,332
Changes recognized for the measurement period			
Investment experience	—	408,479	(408,479)
Service cost	1,130,308	—	1,130,308
Interest on total OPEB liability	1,451,304	—	1,451,304
Changes of assumptions	(5,225,120)	—	(5,225,120)
Plan Experience	9,825,144	—	9,825,144
Contribution - employer	—	3,314,085	(3,314,085)
Net investment income	—	(52,333)	52,333
Benefit payments	(1,564,356)	(1,564,356)	—
Administrative expense	—	(1,958)	1,958
Net changes	<u>5,617,280</u>	<u>2,103,917</u>	<u>3,513,363</u>
Balance at 6/30/2023 (measurement date)	<u>\$ 37,882,713</u>	<u>8,590,018</u>	<u>29,292,695</u>

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, 2023:

	1% Decrease (4.15%)	Current Discount Rate (5.15%)	1% Increase (6.15%)
Net OPEB Liability	\$ 33,640,941	29,292,695	25,620,760

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued

For the fiscal year ended June 30, 2024

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, 2023.

	1% Decrease (4.8% decreasing to 2.9%)	Current Healthcare Cost Trend Rates (5.8% decreasing to 3.9%)	1% Increase (6.8% decreasing to 4.9%)
Net OPEB Liability	\$ 25,265,818	29,292,695	34,125,211

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 investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives of all members that are provided benefits (active, inactive, and retired) as of the beginning of the measurement period (10.00 years for June 30, 2023)

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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

For the fiscal year ended June 30, 2024 the City recognized OPEB expense of \$1,898,712. As of fiscal year ended June 30, 2024, the City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ 6,485,717	11,776,791
Differences between expected and actual experience	8,842,628.00	5,838,544
Net difference between projected and actual earnings on investments	271,038	-
OPEB contributions subsequent to measurement date	<u>3,479,786</u>	<u>-</u>
	\$ <u><u>19,079,169</u></u>	<u><u>17,615,335</u></u>

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

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

<u>Measurement Year Ending June 30</u>	<u>Recognized Deferred Outflows(Inflows) of Resources</u>
2024	\$ (215,954)
2025	(216,327)
2026	157,264
2027	(218,396)
2028	(228,861)
Thereafter	(1,293,678)

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

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, 2024, the City contributed \$3,410,077 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(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, 2024 includes the following:

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 Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
<u>Nonspendable</u>						
Advances to Beach	\$ 3,842,973	—	—	—	—	3,842,973
Advances to Rent Control	162,962	—	—	—	—	162,962
Deposits	479,214	—	—	—	—	479,214
Perpetual care	—	—	—	—	18,818,871	18,818,871
Prepays	2,957,260	—	—	—	25,021	2,982,281
Total nonspendable	<u>\$ 7,442,409</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,843,892</u>	<u>26,286,301</u>

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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.

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

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
<u>Restricted</u>						
2017 City Services Building Bonds	\$ 245,242	—	—	—	—	245,242
2018 Fire Station 1 Bonds	11,810	—	—	—	—	11,810
2021 City Yards Bonds	7,101,068	—	—	—	—	7,101,068
Advances to Beach	—	1,450,000	—	—	—	1,450,000
Affordable housing	185,260	36,323,109	67,325,089	18,243,200	31,938,414	154,015,072
Childcare programs	—	3,987,893	—	—	—	3,987,893
Clean beaches and ocean parcel tax	—	—	—	—	16,479,298	16,479,298
Community development	—	5,000,000	—	—	—	5,000,000
Consumer protection	1,372,187	—	—	—	—	1,372,187
Cultural and recreation services	—	13,918,676	—	—	—	13,918,676
Debt service	—	—	—	—	10,797,876	10,797,876
Disability	555,876	—	—	—	—	555,876
Miscellaneous	—	—	—	—	5,941,949	5,941,949
Mobility	—	—	—	—	3,294,352	3,294,352
Overnight accommodations	—	3,431,451	—	—	—	3,431,451
Parking	—	1,290,451	—	—	—	1,290,451
Roads	—	347,358	—	—	7,242,304	7,589,662
Traffic	—	2,686,161	—	—	—	2,686,161
Transit	—	13,564,796	—	—	22,527,074	36,091,870
Total restricted	<u>\$ 9,471,443</u>	<u>81,999,895</u>	<u>67,325,089</u>	<u>18,243,200</u>	<u>98,221,267</u>	<u>275,260,894</u>

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
<u>Committed</u>						
Affordable housing	\$ —	107,472,302	—	—	—	107,472,302
Total committed	\$ —	107,472,302	—	—	—	107,472,302

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 other purposes which represent funds set aside to respond to contingent liabilities and other unanticipated costs. Working capital/operational continuity funds represent funds set aside to allow for the continued delivery of essential General Fund operations during continued COVID-19-related revenue losses and to cover contractual labor obligations. 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
<u>Assigned</u>						
Compensated absences	\$ 14,215,592	—	—	—	—	14,215,592
Continuing capital projects	6,665,271	—	—	—	—	6,665,271
Economic recovery fund	229,111	—	—	—	—	229,111
Encumbrances and reappropriations	8,247,080	—	—	—	—	8,247,080
Leases - GASB 87	1,420,195	—	—	—	—	1,420,195
Other purposes	26,600,000	—	—	—	—	26,600,000
Self insurance fund supplemental payments	18,600,000	—	—	—	—	18,600,000
Working Capital/Operational Continuity	28,428,601	—	—	—	—	28,428,601
Yearend CIP savings	1,852,406	—	—	—	—	1,852,406
Total assigned	<u>\$ 106,258,256</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>106,258,256</u>

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.

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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

	General Fund	Special Revenue Source Fund	Low and Moderate Income Housing Asset Fund	Measure GS	Nonmajor governmental funds	Total governmental funds
<u>Unassigned</u>						
Contingency	57,108,019	—	—	—	—	57,108,019
Unrealized loss	(5,680,556)	—	—	—	—	(5,680,556)
Other unassigned	—	—	—	—	(15,928,011)	(15,928,011)
Total unassigned	<u>\$ 51,427,463</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15,928,011)</u>	<u>35,499,452</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(14) FUND DEFICITS

Governmental Funds

A negative fund balance of \$1,389,825 exists in the Beach Recreation fund because it is still recovering from parking revenue declines due to the pandemic. Project expenditures included restoration for parts of the Annenberg Beach Guest House and the ACBH pool along with various other contractual services. The fund deficit decreased from the prior year due to increased parking revenue. 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 \$126,059 exists in the Parks and Recreation fund primarily due to the negative balance from the prior year and no revenue activity. All future spending will cease.

Internal Service Funds

A net deficit of \$11,449,561 exists in the Self-Insurance General Liability Fund primarily due to the ongoing settlement of several large settlements and the adjustment to the claims reserve. A net deficit of \$610,744 exists in the Self-Insurance Bus Liability Fund, due to several large settlements. Increased future contributions are expected to make up the deficits.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(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)	275,260,894
Differences in Fund Balance:	
Capital related debt/proceeds	(7,358,120)
Unavailable revenue	6,298,405
Perpetual care - Nonexpendable	18,818,871
Total Differences in Fund Balance:	<u>17,759,156</u>
Total Restricted Net Position	<u><u>\$ 293,020,050</u></u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(16) COMMITMENTS AND CONTINGENCIES

Litigation

(a) *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 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 anticipated to occur in late fall of 2025.

(b) *Litigation arising from allegations of sexual abuse of minors.* Currently there are 24 active cases with 153 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 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 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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

they were sexually abused by the employee. The City is represented by the private law firms of Manning Kass 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 has previously settled claims by 234 plaintiffs alleging similar types of abuse for a total of \$229.8 million. The parties are participating in meet and greets interviews and depositions of claimants to assess credibility and intend to participate in a mediation in mid to late 2025. The City is conducting and supporting robust investigations into 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, 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.

(c) *Doe, Jane v. City of Santa Monica, et al.* Four Jane Doe plaintiffs in this suit allege they were subjected to sexual abuse as teens at the hands of Donald Condon, an employee/agent of the City of Santa Monica and Santa Monica Police Department Police Activities League in the 2010s. The plaintiffs allege they were involved in the Police Activities League program at Memorial Park and that between the ages of 12 and 17 years old, Donald Condon, the community services program specialist at PAL, mentored them and eventually abused them. In May 2014 Condon was arrested by the Los Angeles Police Department at a Dodger's game for inappropriate conduct, which triggered an investigation by Santa Monica Police Department. Condon was charged with five counts of child molestation and later pled guilty to one charge of molestation. The operative Complaint was filed on March 13, 2024, against the City of Santa Monica and Santa Monica Police Activities League. The active causes of action are as follows: (1) Negligence – Negligent Supervision, (2) Negligence – Negligence in Hiring and/or Retention, (3) Sexual Harassment (Civ. Code Section. 51.9), and (4) Civil Rights Violations. The City filed its answer on September 19, 2024. The Court has set a jury trial for March 23, 2026. The parties are engaging in informal discovery, interviews, and depositions to assess the credibility of claimants and participate in mediation when appropriate.

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, 2023 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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

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 \$83.3 million will be payable upon future performance under these contracts.

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 2021-22. As of the date of these financial statements, the City of Los Angeles had not issued the bill with the amounts due under the agreement for FY2024-25. In FY2023-24 the City paid \$7.8 million and is expecting to pay a similar amount in FY2024-25. 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, 2024, \$308,822 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, 2024, total encumbrances for the governmental funds are reported as follows:

General Fund	\$ 19,549,858
Special Revenue Fund	4,372,366
Nonmajor governmental funds	<u>19,480,844</u>
Total	<u>\$ 43,403,068</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

(17) RECONCILIATION OF FUND BALANCE SHEET/STATEMENT OF NET POSITION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Amounts reported for governmental activities in the government-wide statement of net position are different from those reported for governmental funds in the funds balance sheet. The following provides a reconciliation of those differences:

	Total governmental funds	Long-term assets and liabilities (1)	Total governmental activities internal service funds (2)	Other adjustments and eliminations	Statement of net position totals
Assets					
Cash and investments	\$ 296,104,522	—	76,648,096	—	372,752,618
Restricted cash and investments	46,788,362	—	—	—	46,788,362
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts	13,969,527	—	7,045	—	13,976,572
Notes	216,946,505	—	—	—	216,946,505
Taxes	37,446,427	—	—	—	37,446,427
Leases	32,104,409	—	—	—	32,104,409
Interest	3,186,759	—	580,173	—	3,766,932
Other governments	11,503,950	—	—	—	11,503,950
Internal balances	—	—	10,246,774	—	10,246,774
Due from other funds	1,695,150	—	—	(1,695,150)	—
Deposits	482,471	—	—	—	482,471
Prepays	2,982,281	—	—	—	2,982,281
Restricted cash and investments with fiscal agent	36,780,651	—	—	—	36,780,651
Advances to other funds	5,455,935	—	—	(5,455,935)	—
Capital assets, net	—	907,534,337	757,134	—	908,291,471
Total assets	705,446,949	907,534,337	88,239,222	(7,151,085)	1,694,069,423
Deferred Outflows of Resources					
Deferred outflows from pensions	—	155,562,944	1,038,364	—	156,601,308
Deferred outflows from OPEB	—	17,245,796	37,657	—	17,283,453
Total deferred outflow of resources	—	172,808,740	1,076,021	—	173,884,761
Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position					
Liabilities:					
Accounts payable	26,357,297	(67)	1,322,171	(19)	27,679,382
Accrued liabilities	11,632,858	3,769,395	189,479	—	15,591,732
Accrued interest payable	—	3,923,166	—	—	3,923,166
Contracts payable (retained percentage)	3,101,092	—	9,461	—	3,110,553
Due to other funds	1,695,151	—	—	(1,695,151)	—
Due to other governments	10,000,000	—	—	—	10,000,000
Unearned revenue	57,980,126	—	—	—	57,980,126
Deposits payable from restricted assets	1,499,149	—	—	—	1,499,149
Advances from other funds	5,455,935	—	—	(5,455,935)	—
Subscription liabilities due in one year	—	871,842	432,748	20	1,304,610
Subscription liabilities due in more than one year	—	4,541,253	—	—	4,541,253
Compensated absences due within one year	—	9,593,372	96,035	—	9,689,407
Compensated absences due in more than one year	—	5,161,860	95,052	—	5,256,912
Claims payable due within one year	—	—	19,050,571	—	19,050,571
Claims payable due in more than one year	—	—	52,973,148	—	52,973,148
Loans and bonds payable due within one year	—	6,840,000	—	—	6,840,000
Loans and bonds payable due in more than one year	—	211,084,702	—	—	211,084,702
Pollution remediation obligation due within one year	—	373,912	—	—	373,912
Pollution remediation obligation due in more than one year	—	569,086	—	—	569,086
Net OPEB liability	—	26,477,873	57,816	—	26,535,689
Net pension liability	—	413,102,266	2,524,149	—	415,626,415
Total liabilities	117,721,608	686,308,660	76,750,630	(7,151,085)	873,629,813
Deferred Inflows of Resources					
Unavailable revenue	7,659,559	—	—	(7,659,559)	—
Deferred gain on refunding	—	387,623	—	—	387,623
Deferred inflows leases	29,288,577	—	—	—	29,288,577
Deferred inflows from pensions	—	17,658,239	173,477	—	17,831,716
Deferred inflows from OPEB	—	15,922,623	34,768	—	15,957,391
Total deferred inflows of resources	36,948,136	33,968,485	208,245	(7,659,559)	63,465,307
Total fund balances/net position	\$ 550,777,205	360,065,932	12,356,368	7,659,559	930,859,064

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

- 1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the balance sheet. Capital assets of internal service funds of \$757,134 net of accumulated depreciation, are not included in this amount.

	\$ 1,543,950,312
Less accumulated depreciation/amortization	(636,415,975)
	<u>\$ 907,534,337</u>

Deferred inflows on refunding	\$ (387,623)
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Deferred outflows from pension	\$ 155,562,944
Deferred inflows from pension	(17,658,239)
	<u>\$ 137,904,705</u>

Deferred outflows from OPEB	\$ 17,245,796
Deferred inflows from OPEB	(15,922,623)
	<u>\$ 1,323,173</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet.

Revenue bonds	(197,785,000)
Accrued employee benefits	(3,769,395)
Accrued interest on long-term debt	(3,923,166)
Unamortized premium on long-term debt	(20,139,635)
Employee compensated absences	(14,755,232)
Accrued pollution remediation costs	(942,998)
Subscription liability	(5,413,095)
Net OPEB liability	(26,477,873)
Net pension liability	(413,102,266)
Total long-term liabilities	<u>\$ (686,308,660)</u>

- 2) Internal service funds are used by management to charge the costs of information technology and communications operations, self-insurance comprehensive, auto and workers' compensation to individual funds. The assets and liabilities of these internal service funds are included in the governmental activities on the statement of net position.

	\$ 2,109,594
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Adjustments for Internal Service Funds are necessary to "close" those funds by recording charges to and payments from business-type activities to completely cover the Internal Service Funds' costs for the year.

	10,246,774
	<u>\$ 12,356,368</u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

Amounts reported for business-type activities in the government-wide statement of net position are different from those reported for enterprise funds in the fund statement of net position. The following provides a reconciliation of those differences:

Assets	Total enterprise funds	Total business- type internal service funds (1)	Other adjustments and eliminations	Statement of net position totals
Cash and investments	\$242,169,923	52,356,776	—	294,526,699
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts	21,754,460	86,274	—	21,840,734
Leases	7,316,773	—	—	7,316,773
Interest	1,567,025	321,613	—	1,888,638
Taxes	18,395	—	—	18,395
Due from other governments	7,662,700	—	—	7,662,700
Internal balances	—	(10,246,774)	—	(10,246,774)
Inventory	3,690,403	2,625	—	3,693,028
Prepays	696,067	—	—	696,067
Restricted cash and investments	38,825,006	—	—	38,825,006
Restricted cash and investments with fiscal agent	27,744,997	—	—	27,744,997
Leases receivable, non-current	79,532,066	—	—	79,532,066
Capital assets, net	537,090,526	14,094,705	—	551,185,231
Total assets	<u>968,068,341</u>	<u>56,615,219</u>	<u>—</u>	<u>1,024,683,560</u>
Deferred Outflows of Resources				
Deferred outflows from pensions	34,947,866	1,518,588	—	36,466,454
Deferred outflows from OPEB	1,731,631	64,085	—	1,795,716
Total deferred outflows of resources	<u>36,679,497</u>	<u>1,582,673</u>	<u>—</u>	<u>38,262,170</u>
Liabilities				
Accounts payable	13,206,576	743,736	—	13,950,312
Accrued liabilities	5,878,495	249,558	—	6,128,053
Accrued interest payable	1,363,154	—	—	1,363,154
Contracts payable (retained percentage)	4,000,033	—	—	4,000,033
Unearned revenue	106,774,793	—	—	106,774,793
Liabilities payable from restricted assets	19,235,139	—	—	19,235,139
Subscription liability due within one year	423,792	275,530	(221,011)	478,311
Subscription liability due in more than one year	224,099	—	221,011	445,110
Compensated absences due within one year	3,077,722	88,393	—	3,166,115
Compensated absences due in more than one year	537,954	150,073	—	688,027
Claims payable due within one year	—	1,521,640	—	1,521,640
Claims payable due in more than one year	—	4,443,936	—	4,443,936
Loans and bonds payable due within one year	2,818,194	—	—	2,818,194
Loans and bonds payable due in more than one year	125,533,286	—	—	125,533,286
Pollution remediation obligation due within one year	6,245,663	—	—	6,245,663
Pollution remediation obligation due in more than one year	18,489,189	—	—	18,489,189
Net OPEB liability due in more than one year	2,658,614	98,392	—	2,757,006
Net pension liability due in more than one year	84,954,475	3,691,524	—	88,645,999
Total liabilities	<u>395,421,178</u>	<u>11,262,782</u>	<u>—</u>	<u>406,683,960</u>
Deferred Inflows of Resources				
Deferred inflows from leases	83,290,800	—	—	83,290,800
Deferred inflows from pensions	5,838,663	253,707	—	6,092,370
Deferred inflows from OPEB	1,598,775	59,169	—	1,657,944
Total deferred inflows of resources	<u>90,728,238</u>	<u>312,876</u>	<u>—</u>	<u>91,041,114</u>
Total Net Position	<u>\$518,598,422</u>	<u>46,622,234</u>	<u>—</u>	<u>\$65,220,656</u>

- 1) Internal service funds are used by management to charge the costs of vehicle management, information technology and risk management to individual funds. The assets and liabilities of the vehicle management and self-insurance bus internal service funds are included in business-type activities in the statement of net position.

\$ 56,869,008

Adjustment for Internal Service Funds are necessary to "close" those funds for charges to and payments from participating governmental-type activities to completely cover the Internal Service Funds' costs for the year.

\$ (10,246,774)

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(18) 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, 2024.

Advances to/from

Advances to/from other funds at June 30, 2024 are as follows:

Advances to (receivable fund)	Advances from (payable fund)	Amount
General Fund	Nonmajor governmental funds	<u>\$ 4,005,935</u>
	Total General Fund	<u>4,005,935</u>
Special Revenue Source Fund	Nonmajor governmental funds	<u>1,450,000</u>
	Total Special Revenue Source Fund	<u>1,450,000</u>
	Total advances to/from	<u><u>\$ 5,455,935</u></u>

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.

Due from/to

Balances due to/from other funds at June 30, 2024 are as follows:

Due From (receivable fund)	Due to (payable fund)	Amount
General Fund	Nonmajor governmental funds	<u>\$ 1,695,150</u>
	Total General Fund	<u>1,695,150</u>
	Total due to/from	<u><u>\$ 1,695,150</u></u>

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

Transfers

Transfers to/from other funds for the fiscal year ended June 30, 2024 are as follows:

Transfer in (receivable fund)	Transfer out (payable fund)	Amount
General Fund	Special Revenue Source Fund	2,134,125 (1)
	Nonmajor governmental funds	4,727,107 (2)
	Low/Mod Housing Fund	180,575 (3)
	Water Fund	1,630,626 (4)
	Wastewater Fund	836,601 (5)
	Resource Recovery and Recycling Fund	1,384,156 (6)
	Airport Fund	647,599 (7)
	Big Blue Bus Fund	1,087,547 (8)
	Nonmajor enterprise funds	284,023 (9)
	Internal service funds	206,195 (10)
	Total General Fund	<u>13,118,554</u>
Special Revenue Source Fund	General Fund	<u>3,214,295 (11)</u>
	Total Special Revenue Source Fund	<u>3,214,295</u>
Nonmajor governmental funds	General Fund	17,486,428 (12)
	Nonmajor governmental funds	78,088 (13)
	Nonmajor enterprise funds	76,204 (14)
	Total Nonmajor governmental funds	<u>17,640,720</u>
Water Fund	General Fund	114,436 (15)
	Wastewater Fund	416,829 (16)
	Total Water Fund	<u>531,265</u>
Wastewater Fund	General Fund	104,127 (15)
	Water Fund	21,900 (13)
	Nonmajor governmental funds	3,280,898 (16)
	Nonmajor enterprise funds	833,523 (17)
	Total Wastewater Fund	<u>4,240,448</u>
Resource Recovery and Recycling Fund	General Fund	<u>85,386 (11)</u>
	Total Resource Recovery and Recycling Fund	<u>85,386</u>
Airport Fund	General Fund	17,871 (18)
	Total Resource Recovery and Recycling Fund	<u>17,871</u>
Big Blue Bus Fund	Nonmajor governmental funds	637,753 (19)
	Total Big Blue Bus Fund	<u>637,753</u>
Nonmajor enterprise funds	General Fund	630,451 (20)
	Nonmajor governmental funds	776,165 (21)
	Total Nonmajor enterprise funds	<u>1,406,616</u>
Internal service funds	General Fund	888,447 (22)
	Internal service funds	2,777,322 (23)
	Total Internal service funds	<u>3,665,769</u>
	Total transfers	<u><u>44,558,677</u></u>

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

- 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 and Subsidize housing division expenditures.
- 2) Subsidize watershed management programs, Subsidize transportation programs, Subsidize street infrastructure, Subsidize administrative expenditures, Subsidize library programs, FEMA Transfers, Subsidize finance expenditures 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) Subsidize infrastructure programs, Debt Service Transfer and Subsidize administrative expenditures.
- 8) Subsidize administrative expenditures, Subsidize finance expenditures, Subsidize maintenance programs and Subsidize police expenditures.
- 9) Debt Service Transfer, Subsidize administrative expenditures and Subsidize environmental programs.
- 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) Subsidize administrative expenditures.
- 14) Subsidize maintenance programs.
- 15) Subsidize reduced water rates for low-income families.
- 16) Pollution Remediation Transfer.
- 17) Subsidize operating and maintenance of Santa Monica Urban Runoff Recycling Facility (SMURRF) expenditures and SWIP operation expenditures.
- 18) Reimburse Airport for interest related to FAA loans.
- 19) Subsidize transportation programs and infrastructures.
- 20) Subsidize administrative expenditures, Subsidize pier operations expenditures and Subsidize police expenditures.
- 21) Subsidize administrative expenditures and Subsidize cemetery operations and maintenance.
- 22) Transfer of technology funds and Subsidize administrative expenditures.
- 23) Subsidize risk management program expenditures.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued
For the fiscal year ended June 30, 2024

(19) SUCCESSOR AGENCY TRUST FUND FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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.

Cash and Investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Restricted cash and investments	\$ 4,644,790
Restricted cash and investments with fiscal agent	<u>7,321,311</u>
Total cash and investments	\$ <u><u>11,966,101</u></u>

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.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

SUCCESSOR AGENCY LONG-TERM LIABILITIES

Changes in long-term liabilities:

Long-term liability activity for the fiscal year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Due within one year	Due beyond one year
Loans and notes payable						
from direct borrowings	\$ 35,529,395	—	877,631	34,651,764	937,468	33,714,296
Term loan from direct borrowings	16,666,666	—	3,030,302	13,636,364	3,030,303	10,606,061
Tax allocation bonds	67,105,000	—	3,245,000	63,860,000	3,390,000	60,470,000
Less deferred amounts:						
For issuance discounts	(48,500)	—	(8,083)	(40,417)	—	(40,417)
For issuance premiums	245,804	—	13,655	232,149	—	232,149
Total loans, notes and bonds payable	<u>\$ 119,498,365</u>	<u>—</u>	<u>7,158,505</u>	<u>112,339,860</u>	<u>7,357,771</u>	<u>104,982,089</u>

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, 2024
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%	22,810,000
Subtotal tax allocation bonds					<u>63,860,000</u>
Loans and notes from direct borrowings:					
Bank of America Term Loan (1) *	May 1, 2008	50,000,000	July 15, 2028	LIBOR plus 1.25%	13,636,364
Promissory notes payable to others(2)*	Nov 1, 2010	42,500,000	Jan 1, 2042	6.82%	34,651,764
Subtotal loans and notes					<u>48,288,128</u>
Total					<u>\$ 112,148,128</u>

*Final and conclusive determination received from the Department of Finance

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

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued For the fiscal year ended June 30, 2024

Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30, 2024	Tax allocation bonds		Loans and notes payable from direct borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	3,390,000	3,242,020	3,967,771	2,629,029	7,357,771	5,871,049
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
2030-2034	11,355,000	10,457,050	8,043,029	8,956,970	19,398,029	19,414,020
2035-2039	14,665,000	6,618,956	11,758,100	5,741,898	26,423,100	12,360,854
2040-2044	19,280,000	1,795,238	9,479,054	1,320,946	28,759,054	3,116,184
	<u>\$ 63,860,000</u>	<u>33,432,815</u>	<u>48,288,128</u>	<u>27,852,178</u>	<u>112,148,128</u>	<u>61,284,993</u>

The Successor Agency's outstanding loan of \$13,636,364 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 \$63,860,000 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.

The Successor Agency's outstanding loan of \$34,651,764 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.

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.

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%.

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements, Continued

For the fiscal year ended June 30, 2024

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	\$ 4,445,883	4,445,883	100%	\$ 22,239,848
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%	61,799,995
Bank of America Term Loan	4,108,169	4,108,169	100%	12,684,797

CITY OF SANTA MONICA, CALIFORNIA

Notes to Basic Financial Statements

Year ended June 30, 2024

(20) PRIOR PERIOD ADJUSTMENTS

The Airport Fund was previously reported as a nonmajor proprietary fund during the prior fiscal year. Due to a significant increase in lease receivables during the year, it met the requirements of being presented as a Major Fund, in accordance with GASB Statement No. 34, during the fiscal year ended June 30, 2024. Additionally, the operations of the Community Broadband fund which had been reported as a nonmajor proprietary fund during the prior fiscal year was moved into the general fund. Finally, several accounting errors were corrected in the fiscal year. The accompanying financial statements reflect adjustments resulting from a restatement of fund balance and net position as of June 30, 2023, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances					
	Funds			Government-Wide		
	General Fund	Airport Fund	Internal Service Funds	Nonmajor Business	Governmental Activities	Business-Type Activities
6/30/2023, as previously reported	\$ 146,425,303	-	50,420,027	97,147,879	879,227,647	571,525,082
Change from nonmajor to major proprietary fund	-	46,381,672	-	(46,381,672)	-	-
Change from nonmajor proprietary to general fund	1,368,523	-	-	(2,098,813)	2,098,813	(2,098,813)
Error correction	4,162,500	-	(1,062,500)	-	3,100,000	-
6/30/2023, as adjusted or restated	<u>\$ 151,956,326</u>	<u>46,381,672</u>	<u>49,357,527</u>	<u>48,667,394</u>	<u>884,426,460</u>	<u>569,426,269</u>

City of Santa Monica, California
Year Ended June 30, 2024

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the fiscal year ended June 30, 2024

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
Revenues:						
Property taxes	\$ 81,461,289	82,950,835	84,082,967	-	84,082,967	1,132,132
Sales and use taxes	77,695,000	77,017,171	72,813,915	-	72,813,915	(4,203,256)
Transient occupancy taxes	70,002,105	69,801,000	65,860,928	-	65,860,928	(3,940,072)
Utility user taxes	35,328,000	35,328,000	34,975,996	-	34,975,996	(352,004)
Real property transfer taxes	10,000,000	10,000,000	10,394,602	-	10,394,602	394,602
Business license taxes	31,919,500	35,300,000	38,110,492	-	38,110,492	2,810,492
Parking facility taxes	11,370,000	11,325,000	11,139,618	-	11,139,618	(185,382)
Other taxes	141,000	35,000	115,284	-	115,284	80,284
Licenses and permits	36,416,396	36,172,346	36,034,850	-	36,034,850	(137,496)
Intergovernmental	1,555,185	1,557,586	1,531,766	-	1,531,766	(25,820)
Charges for services	49,705,616	51,919,148	48,849,667	-	48,849,667	(3,069,481)
Fines and forfeitures	13,326,284	13,343,284	12,094,497	-	12,094,497	(1,248,787)
Investment income	2,900,000	2,900,000	12,663,592	-	12,663,592	9,763,592
Rental income	8,249,513	8,358,611	8,743,304	-	8,743,304	384,693
Settlement income	-	-	16,560,500	-	16,560,500	16,560,500
Other revenue	8,619,470	2,849,209	2,872,468	-	2,872,468	23,259
Total revenues	<u>438,689,358</u>	<u>438,857,190</u>	<u>456,844,446</u>	<u>-</u>	<u>456,844,446</u>	<u>17,987,256</u>
Expenditures:						
General government:						
City council	887,090	979,122	924,155	-	924,155	54,967
City manager	6,748,900	7,010,571	5,731,889	138,944	5,870,833	1,139,738
Record and election services	2,848,348	2,875,330	2,527,546	56,823	2,584,369	290,961
Finance	12,708,374	13,715,969	12,298,604	1,058,796	13,357,400	358,569
City attorney	13,044,443	13,103,211	14,597,783	-	14,597,783	(1,494,572)
Human resources	6,308,341	6,445,140	5,470,780	511,532	5,982,312	462,828
Information services	12,974,857	13,083,954	11,841,709	633,477	12,475,186	608,768
Public Works	2,370,722	2,506,859	2,430,649	121,990	2,552,639	(45,780)
Other	14,392,126	15,404,551	13,207,477	3,662,619	16,870,096	(1,465,545)
Capital improvement	9,564,429	15,846,321	8,647,440	1,269,370	9,916,810	5,929,511
Total general government	<u>81,847,630</u>	<u>90,971,028</u>	<u>77,678,032</u>	<u>7,453,551</u>	<u>85,131,583</u>	<u>5,839,445</u>
Public safety:						
City Manager	6,053,392	6,330,502	5,722,817	288,629	6,011,446	319,056
Police	113,276,099	113,772,743	115,921,731	593,232	116,514,963	(2,742,220)
Fire	52,963,821	53,123,779	56,356,663	98,312	56,454,975	(3,331,196)
Capital improvement	1,500,000	9,198,676	3,754,498	3,731,987	7,486,485	1,712,191
Total public safety	<u>173,793,312</u>	<u>182,425,700</u>	<u>181,755,709</u>	<u>4,712,160</u>	<u>186,467,869</u>	<u>(4,042,169)</u>

See accompanying notes to Required Supplementary Information.

(Continued)

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the fiscal year ended June 30, 2024

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
General services:						
Public works	48,987,958	49,236,547	48,829,638	372,621	49,202,259	34,288
Mobility	24,780,660	25,687,880	23,390,482	1,985,189	25,375,671	312,209
Capital improvement	1,000,000	9,226,543	4,457,960	3,503,113	7,961,073	1,265,470
Total general services	74,768,618	84,150,970	76,678,080	5,860,923	82,539,003	1,611,967
Community services:						
Housing and Community services	33,134,855	34,794,029	29,630,704	932,766	30,563,470	4,230,559
Other	29,241,980	29,223,980	28,725,412	-	28,725,412	498,568
Capital improvement	1,090,000	5,365,516	725,113	237,927	963,040	4,402,476
Total community services	63,466,835	69,383,525	59,081,229	1,170,693	60,251,922	9,131,603
Library:						
Library	10,986,687	11,246,484	11,231,694	119,644	11,351,338	(104,854)
Capital improvement	-	84,720	13,474	2,047	15,521	69,199
Total library	10,986,687	11,331,204	11,245,168	121,691	11,366,859	(35,655)
Housing and Community development:						
Community development	17,649,762	18,199,663	19,289,177	126,003	19,415,180	(1,215,517)
Other	928,385	930,925	838,057	14,350	852,407	78,518
Capital improvement	350,000	683,539	495,436	90,487	585,923	97,616
Total housing and community development	18,928,147	19,814,127	20,622,670	230,840	20,853,510	(1,039,383)
Principal	-	-	1,721,768	-	1,721,768	(1,721,768)
Interest	-	-	181,229	-	181,229	(181,229)
Total expenditures	423,791,229	458,076,554	428,963,885	19,549,858	448,513,743	9,562,811
Excess (deficiency) of revenues over (under) expenditures	14,898,129	(19,219,364)	27,880,561	(19,549,858)	8,330,703	27,550,067
Other financing sources (uses):						
Transfers in	13,432,845	13,893,642	13,118,554	-	13,118,554	(775,088)
Transfers out	(26,516,154)	(26,507,404)	(22,541,441)	-	(22,541,441)	3,965,963
Subscription proceeds	-	-	4,185,571	-	4,185,571	4,185,571
Total other financing sources (uses)	(13,083,309)	(12,613,762)	(5,237,316)	-	(5,237,316)	7,376,446
Net change in fund balance	1,814,820	(31,833,126)	22,643,245	(19,549,858)	3,093,387	34,926,513
Fund balance at beginning of year, as restated	146,425,303	146,425,303	146,425,303	-	146,425,303	-
Fund balance at end of year	<u>\$ 148,240,123</u>	<u>114,592,177</u>	<u>169,068,548</u>	<u>(19,549,858)</u>	<u>149,518,690</u>	<u>34,926,513</u>

See accompanying notes to Required Supplementary Information

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Special Revenue Source Fund
For the fiscal year ended June 30, 2024

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
Revenues:						
Intergovernmental	\$ 547,516	547,516	-	-	-	(547,516)
Charges for services	678,107	678,107	836,007	-	836,007	157,900
Investment income	-	-	874,659	-	874,659	874,659
Other	3,638,994	3,775,994	2,785,062	-	2,785,062	(990,932)
Total revenues	<u>4,864,617</u>	<u>5,001,617</u>	<u>4,495,728</u>	<u>-</u>	<u>4,495,728</u>	<u>(505,889)</u>
Expenditures:						
General government:						
Capital improvement	-	172,733	162,640	10,094	172,734	(1)
Total general government	<u>-</u>	<u>172,733</u>	<u>162,640</u>	<u>10,094</u>	<u>172,734</u>	<u>(1)</u>
Public safety:						
Police	4,478	463,457	53,010	-	53,010	410,447
Fire	15,300	15,300	7,355	-	7,355	7,945
Capital improvement	-	208,312	3,455	-	3,455	204,857
Total public safety	<u>19,778</u>	<u>687,069</u>	<u>63,820</u>	<u>-</u>	<u>63,820</u>	<u>623,249</u>
General services:						
Mobility	331,024	331,024	277,738	-	277,738	53,286
Capital improvement	2,631,300	16,654,688	3,903,435	4,104,377	8,007,812	8,646,876
Total general services	<u>2,962,324</u>	<u>16,985,712</u>	<u>4,181,173</u>	<u>4,104,377</u>	<u>8,285,550</u>	<u>8,700,162</u>
Community services:						
Housing and Community services	2,831,685	3,032,055	2,215,874	83,895	2,299,769	732,286
Other	-	-	575,564	-	575,564	(575,564)
Capital improvement	-	1,098,076	13,367	-	13,367	1,084,709
Total community services	<u>2,831,685</u>	<u>4,130,131</u>	<u>2,804,805</u>	<u>83,895</u>	<u>2,888,700</u>	<u>1,241,431</u>
Library:						
Library	-	83,432	-	-	-	83,432
Total library	<u>-</u>	<u>83,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,432</u>
Community development:						
Community development	-	-	7,045	44,000	51,045	(51,045)
Capital improvement	-	491,558	3,269	130,000	133,269	358,289
Total community development	<u>-</u>	<u>491,558</u>	<u>10,314</u>	<u>174,000</u>	<u>184,314</u>	<u>307,244</u>
Total expenditures	<u>5,813,787</u>	<u>22,550,635</u>	<u>7,222,752</u>	<u>4,372,366</u>	<u>11,595,118</u>	<u>10,955,517</u>
Excess (deficiency) of revenues over (under) expenditures	(949,170)	(17,549,018)	(2,727,024)	(4,372,366)	(7,099,390)	10,449,628
Other financing sources (uses):						
Transfers in	9,134,000	9,125,250	3,214,295	-	3,214,295	(5,910,955)
Transfers out	(2,534,335)	(2,858,186)	(2,134,125)	-	(2,134,125)	724,061
Total other financing sources (uses)	<u>6,599,665</u>	<u>6,267,064</u>	<u>1,080,170</u>	<u>-</u>	<u>1,080,170</u>	<u>(5,186,894)</u>
Net change in fund balance	5,650,495	(11,281,954)	(1,646,854)	(4,372,366)	(6,019,220)	5,262,734
Fund balance at beginning of year	<u>191,119,051</u>	<u>191,119,051</u>	<u>191,119,051</u>	<u>-</u>	<u>191,119,051</u>	<u>-</u>
Fund balance at end of year	<u>\$ 196,769,546</u>	<u>179,837,097</u>	<u>189,472,197</u>	<u>(4,372,366)</u>	<u>185,099,831</u>	<u>5,262,734</u>

See accompanying notes to Required Supplementary Information.

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 fiscal year ended June 30, 2024

	Original budget	Final budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with final budget
Revenues:						
Investment income	\$ 100,000	100,000	748,308	-	748,308	648,308
Other	400,000	400,000	180,575	-	180,575	(219,425)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>928,883</u>	<u>-</u>	<u>928,883</u>	<u>428,883</u>
Other financing sources (uses):						
Transfers out	<u>(389,364)</u>	<u>(389,364)</u>	<u>(180,575)</u>	<u>-</u>	<u>(180,575)</u>	<u>208,789</u>
Total other financing sources (uses)	<u>(389,364)</u>	<u>(389,364)</u>	<u>(180,575)</u>	<u>-</u>	<u>(180,575)</u>	<u>208,789</u>
Net change in fund balance	110,636	110,636	748,308	-	748,308	637,672
Fund balance at beginning of year	<u>66,576,781</u>	<u>66,576,781</u>	<u>66,576,781</u>	<u>-</u>	<u>66,576,781</u>	<u>-</u>
Fund balance at end of year	<u>\$ 66,687,417</u>	<u>66,687,417</u>	<u>67,325,089</u>	<u>-</u>	<u>67,325,089</u>	<u>637,672</u>

See accompanying notes to Required Supplementary Information.

CITY OF SANTA MONICA, CALIFORNIA

Note to Required Supplementary Information For the fiscal year ended June 30, 2024

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 Fire Department's overtime is impacted when they assist with 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 primarily due to settlements with former employees, which are unbudgeted due to their nature and unknown fiscal impact. The Police Department, along with the City Attorney's Office and the Library, was also impacted by the pay out of vacation accrual balances for employees that ended their employment with the City and by benefits reimbursements related to the refund of previously made employee contributions for employer paid member contribution payments which were budgeted in other. Traditionally these types of leaves are not budgeted at the department level because they are difficult to forecast. Overages in General Government Other were due to the allowance for doubtful accounts for the City's various receivables deemed to be uncollectable of \$1.2 million.

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

CITY OF SANTA MONICA, CALIFORNIA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios Miscellaneous Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 23,971,244	23,414,895	23,008,107	26,940,522	27,751,083	27,141,560	27,164,949	24,044,347	23,584,538	24,972,667
Interest on the total pension liability	91,665,614	88,372,749	88,117,804	84,780,608	81,225,010	76,677,361	73,555,405	70,686,179	67,091,447	63,926,580
Changes in benefit terms	1,091,674	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	43,606,082	-	-	-	(8,896,401)	62,254,788	-	(16,726,947)	-
Difference between expected and actual experience	(4,528)	(43,993,486)	(6,035,074)	(7,677,266)	6,325,353	(5,319,485)	(14,768,176)	(7,701,743)	(12,672,814)	-
Benefit payments, including refunds of employee contributions	(66,564,697)	(64,295,906)	(60,892,615)	(53,198,960)	(49,130,828)	(44,560,263)	(41,097,884)	(36,967,774)	(35,460,612)	(32,834,279)
Net change in total pension liability	50,159,307	47,104,334	44,198,222	50,844,904	66,170,618	45,042,772	107,109,082	50,061,009	25,815,612	56,064,968
Total pension liability - beginning	1,348,696,720	1,301,592,386	1,257,394,164	1,206,549,260	1,140,378,642	1,095,335,870	988,226,788	938,165,779	912,350,167	856,285,199
Total pension liability - ending (a)	\$ 1,398,856,027	1,348,696,720	1,301,592,386	1,257,394,164	1,206,549,260	1,140,378,642	1,095,335,870	988,226,788	938,165,779	912,350,167
Plan fiduciary net position										
Contribution - employer	\$ 39,554,659	36,918,832	35,463,537	39,789,326	32,912,163	29,338,109	56,350,053	28,154,218	28,349,184	27,433,064
Contribution - employee	9,775,361	9,218,079	9,089,233	11,287,483	11,502,697	11,221,260	11,398,672	11,256,065	10,754,206	11,418,160
Net investment income	66,936,805	(90,335,494)	223,034,645	48,650,608	58,848,094	70,094,677	82,395,628	3,759,440	15,956,734	104,724,175
Benefit payments	(66,564,697)	(64,295,906)	(60,892,615)	(53,198,960)	(49,130,828)	(44,560,263)	(41,097,884)	(36,967,774)	(35,460,612)	(32,834,279)
Plan to plan resource movement	-	(1,661)	-	-	(1,658)	(2,066)	(61,526)	(767)	(909)	-
Administrative expense	(799,629)	(745,442)	(989,932)	(1,333,238)	(636,732)	(1,293,232)	(1,065,974)	(436,504)	(806,463)	-
Other Miscellaneous Income (Expense)	-	-	-	-	2,066	(2,455,869)	-	-	-	-
Net change in plan fiduciary - net position	48,902,499	(109,241,592)	205,704,868	45,195,219	53,495,802	62,342,616	107,918,969	5,764,678	18,792,140	110,741,120
Plan fiduciary net position - beginning	1,087,408,948	1,196,650,540	990,945,672	945,750,453	892,254,651	829,912,035	721,993,066	716,228,388	697,436,244	586,695,124
Plan fiduciary net position - ending (b)	1,136,311,447	1,087,408,948	1,196,650,540	990,945,672	945,750,453	892,254,651	829,912,035	721,993,066	716,228,384	697,436,244
Net pension liability - ending (a)-(b)	<u>\$ 262,544,580</u>	<u>261,287,772</u>	<u>104,941,846</u>	<u>266,448,492</u>	<u>260,798,807</u>	<u>248,123,991</u>	<u>265,423,835</u>	<u>266,233,722</u>	<u>221,937,395</u>	<u>214,913,922</u>
Plan fiduciary net position as a percentage of the total pension liability	81.23%	80.63%	91.94%	78.81%	78.38%	78.24%	75.77%	73.06%	76.34%	76.44%
Covered payroll	\$ 144,362,063	130,526,018	121,619,165	152,120,397	154,765,955	149,416,791	147,371,283	142,942,436	137,199,170	138,199,596
Net pension liability as a percentage of covered-payroll	181.87%	200.18%	86.29%	175.16%	168.51%	166.06%	180.11%	186.25%	161.76%	155.51%

Notes to Schedule:

Benefit Changes: In 2022, SB 1168 Benefit Ch: 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 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
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios Police Safety Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 11,160,753	11,983,989	10,894,969	11,086,298	10,255,581	10,217,345	9,940,041	8,471,379	8,324,522	8,493,146
Interest on the total pension liability	39,811,421	38,056,896	36,994,605	35,384,916	33,763,191	32,412,581	31,045,060	29,901,653	28,537,027	27,132,667
Changes in benefit terms	187,484	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	18,737,902	-	-	-	(2,129,031)	26,521,719	-	(7,150,335)	-
Difference between expected and actual experience	4,636,052	(6,104,197)	1,492,957	2,033,685	(1,686,562)	587,060	(3,121,761)	(1,152,112)	(501,077)	-
Benefit payments, including refunds of employee contributions	(30,167,180)	(27,882,633)	(25,968,665)	(24,742,085)	(22,830,569)	(21,315,119)	(19,596,092)	(18,767,835)	(17,121,429)	(16,130,411)
Net change in total pension liability	25,628,530	34,791,957	23,413,866	23,762,814	19,501,641	19,772,836	44,788,967	18,453,085	12,088,708	19,495,402
Total pension liability - beginning	581,656,795	546,864,838	523,450,972	499,688,158	480,186,517	460,413,681	415,624,714	397,171,629	385,082,921	365,587,519
Total pension liability - ending (a)	\$ 607,285,325	581,656,795	546,864,838	523,450,972	499,688,158	480,186,517	460,413,681	415,624,714	397,171,629	385,082,921
Plan fiduciary net position										
Contribution - employer	\$ 21,964,048	20,119,437	19,121,459	19,904,356	15,926,339	13,774,479	26,559,693	12,697,470	13,033,273	12,515,162
Contribution - employee	3,604,634	3,318,392	3,832,845	3,493,416	3,118,363	3,021,783	2,827,317	2,753,594	2,695,506	3,372,358
Net investment income	26,969,215	(35,957,533)	88,656,069	18,812,931	23,179,043	28,113,907	32,951,701	1,516,091	6,513,781	43,315,499
Benefit payments	(30,167,180)	(27,882,633)	(25,968,665)	(24,742,085)	(22,830,569)	(21,315,119)	(19,596,092)	(18,767,835)	(17,121,429)	(16,130,411)
Plan to plan resource movement	-	1,661	-	-	-	(823)	61,526	767	-	-
Administrative expense	(319,920)	(296,366)	(390,087)	(526,627)	(252,921)	(517,855)	(428,091)	(177,915)	(328,610)	-
Other Miscellaneous Income (Expense)	-	-	-	-	823	(983,415)	-	-	-	-
Net change in plan fiduciary - net position	22,050,797	(40,697,042)	85,251,621	16,941,991	19,141,078	22,092,957	42,376,054	(1,977,828)	4,792,521	43,072,608
Plan fiduciary net position - beginning	435,056,220	475,753,262	390,501,641	373,559,650	354,418,572	332,325,615	289,949,561	291,927,389	287,134,868	244,062,260
Plan fiduciary net position - ending (b)	457,107,017	435,056,220	475,753,262	390,501,641	373,559,650	354,418,572	332,325,615	289,949,561	291,927,389	287,134,868
Net pension liability - ending (a)-(b)	\$ 150,178,308	146,600,575	71,111,576	132,949,331	126,128,508	125,767,945	128,088,066	125,675,153	105,244,240	97,948,053
Plan fiduciary net position as a percentage of the total pension liability	75.27%	74.80%	87.00%	74.60%	74.76%	73.81%	72.18%	69.76%	73.50%	74.56%
Covered payroll	\$ 41,404,174	35,270,579	33,740,999	34,111,685	31,286,093	31,769,364	30,592,273	29,176,438	28,791,622	28,470,873
Net pension liability as a percentage of covered-payroll	362.71%	415.65%	210.76%	389.75%	403.15%	395.88%	418.69%	430.74%	365.54%	344.03%

Notes to Schedule:

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
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios Fire Safety Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 5,629,571	5,374,830	4,961,970	5,050,337	4,994,560	4,738,879	4,623,044	3,778,677	3,766,398	3,975,757
Interest on the total pension liability	20,037,805	19,255,577	19,058,867	18,311,217	17,610,724	16,808,267	16,174,733	15,730,320	15,338,448	14,735,448
Changes in benefit terms	83,724	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	7,868,131	-	-	-	(1,206,898)	13,218,472	-	(3,653,466)	-
Difference between expected and actual experience	2,094,906	(4,732,508)	1,566,296	923,359	2,419,289	1,380,602	(943,161)	(2,919,523)	(515,792)	-
Benefit payments, including refunds of employee contributions	(16,045,022)	(15,154,515)	(14,553,773)	(14,300,274)	(13,218,568)	(12,523,618)	(11,813,956)	(11,409,171)	(10,728,684)	(10,085,994)
Net change in total pension liability	11,800,984	12,611,515	11,033,360	9,984,639	11,806,005	9,197,232	21,259,132	5,180,303	4,206,904	8,625,211
Total pension liability - beginning	293,432,065	280,820,550	269,787,190	259,802,551	247,996,546	238,799,314	217,540,182	212,359,879	208,152,975	199,527,764
Total pension liability - ending (a)	<u>\$ 305,233,049</u>	<u>293,432,065</u>	<u>280,820,550</u>	<u>269,787,190</u>	<u>259,802,551</u>	<u>247,996,546</u>	<u>238,799,314</u>	<u>217,540,182</u>	<u>212,359,879</u>	<u>208,152,975</u>
Plan fiduciary net position										
Contribution - employer	\$ 10,601,782	9,304,903	8,636,700	10,703,394	7,213,925	6,276,049	10,375,991	5,320,402	5,142,818	4,954,271
Contribution - employee	2,001,163	1,747,250	1,752,072	1,752,804	1,690,559	1,661,415	1,565,941	1,479,400	1,375,301	1,421,733
Net investment income	12,644,067	(17,088,459)	42,296,327	9,068,546	11,434,835	13,896,417	16,797,654	706,789	3,458,100	23,479,329
Benefit payments	(16,045,022)	(15,154,515)	(14,553,773)	(14,300,274)	(13,218,568)	(12,523,618)	(11,813,956)	(11,409,171)	(10,728,684)	(10,085,994)
Plan to plan resource movement	-	-	-	-	-	(405)	-	-	-	-
Administrative expense	(150,477)	(140,762)	(187,821)	(255,237)	(124,209)	(257,882)	(219,672)	(93,112)	(171,948)	-
Other Miscellaneous Income (Expense)	-	-	-	-	405	(489,721)	-	-	-	-
Net change in plan fiduciary - net position	9,051,513	(21,331,583)	37,943,505	6,969,233	6,996,947	8,562,255	16,705,958	(3,995,692)	(924,413)	19,769,339
Plan fiduciary net position - beginning	204,632,010	225,963,593	188,020,088	181,050,855	174,053,908	165,491,653	148,785,695	152,781,387	153,705,800	133,936,461
Plan fiduciary net position - ending (b)	<u>213,683,523</u>	<u>204,632,010</u>	<u>225,963,593</u>	<u>188,020,088</u>	<u>181,050,855</u>	<u>174,053,908</u>	<u>165,491,653</u>	<u>148,785,695</u>	<u>152,781,387</u>	<u>153,705,800</u>
Net pension liability - ending (a)-(b)	<u>\$ 91,549,526</u>	<u>88,800,055</u>	<u>54,856,957</u>	<u>81,767,102</u>	<u>78,751,696</u>	<u>73,942,638</u>	<u>73,307,661</u>	<u>68,754,487</u>	<u>59,578,492</u>	<u>54,447,175</u>
Plan fiduciary net position as a percentage of the total pension liability	70.01%	69.74%	80.47%	69.69%	69.69%	70.18%	69.30%	68.39%	71.94%	73.84%
Covered payroll	\$ 22,535,670	21,410,869	18,953,091	19,108,351	18,795,618	17,748,610	16,861,345	15,701,959	15,565,558	15,733,733
Net pension liability as a percentage of covered-payroll	406.24%	414.74%	289.44%	427.91%	418.99%	416.61%	434.77%	437.87%	382.76%	346.05%

Notes to Schedule:

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
Required Supplementary Information
Schedule of Contributions - Miscellaneous Pension Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 38,984,554	40,771,715	41,185,704	40,186,749	36,620,603	32,707,844	29,021,468	29,097,156	27,377,582	25,320,840
Contributions in relation to actuarially determined contributions	(38,984,554)	(39,558,900)	(36,904,394)	(35,458,470)	(39,786,395)	(32,912,563)	(29,331,033)	(56,352,251)	(28,152,578)	(28,349,184)
Contribution (excess) deficiency	<u>\$ -</u>	<u>1,212,815 (1)</u>	<u>4,281,310 (1)</u>	<u>4,728,279 (1)</u>	<u>(3,165,792)</u>	<u>(204,719)</u>	<u>(309,565)</u>	<u>(27,255,095)</u>	<u>(774,996)</u>	<u>(3,028,344)</u>
Covered payroll	\$ 144,362,063	130,526,018	121,534,739	121,619,165	152,120,397	154,765,955	149,416,791	147,371,283	142,942,436	137,199,170
Contributions as a percentage of covered-payroll	27.00%	30.31%	30.37%	29.16%	26.15%	21.27%	19.63%	38.24%	19.70%	20.66%

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	Market Value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.50%
Investments Rate of Return	7.00%
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 Acturially 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
Required Supplementary Information
Schedule of Contributions - Safety Police Pension Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 23,779,512	22,106,470	20,876,028	18,987,371	17,488,731	15,428,327	13,453,498	13,559,983	12,327,896	11,589,142
Contributions in relation to actuarially determined contributions	(23,779,512)	(21,966,216)	(20,117,871)	(19,119,800)	(19,904,358)	(15,924,164)	(13,773,882)	(26,557,166)	(12,697,470)	(13,033,273)
Contribution excess	<u>\$ -</u>	<u>140,254</u> (1)	<u>758,157</u> (1)	<u>(132,429)</u>	<u>(2,415,627)</u>	<u>(495,837)</u>	<u>(320,384)</u>	<u>(12,997,183)</u>	<u>(369,574)</u>	<u>(1,444,131)</u>
Covered payroll	\$ 41,404,174	35,270,579	32,619,907	33,829,867	34,111,685	31,286,093	31,769,364	30,592,273	29,176,438	28,791,622
Contributions as a percentage of covered-payroll	57.43%	62.28%	61.67%	56.52%	58.35%	50.90%	43.36%	86.81%	43.52%	45.27%

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 Market Value
Inflation 2.50%
Salary increases Varies by entry age and service

Payroll Growth 2.50%
Investments Rate of Return 7.00%
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 Acturially Determined Contribution (ADC) on historical payroll, and the City was unable to fill positions in the Police department due to the pandemic, 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
Required Supplementary Information
Schedule of Contributions - Safety Fire Pension Plan
Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 10,546,636	10,318,162	9,544,076	8,801,916	7,971,960	6,959,294	5,884,665	5,624,625	5,185,401	4,615,293
Contributions in relation to actuarially determined contributions	(10,546,636)	(10,601,782)	(9,304,903)	(8,636,700)	(10,703,395)	(7,211,427)	(6,276,048)	(10,372,347)	(5,320,402)	(5,142,818)
Contribution (excess) deficiency	<u>-</u>	<u>(283,620)</u>	<u>239,173</u>	<u>(1) 165,216</u>	<u>(1) (2,731,435)</u>	<u>(252,133)</u>	<u>(391,383)</u>	<u>(4,747,722)</u>	<u>(135,001)</u>	<u>(527,525)</u>
Covered payroll	\$ 22,535,670	21,410,869	19,020,772	18,953,091	19,108,351	18,795,618	17,748,610	16,861,345	15,701,959	15,565,558
Contributions as a percentage of covered payroll	46.80%	49.52%	48.92%	45.57%	56.01%	38.37%	35.36%	61.52%	33.88%	33.04%

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	Market Value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.50%
Investments Rate of Return	7.00%
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 Acturially Determined Contribution (ADC) on historical payroll, and the City was unable to fill positions in the Police department due to the pandemic, 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
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Six Fiscal Years (Unaudited) ¹

Fiscal Yearend Measurement Date	FYE 2024 6/30/2023	FYE 2023 6/30/2022	FYE 2022 6/30/2021	FYE 2021 6/30/2020	FYE 2020 6/30/2019	FYE 2019 6/30/2018
Total OPEB Liability						
Service Cost	\$ 1,130,308	1,491,987	2,114,167	1,707,389	1,207,816	1,073,506
Interest on the total OPEB liability	1,451,304	1,159,948	1,366,059	1,555,940	2,125,930	2,064,073
Changes in assumptions	(5,225,120)	(5,932,712)	(3,248,646)	4,391,134	6,467,787	1,443,660
Difference between expected and actual experience	9,825,144	-	(7,573,209)	-	(577,838)	-
Benefit payments, including refunds of employee contributions	(1,564,356)	(1,985,799)	(1,888,159)	(1,798,994)	(1,708,929)	(1,571,807)
Net change in total OPEB liability	5,617,280	(5,266,576)	(9,229,788)	5,855,469	7,514,766	3,009,432
Total OPEB liability - beginning	32,265,433	37,532,009	46,761,797	40,906,328	33,391,562	30,382,130
Total OPEB liability - ending (a)	\$ 37,882,713	32,265,433	37,532,009	46,761,797	40,906,328	33,391,562
 Plan fiduciary net position						
Contribution - employer	\$ 3,314,085	3,156,420	-	-	3,047,011	3,011,934
Net investment income	356,146	(709,369)	1,388,572	432,025	712,791	412,595
Benefit payments	(1,564,356)	(1,985,799)	(1,888,159)	(1,798,994)	(1,708,929)	(1,571,807)
Administrative expense	(1,958)	(1,616)	(2,465)	(3,973)	(1,772)	(3,600)
Other expenses	-	-	-	-	-	(5,303)
Net change in plan fiduciary - net position	2,103,917	459,636	(502,052)	(1,370,942)	2,049,101	1,843,819
Plan fiduciary net position - beginning	6,486,101	6,026,465	6,528,517	7,899,459	5,850,358	4,006,539
Plan fiduciary net position - ending (b)	8,590,018	6,486,101	6,026,465	6,528,517	7,899,459	5,850,358
Net OPEB liability - ending (a)-(b)	\$ 29,292,695	25,779,332	31,505,544	40,233,280	33,006,869	27,541,204
 Plan fiduciary net position as a percentage of the total OPEB liability	22.68%	20.10%	16.06%	13.96%	19.31%	17.52%
 Covered employee payroll	\$ 236,297,286	208,969,756	204,332,756	236,995,540	232,059,089	216,623,938
 Net OPEB liability as a percentage of covered employee payroll	12.40%	12.34%	15.42%	16.98%	14.22%	12.71%

¹Fiscal year 2018 was first year of implementation, therefore only six 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.

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

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

Discount rate for accounting increased from 2.85% to 3.05%

CITY OF SANTA MONICA, CALIFORNIA

Required Supplementary Information

Schedule of Contributions OPEB

Last Six Fiscal Years (Unaudited)

	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>
Actuarially determined contribution	\$ 2,212,697	2,148,293	2,784,342	2,664,115	2,452,877	2,727,622
Contributions in relation to actuarially determined contributions	3,479,786	3,314,085	3,156,420	-	-	3,047,011
Contribution deficiency (excess)	<u>\$ (1,267,089)</u>	<u>(1,165,792)</u>	<u>(372,078)</u>	<u>2,664,115</u>	<u>2,452,877</u>	<u>(319,389)</u>
Covered employee payroll	\$ 246,580,127	236,297,286	208,969,756	204,332,849	236,995,540	232,059,089
Contributions as a percentage of covered employee payroll	1.41%	1.40%	1.51%	0.00%	0.00%	1.31%
Notes to Schedule						
Valuation Date Used to Determine ADC	6/30/2021					
Discount Rate Used to Determine ADC	5.55%					
Actuarial Cost Method	Entry Age Normal					
Amortization Method	Level Percentage of Payroll					
Asset Valuation Method	Market 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	5.8% in 2021 to 3.9% in 2076					

**City of Santa Monica, California Year
Ended June 30, 2024**

SUPPLEMENTARY INFORMATION

CITY OF SANTA MONICA, CALIFORNIA

Nonmajor Governmental Fund Financial Statements

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.

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

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.

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.

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.

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

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.

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.

CITY OF SANTA MONICA, CALIFORNIA

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, 2024

	Special Revenue Funds					
	Beach Recreation	Housing Authority	TORCA	Asset Seizure	Citizens Option for Public Safety	Rent Control
Assets						
Cash and investments (note 2)	\$ 1,647,430	-	2,261,543	1,746,838	1,006,519	2,229,501
Restricted cash and investments (note 2)	359,567	2,976,738	-	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles):						
Accounts	1,881,434	2,085	-	634	-	34,011
Leases (note 3)	11,449,004	-	-	-	-	-
Notes (note 4)	-	-	7,407,886	-	-	-
Taxes	-	-	-	-	-	-
Interest	33,755	15,162	17,781	12,101	5,970	35,319
Other governments	-	684,509	-	-	-	-
Deposits	-	-	-	-	-	-
Prepays	-	-	-	-	-	25,021
Restricted cash with fiscal agent (note 2)	-	-	-	-	-	-
Total assets	<u>\$ 15,371,190</u>	<u>3,678,494</u>	<u>9,687,210</u>	<u>1,759,573</u>	<u>1,012,489</u>	<u>2,323,852</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
Liabilities						
Accounts payable	\$ 223,993	72,557	-	-	33,701	100,064
Accrued liabilities	233,053	92,302	-	-	-	188,586
Contracts payable (retained percentage)	54,186	-	22,500	-	-	-
Due to other funds (note 18)	-	932,523	-	-	-	-
Unearned revenue (note 7)	491,382	120,628	-	-	-	37,296
Deposits payable	409,001	-	-	-	-	-
Advances from other funds (note 18)	5,292,973	-	-	-	-	162,962
Total liabilities	<u>6,704,588</u>	<u>1,218,010</u>	<u>22,500</u>	<u>-</u>	<u>33,701</u>	<u>488,908</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue (note 7)	-	-	-	-	-	-
Deferred inflows leases	10,056,427	-	-	-	-	-
Total deferred inflows of resources	<u>10,056,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit)						
Nonspendable	-	-	-	-	-	25,021
Restricted	-	2,460,484	9,664,710	1,759,573	978,788	1,809,923
Unassigned	(1,389,825)	-	-	-	-	-
Total fund balances	<u>(1,389,825)</u>	<u>2,460,484</u>	<u>9,664,710</u>	<u>1,759,573</u>	<u>978,788</u>	<u>1,834,944</u>
Total liabilities and fund balances	<u>\$ 15,371,190</u>	<u>3,678,494</u>	<u>9,687,210</u>	<u>1,759,573</u>	<u>1,012,489</u>	<u>2,323,852</u>

CITY OF SANTA MONICA, CALIFORNIA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2024

	Special Revenue Funds					
	Gas Tax	Local Return	Community Development Block Grant	Miscellaneous Grants	SCAQMD	Parks and Recreation
Assets						
Cash and investments (note 2)	\$ -	-	4,835	-	531,108	-
Restricted cash and investments (note 2)	7,415,250	22,486,234	3,857	10,417,706	-	-
Receivables (net, where applicable, of allowances for uncollectibles):						
Accounts	217,573	561,297	-	-	-	-
Leases (note 3)	-	-	-	-	-	-
Notes (note 4)	-	-	8,628,032	5,860,510	-	-
Taxes	-	-	-	-	-	-
Interest	44,492	136,341	243	25,431	6,790	-
Other governments	194,279	-	83,170	10,292,141	30,858	-
Deposits	-	-	3,257	-	-	-
Prepays	-	-	-	-	-	-
Restricted cash with fiscal agent (note 2)	-	-	-	-	-	-
Total assets	<u>\$ 7,871,594</u>	<u>23,183,872</u>	<u>8,723,394</u>	<u>26,595,788</u>	<u>568,756</u>	<u>-</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
Liabilities						
Accounts payable	\$ -	373,637	-	1,665,825	17,666	-
Accrued liabilities	-	-	-	20,066	-	-
Contracts payable (retained percentage)	79,388	283,161	11,620	425,609	10,228	-
Due to other funds (note 18)	549,902	-	-	86,666	-	126,059
Unearned revenue (note 7)	-	-	-	17,262,741	-	-
Deposits payable	-	-	-	-	-	-
Advances from other funds (note 18)	-	-	-	-	-	-
Total liabilities	<u>629,290</u>	<u>656,798</u>	<u>11,620</u>	<u>19,460,907</u>	<u>27,894</u>	<u>126,059</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue (note 7)	-	-	83,170	6,215,237	-	-
Deferred inflows leases	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>83,170</u>	<u>6,215,237</u>	<u>-</u>	<u>-</u>
Fund balances (deficit)						
Nonspendable	-	-	-	-	-	-
Restricted	7,242,304	22,527,074	8,628,604	15,331,771	540,862	-
Unassigned	-	-	-	(14,412,127)	-	(126,059)
Total fund balances	<u>7,242,304</u>	<u>22,527,074</u>	<u>8,628,604</u>	<u>919,644</u>	<u>540,862</u>	<u>(126,059)</u>
Total liabilities and fund balances	<u>\$ 7,871,594</u>	<u>23,183,872</u>	<u>8,723,394</u>	<u>26,595,788</u>	<u>568,756</u>	<u>-</u>

CITY OF SANTA MONICA, CALIFORNIA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Capital Projects Fund	Debt Service Fund	Permanent Funds		Total nonmajor governmental funds
	Clean Beaches and Ocean Parcel Tax	Debt Service	Cemetery Perpetual Care	Mausoleum Perpetual Care	
Assets					
Cash and investments (note 2)	\$ 15,265,494	-	93,184	19,763	24,806,215
Restricted cash and investments (note 2)	2,698,341	-	-	-	46,357,693
Receivables (net, where applicable, of allowances for uncollectibles):					
Accounts	4,763	-	11,366	1,456	2,714,619
Leases (note 3)	-	-	-	-	11,449,004
Notes (note 4)	-	-	-	-	21,896,428
Taxes	64,412	-	-	-	64,412
Interest	126,048	-	60,918	7,529	527,880
Other governments	-	-	-	-	11,284,957
Deposits	-	-	-	-	3,257
Prepays	-	-	-	-	25,021
Restricted cash with fiscal agent (note 2)	-	10,797,876	16,558,051	2,066,604	29,422,531
Total assets	<u>\$ 18,159,058</u>	<u>10,797,876</u>	<u>16,723,519</u>	<u>2,095,352</u>	<u>148,552,017</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)					
Liabilities					
Accounts payable	\$ 174,534	-	-	-	2,661,977
Accrued liabilities	-	-	-	-	534,007
Contracts payable (retained percentage)	1,505,226	-	-	-	2,391,918
Due to other funds (note 18)	-	-	-	-	1,695,150
Unearned revenue (note 7)	-	-	-	-	17,912,047
Deposits payable	-	-	-	-	409,001
Advances from other funds (note 18)	-	-	-	-	5,455,935
Total liabilities	<u>1,679,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,060,035</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue (note 7)	-	-	-	-	6,298,407
Deferred inflows leases	-	-	-	-	10,056,427
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,354,834</u>
Fund balances (deficit)					
Nonspendable	-	-	16,723,519	2,095,352	18,843,892
Restricted	16,479,298	10,797,876	-	-	98,221,267
Unassigned	-	-	-	-	(15,928,011)
Total fund balances	<u>16,479,298</u>	<u>10,797,876</u>	<u>16,723,519</u>	<u>2,095,352</u>	<u>101,137,148</u>
Total liabilities and fund balances	<u>\$ 18,159,058</u>	<u>10,797,876</u>	<u>16,723,519</u>	<u>2,095,352</u>	<u>148,552,017</u>

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2024

	Special Revenue Funds					
	Beach Recreation	Housing Authority	TORCA	Asset Seizure	Citizens Option for Public Safety	Rent Control
Revenues:						
Other taxes	\$ -	-	60,948	-	-	-
Licenses and permits	45,444	-	-	-	-	-
Intergovernmental	44,693	27,967,063	-	55,208	265,576	-
Charges for services	14,500,090	-	-	-	-	6,041,730
Investment income	228,841	81,764	208,457	87,706	39,193	261,504
Rental income	1,686,959	-	-	-	-	-
Other revenue	1,625,232	-	43,253	-	-	514
Total revenues	18,131,259	28,048,827	312,658	142,914	304,769	6,303,748
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	87,685	-
General services	7,522,891	-	-	-	-	-
Housing and Community services	3,327,073	27,626,019	4,566	-	-	-
Library	-	-	-	-	-	-
Community development	8,503,467	-	-	-	-	5,788,022
Debt service expenditures:						
Principal	-	52,658	-	-	-	17,555
Interest	-	4,066	-	-	-	3,713
Total expenditures	19,353,431	27,682,743	4,566	-	87,685	5,809,290
Excess (deficiency) of revenues over (under) expenditures	(1,222,172)	366,084	308,092	142,914	217,084	494,458
Other financing sources (uses)						
Transfers in	2,879,430	78,088	-	-	-	-
Transfers out	(190,398)	(352,055)	(24,030)	-	-	(201,632)
Subscription proceeds	-	276,893	-	-	-	-
Total other financing sources (uses)	2,689,032	2,926	(24,030)	-	-	(201,632)
Net change in fund balances	1,466,860	369,010	284,062	142,914	217,084	292,826
Fund balances (deficit) at the beginning of year	(2,856,685)	2,091,474	9,380,648	1,616,659	761,704	1,542,118
Fund balances at end of year	\$ (1,389,825)	2,460,484	9,664,710	1,759,573	978,788	1,834,944

continued

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2024

	Special Revenue Funds					
	Gas Tax	Local Return	Community Development Block Grant	Miscellaneous Grants	SCAQMD	Parks and Recreation
Revenues:						
Other taxes	\$ -	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,876,773	7,122,553	696,120	11,427,772	123,374	-
Charges for services	-	-	-	-	-	-
Investment income	289,329	951,971	1,050	(55,350)	58,173	570
Rental income	-	-	-	-	-	-
Other revenue	-	-	-	114,147	-	-
Total revenues	<u>5,166,102</u>	<u>8,074,524</u>	<u>697,170</u>	<u>11,486,569</u>	<u>181,547</u>	<u>570</u>
Expenditures:						
Current:						
General government	5,526	-	30,936	901,602	7,764	-
Public safety	-	-	-	2,759,753	-	-
General services	656,953	1,704,336	23,029	4,083,020	730,943	-
Housing and Community services	-	26,518	334,703	2,223,783	-	-
Library	-	-	-	63,383	-	-
Community development	-	-	-	960,783	-	-
Debt service expenditures:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>662,479</u>	<u>1,730,854</u>	<u>388,668</u>	<u>10,992,324</u>	<u>738,707</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,503,623</u>	<u>6,343,670</u>	<u>308,502</u>	<u>494,245</u>	<u>(557,160)</u>	<u>570</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(2,518,580)	(641,713)	(92,327)	(974,278)	-	-
Subscription proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,518,580)</u>	<u>(641,713)</u>	<u>(92,327)</u>	<u>(974,278)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,985,043	5,701,957	216,175	(480,033)	(557,160)	570
Fund balances (deficit) at the beginning of year	<u>5,257,261</u>	<u>16,825,117</u>	<u>8,412,429</u>	<u>1,399,677</u>	<u>1,098,022</u>	<u>(126,629)</u>
Fund balances at end of year	<u>\$ 7,242,304</u>	<u>22,527,074</u>	<u>8,628,604</u>	<u>919,644</u>	<u>540,862</u>	<u>(126,059)</u>

continued

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2024

	Capital Projects Fund	Debt Service Fund	Permanent Funds		Total nonmajor governmental funds
	Clean Beaches and Ocean Parcel Tax	Debt Service	Cemetery Perpetual Care	Mausoleum Perpetual Care	
Revenues:					
Other taxes	\$ 3,886,658	-	-	-	3,947,606
Licenses and permits	-	-	-	-	45,444
Intergovernmental	858,480	-	-	-	53,437,612
Charges for services	-	-	371,838	54,106	20,967,764
Investment income	746,951	35,654	1,437,671	187,679	4,561,163
Rental income	-	-	-	-	1,686,959
Other revenue	-	-	-	-	1,783,146
Total revenues	5,492,089	35,654	1,809,509	241,785	86,429,694
Expenditures:					
Current:					
General government	-	-	-	-	945,828
Public safety	-	-	-	-	2,847,438
General services	754,476	-	-	-	15,475,648
Housing and Community services	-	-	-	-	33,542,662
Library	-	-	-	-	63,383
Community development	-	2,912,410	-	-	18,164,682
Debt service expenditures:					
Principal	-	5,340,000	-	-	5,410,213
Interest	-	5,024,182	-	-	5,031,961
Total expenditures	754,476	13,276,592	-	-	81,481,815
Excess (deficiency) of revenues over (under) expenditures	4,737,613	(13,240,938)	1,809,509	241,785	4,947,879
Other financing sources (uses)					
Transfers in	-	14,683,202	-	-	17,640,720
Transfers out	(3,899,703)	-	(538,449)	(66,846)	(9,500,011)
Subscription proceeds	-	-	-	-	276,893
Total other financing sources (uses)	(3,899,703)	14,683,202	(538,449)	(66,846)	8,417,602
Net change in fund balances	837,910	1,442,264	1,271,060	174,939	13,365,481
Fund balances (deficit) at the beginning of year	15,641,388	9,355,612	15,452,459	1,920,413	87,771,667
Fund balances at end of year	\$ 16,479,298	10,797,876	16,723,519	2,095,352	101,137,148

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Beach Recreation Special Revenue Fund
For the fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Licenses and permits	\$ 73,250	45,444	-	45,444	(27,806)
Intergovernmental	37,379	44,693	-	44,693	7,314
Charges for services	14,138,207	14,500,090	-	14,500,090	361,883
Investment income	-	228,841	-	228,841	228,841
Rental income	1,335,862	1,686,959	-	1,686,959	351,097
Other revenue	1,132,491	1,625,232	-	1,625,232	492,741
Total revenues	<u>16,717,189</u>	<u>18,131,259</u>	<u>-</u>	<u>18,131,259</u>	<u>1,414,070</u>
Expenditures:					
General services:					
Public works	7,028,375	7,105,356	10,100	7,115,456	(87,081)
Other	28,170	(93,679)	-	(93,679)	121,849
Capital improvement	2,313,775	511,214	505,338	1,016,552	1,297,223
Total general services	<u>9,370,320</u>	<u>7,522,891</u>	<u>515,438</u>	<u>8,038,329</u>	<u>1,331,991</u>
Community services:					
Housing and Community services	2,887,131	2,907,988	90,559	2,998,547	(111,416)
Capital improvement	1,100,781	419,085	61,378	480,463	620,318
Total Community services	<u>3,987,912</u>	<u>3,327,073</u>	<u>151,937</u>	<u>3,479,010</u>	<u>508,902</u>
Community development:					
Community development	8,104,457	8,406,497	2,482	8,408,979	(304,522)
Capital improvement	900,000	96,970	-	96,970	803,030
Total Community development	<u>9,004,457</u>	<u>8,503,467</u>	<u>2,482</u>	<u>8,505,949</u>	<u>498,508</u>
Total expenditures	<u>22,362,689</u>	<u>19,353,431</u>	<u>669,857</u>	<u>20,023,288</u>	<u>2,339,401</u>
Excess (deficiency) of revenues over (under) expenditures	(5,645,500)	(1,222,172)	(669,857)	(1,892,029)	3,753,471
Other financing sources (uses):					
Transfers in	2,867,917	2,879,430	-	2,879,430	11,513
Transfers out	(253,346)	(190,398)	-	(190,398)	62,948
Total other financing sources (uses)	<u>2,614,571</u>	<u>2,689,032</u>	<u>-</u>	<u>2,689,032</u>	<u>74,461</u>
Net change in fund balance	(3,030,929)	1,466,860	(669,857)	797,003	3,827,932
Fund balance at beginning of year	<u>(2,856,685)</u>	<u>(2,856,685)</u>	<u>-</u>	<u>(2,856,685)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (5,887,614)</u>	<u>(1,389,825)</u>	<u>(669,857)</u>	<u>(2,059,682)</u>	<u>3,827,932</u>

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Housing Authority Special Revenue Fund
For the fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 28,465,621	27,967,063	-	27,967,063	(498,558)
Investment income	-	81,764	-	81,764	81,764
Total revenues	<u>28,465,621</u>	<u>28,048,827</u>	<u>-</u>	<u>28,048,827</u>	<u>(416,794)</u>
Expenditures:					
Community services:					
Housing and Community services	27,916,231	27,613,648	4,688	27,618,336	297,895
Capital improvement	12,371	12,371	-	12,371	-
Total community services	<u>27,928,602</u>	<u>27,626,019</u>	<u>4,688</u>	<u>27,630,707</u>	<u>297,895</u>
Principal	-	52,658	-	52,658	(52,658)
Interest	-	4,066	-	4,066	(4,066)
Total expenditures	<u>27,928,602</u>	<u>27,682,743</u>	<u>4,688</u>	<u>27,687,431</u>	<u>241,171</u>
Excess (deficiency) of revenues over (under) expenditures	537,019	366,084	(4,688)	361,396	(175,623)
Other financing sources (uses):					
Transfers in	67,497	78,088	-	78,088	10,591
Transfers out	(306,649)	(352,055)	-	(352,055)	(45,406)
Subscription proceeds	-	276,893	-	276,893	276,893
Total other financing sources (uses)	<u>(239,152)</u>	<u>2,926</u>	<u>-</u>	<u>2,926</u>	<u>242,078</u>
Net change in fund balance	297,867	369,010	(4,688)	364,322	66,455
Fund balance at beginning of year	<u>2,091,474</u>	<u>2,091,474</u>	<u>-</u>	<u>2,091,474</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,389,341</u>	<u>2,460,484</u>	<u>(4,688)</u>	<u>2,455,796</u>	<u>66,455</u>

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 fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Other taxes	\$ 25,000	60,948	-	60,948	35,948
Investment income	110,000	208,457	-	208,457	98,457
Other revenue	50,000	43,253	-	43,253	(6,747)
Total revenues	<u>185,000</u>	<u>312,658</u>	<u>-</u>	<u>312,658</u>	<u>127,658</u>
Expenditures:					
Community services:					
Housing and Community services	6,120	-	-	-	6,120
Capital improvement	<u>1,014,968</u>	<u>4,566</u>	<u>619,947</u>	<u>624,513</u>	<u>390,455</u>
Total Community services	<u>1,021,088</u>	<u>4,566</u>	<u>619,947</u>	<u>624,513</u>	<u>396,575</u>
Total expenditures	<u>1,021,088</u>	<u>4,566</u>	<u>619,947</u>	<u>624,513</u>	<u>396,575</u>
Excess (deficiency) of revenues over (under) expenditures	(836,088)	308,092	(619,947)	(311,855)	524,233
Other financing sources (uses):					
Transfers out	<u>(116,472)</u>	<u>(24,030)</u>	<u>-</u>	<u>(24,030)</u>	<u>92,442</u>
Total other financing sources (uses)	<u>(116,472)</u>	<u>(24,030)</u>	<u>-</u>	<u>(24,030)</u>	<u>92,442</u>
Net change in fund balance	(952,560)	284,062	(619,947)	(335,885)	616,675
Fund balance at beginning of year	<u>9,380,648</u>	<u>9,380,648</u>	<u>-</u>	<u>9,380,648</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,428,088</u>	<u>9,664,710</u>	<u>(619,947)</u>	<u>9,044,763</u>	<u>616,675</u>

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 fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 235,000	265,576	-	265,576	30,576
Investment income	5,000	39,193	-	39,193	34,193
Total revenues	<u>240,000</u>	<u>304,769</u>	<u>-</u>	<u>304,769</u>	<u>64,769</u>
Expenditures:					
Public safety:					
Police	152,518	87,685	21,943	109,628	42,890
Total public safety	<u>152,518</u>	<u>87,685</u>	<u>21,943</u>	<u>109,628</u>	<u>42,890</u>
Total expenditures	<u>152,518</u>	<u>87,685</u>	<u>21,943</u>	<u>109,628</u>	<u>42,890</u>
Net change in fund balance	87,482	217,084	(21,943)	195,141	107,659
Fund balance at beginning of year	<u>761,704</u>	<u>761,704</u>	<u>-</u>	<u>761,704</u>	<u>-</u>
Fund balance at end of year	<u>\$ 849,186</u>	<u>978,788</u>	<u>(21,943)</u>	<u>956,845</u>	<u>107,659</u>

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 4,756,490	4,876,773	-	4,876,773	120,283
Investment income	18,000	289,329	-	289,329	271,329
Total revenues	<u>4,774,490</u>	<u>5,166,102</u>	<u>-</u>	<u>5,166,102</u>	<u>391,612</u>
Expenditures:					
General government:					
Other	5,366	5,526	-	5,526	(160)
Total general government	<u>5,366</u>	<u>5,526</u>	<u>-</u>	<u>5,526</u>	<u>(160)</u>
General services:					
Capital improvement	7,457,232	656,953	3,777,461	4,434,414	3,022,818
Total general services	<u>7,457,232</u>	<u>656,953</u>	<u>3,777,461</u>	<u>4,434,414</u>	<u>3,022,818</u>
Total expenditures	<u>7,462,598</u>	<u>662,479</u>	<u>3,777,461</u>	<u>4,439,940</u>	<u>3,022,658</u>
Excess (deficiency) of revenues over (under) expenditures	(2,688,108)	4,503,623	(3,777,461)	726,162	3,414,270
Other financing sources (uses):					
Transfers out	(2,627,106)	(2,518,580)	-	(2,518,580)	108,526
Total other financing sources (uses)	<u>(2,627,106)</u>	<u>(2,518,580)</u>	<u>-</u>	<u>(2,518,580)</u>	<u>108,526</u>
Net change in fund balance	(5,315,214)	1,985,043	(3,777,461)	(1,792,418)	3,522,796
Fund balance at beginning of year	<u>5,257,261</u>	<u>5,257,261</u>	<u>-</u>	<u>5,257,261</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (57,953)</u></u>	<u><u>7,242,304</u></u>	<u><u>(3,777,461)</u></u>	<u><u>3,464,843</u></u>	<u><u>3,522,796</u></u>

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Local Return Fund Special Revenue Fund
For the fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 8,628,542	7,122,553	-	7,122,553	(1,505,989)
Investment income	-	951,971	-	951,971	951,971
Total revenues	<u>8,628,542</u>	<u>8,074,524</u>	<u>-</u>	<u>8,074,524</u>	<u>(554,018)</u>
Expenditures:					
General services:					
Mobility	347,532	136,406	13,971	150,377	197,155
Capital improvement	17,689,269	1,567,930	5,127,056	6,694,986	10,994,283
Total general services	<u>18,036,801</u>	<u>1,704,336</u>	<u>5,141,027</u>	<u>6,845,363</u>	<u>11,191,438</u>
Community development:					
Capital improvement	31,273	26,518	4,754	31,272	1
Community development	<u>31,273</u>	<u>26,518</u>	<u>4,754</u>	<u>31,272</u>	<u>1</u>
Total expenditures	<u>18,068,074</u>	<u>1,730,854</u>	<u>5,145,781</u>	<u>6,876,635</u>	<u>11,191,439</u>
Excess (deficiency) of revenues over (under) expenditures	(9,439,532)	6,343,670	(5,145,781)	1,197,889	10,637,421
Other financing sources (uses):					
Transfers out	(1,218,835)	(641,713)	-	(641,713)	577,122
Total other financing sources (uses)	<u>(1,218,835)</u>	<u>(641,713)</u>	<u>-</u>	<u>(641,713)</u>	<u>577,122</u>
Net change in fund balance	(10,658,367)	5,701,957	(5,145,781)	556,176	11,214,543
Fund balance at beginning of year	<u>16,825,117</u>	<u>16,825,117</u>	<u>-</u>	<u>16,825,117</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,166,750</u>	<u>22,527,074</u>	<u>(5,145,781)</u>	<u>17,381,293</u>	<u>11,214,543</u>

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 fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 1,528,710	696,120	-	696,120	(832,590)
Investment income	5,000	1,050	-	1,050	(3,950)
Total revenues	<u>1,533,710</u>	<u>697,170</u>	<u>-</u>	<u>697,170</u>	<u>(836,540)</u>
Expenditures:					
General government:					
Other	149,051	30,936	-	30,936	118,115
Total general government	<u>149,051</u>	<u>30,936</u>	<u>-</u>	<u>30,936</u>	<u>118,115</u>
General services:					
Capital improvement	1,550,000	23,029	-	23,029	1,526,971
Total general services	<u>1,550,000</u>	<u>23,029</u>	<u>-</u>	<u>23,029</u>	<u>1,526,971</u>
Community services:					
Housing and Community services	276,541	100,145	94,900	195,045	81,496
Capital improvement	862,701	234,558	-	234,558	628,143
Total community services	<u>1,139,242</u>	<u>334,703</u>	<u>94,900</u>	<u>429,603</u>	<u>709,639</u>
Total expenditures	<u>2,838,293</u>	<u>388,668</u>	<u>94,900</u>	<u>483,568</u>	<u>2,354,725</u>
Excess (deficiency) of revenues over (under) expenditures	(1,304,583)	308,502	(94,900)	213,602	1,518,185
Other financing sources (uses):					
Transfers out	(130,000)	(92,327)	-	(92,327)	37,673
Total other financing sources (uses)	<u>(130,000)</u>	<u>(92,327)</u>	<u>-</u>	<u>(92,327)</u>	<u>37,673</u>
Net change in fund balance	(1,434,583)	216,175	(94,900)	121,275	1,555,858
Fund balance at beginning of year	<u>8,412,429</u>	<u>8,412,429</u>	<u>-</u>	<u>8,412,429</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,977,846</u>	<u>8,628,604</u>	<u>(94,900)</u>	<u>8,533,704</u>	<u>1,555,858</u>

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Miscellaneous Grants Special Revenue Fund
For the fiscal year ended June 30, 2024

	Budget	Actual, GAAP basis	Encumbrance	Actual, budgetary basis	Variance with budget
Revenues:					
Intergovernmental	\$ 55,198,002	11,427,772	-	11,427,772	(43,770,230)
Investment income	-	(55,350)	-	(55,350)	(55,350)
Other revenue	282,471	114,147	-	114,147	(168,324)
Total revenues	<u>55,480,473</u>	<u>11,486,569</u>	<u>-</u>	<u>11,486,569</u>	<u>(43,993,904)</u>
Expenditures:					
General government:					
City manager	270,000	-	-	-	270,000
City attorney	514,145	-	-	-	514,145
Other	973,841	901,602	-	901,602	72,239
Total general government	<u>1,757,986</u>	<u>901,602</u>	<u>-</u>	<u>901,602</u>	<u>856,384</u>
Public safety:					
City Manager	565,000	-	-	-	565,000
Police	7,296,907	907,828	1,582,754	2,490,582	4,806,325
Fire	3,979,725	1,851,925	616,248	2,468,173	1,511,552
Total public safety	<u>11,841,632</u>	<u>2,759,753</u>	<u>2,199,002</u>	<u>4,958,755</u>	<u>6,882,877</u>
General services:					
Public works	515,162	174,011	139,949	313,960	201,202
Capital improvement	31,401,658	3,909,009	2,281,066	6,190,075	25,211,583
Total general services	<u>31,916,820</u>	<u>4,083,020</u>	<u>2,421,015</u>	<u>6,504,035</u>	<u>25,412,785</u>
Community services:					
Housing and Community services	4,507,499	2,117,709	2,334,022	4,451,731	55,768
Capital improvement	125,092	106,074	19,017	125,091	1
Total community services	<u>4,632,591</u>	<u>2,223,783</u>	<u>2,353,039</u>	<u>4,576,822</u>	<u>55,769</u>
Libraries:					
Library	72,146	39,645	-	39,645	32,501
Capital improvement	267,407	23,738	2,047	25,785	241,622
Total libraries	<u>339,553</u>	<u>63,383</u>	<u>2,047</u>	<u>65,430</u>	<u>274,123</u>
Community development:					
Community development	1,779,622	23,032	133,732	156,764	1,622,858
Capital improvement	7,062,070	937,751	1,013,285	1,951,036	5,111,034
Community development	<u>8,841,692</u>	<u>960,783</u>	<u>1,147,017</u>	<u>2,107,800</u>	<u>6,733,892</u>
Total expenditures	<u>59,330,274</u>	<u>10,992,324</u>	<u>8,122,120</u>	<u>19,114,444</u>	<u>40,215,830</u>
Excess (deficiency) of revenues over (under) expenditures	(3,849,801)	494,245	(8,122,120)	(7,627,875)	(3,778,074)
Other financing sources (uses):					
Transfers out	(252,743)	(974,278)	-	(974,278)	(721,535)
Total other financing sources (uses)	<u>(252,743)</u>	<u>(974,278)</u>	<u>-</u>	<u>(974,278)</u>	<u>(721,535)</u>
Net change in fund balance	(4,102,544)	(480,033)	(8,122,120)	(8,602,153)	(4,499,609)
Fund balance at beginning of year	1,399,677	1,399,677	-	1,399,677	-
Fund balance at end of year	<u>\$ (2,702,867)</u>	<u>919,644</u>	<u>(8,122,120)</u>	<u>(7,202,476)</u>	<u>(4,499,609)</u>

CITY OF SANTA MONICA, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
SCAQMD Special Revenue Fund
For the fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Intergovernmental	\$ 119,000	123,374	-	123,374	4,374
Investment income	10,000	58,173	-	58,173	48,173
Total revenues	<u>129,000</u>	<u>181,547</u>	<u>-</u>	<u>181,547</u>	<u>52,547</u>
Expenditures:					
General government:					
Other	7,765	7,764	-	7,764	1
Capital improvement	19,500	-	19,500	19,500	-
Total general government	<u>27,265</u>	<u>7,764</u>	<u>19,500</u>	<u>27,264</u>	<u>1</u>
General services:					
Capital improvement	859,248	730,943	113,694	844,637	14,611
Total general services	<u>859,248</u>	<u>730,943</u>	<u>113,694</u>	<u>844,637</u>	<u>14,611</u>
Total expenditures	<u>886,513</u>	<u>738,707</u>	<u>133,194</u>	<u>871,901</u>	<u>14,612</u>
Net change in fund balance	(757,513)	(557,160)	(133,194)	(690,354)	67,159
Fund balance at beginning of year	<u>1,098,022</u>	<u>1,098,022</u>	<u>-</u>	<u>1,098,022</u>	<u>-</u>
Fund balance at end of year	<u>\$ 340,509</u>	<u>540,862</u>	<u>(133,194)</u>	<u>407,668</u>	<u>67,159</u>

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 fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Investment income	\$ 3,000	570	-	570	(2,430)
Total revenues	<u>3,000</u>	<u>570</u>	<u>-</u>	<u>570</u>	<u>(2,430)</u>
Net change in fund balance	3,000	570	-	570	(2,430)
Fund balance at beginning of year	<u>(126,629)</u>	<u>(126,629)</u>	<u>-</u>	<u>(126,629)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (123,629)</u>	<u>(126,059)</u>	<u>-</u>	<u>(126,059)</u>	<u>(2,430)</u>

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 fiscal year ended June 30, 2024

	<u>Budget</u>	<u>Actual, GAAP basis</u>	<u>Encumbrance</u>	<u>Actual, budgetary basis</u>	<u>Variance with budget</u>
Revenues:					
Other taxes	\$ 3,660,172	3,886,658	-	3,886,658	226,486
Intergovernmental	812,723	858,480	-	858,480	45,757
Investment income	130,000	746,951	-	746,951	616,951
Total revenues	<u>4,602,895</u>	<u>5,492,089</u>	<u>-</u>	<u>5,492,089</u>	<u>889,194</u>
Expenditures:					
General services:					
Public works	1,181,453	536,201	-	536,201	645,252
Capital improvement	<u>12,646,335</u>	<u>218,275</u>	<u>240,953</u>	<u>459,228</u>	<u>12,187,107</u>
Total general services	<u>13,827,788</u>	<u>754,476</u>	<u>240,953</u>	<u>995,429</u>	<u>12,832,359</u>
Total expenditures	<u>13,827,788</u>	<u>754,476</u>	<u>240,953</u>	<u>995,429</u>	<u>12,832,359</u>
Excess (deficiency) of revenues over (under) expenditures	(9,224,893)	4,737,613	(240,953)	4,496,660	13,721,553
Other financing sources (uses):					
Transfers out	<u>(5,148,707)</u>	<u>(3,899,703)</u>	<u>-</u>	<u>(3,899,703)</u>	<u>1,249,004</u>
Total other financing sources (uses)	<u>(5,148,707)</u>	<u>(3,899,703)</u>	<u>-</u>	<u>(3,899,703)</u>	<u>1,249,004</u>
Net change in fund balance	(14,373,600)	837,910	(240,953)	596,957	14,970,557
Fund balance at beginning of year	<u>15,641,388</u>	<u>15,641,388</u>	<u>-</u>	<u>15,641,388</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,267,788</u>	<u>16,479,298</u>	<u>(240,953)</u>	<u>16,238,345</u>	<u>14,970,557</u>

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, 2024

Business-Type Activities - Enterprise Funds							
	Formerly Nonmajor Fund Community Broadband	Formerly Nonmajor Fund Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds
Assets							
Current assets:							
Cash and investments (note 2)	\$ -	-	9,475,449	1,606,652	4,195,877	373,646	15,651,624
Restricted cash and investments (note 2)	-	-	287,968	9,020,069	69,598	-	9,377,635
Receivables (net, where applicable, of allowances for uncollectibles):							
Accounts	-	-	146,293	7,939	516,455	-	670,687
Interest	-	-	48,735	69,748	25,400	2,889	146,772
Leases (note 3)	-	-	1,802,903	-	-	-	1,802,903
Taxes	-	-	-	18,395	-	-	18,395
Total current assets	-	-	11,761,348	10,722,803	4,807,330	376,535	27,668,016
Noncurrent assets:							
Lease receivable, non-current	-	-	5,559,044	-	-	-	5,559,044
Capital assets:							
Land	-	-	-	-	4	1,362,700	1,362,704
Construction in progress	-	-	9,897,573	63,750	-	-	9,961,323
Buildings	-	-	5,916,024	-	1,716,090	946,242	8,578,356
Improvements other than buildings	-	-	5,461,401	3,082,019	782,158	142,591	9,468,169
Machinery and equipment	-	-	496,401	29,035	374,033	-	899,469
Infrastructure	-	-	17,382,609	11,224,711	-	-	28,607,320
Less: accumulated depreciation and amortization	-	-	(19,022,238)	(6,864,421)	(2,448,760)	(595,219)	(28,930,638)
Net capital assets	-	-	20,131,770	7,535,094	423,525	1,856,314	29,946,703
Total noncurrent assets	-	-	25,690,814	7,535,094	423,525	1,856,314	35,505,747
Total assets	-	-	37,452,162	18,257,897	5,230,855	2,232,849	63,173,763
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows from pensions	-	-	1,120,774	-	376,650	-	1,497,424
Deferred outflows from OPEB	-	-	82,880	-	32,242	-	115,122
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	1,203,654	-	408,892	-	1,612,546
Liabilities							
Current liabilities:							
Accounts payable	-	-	352,063	-	82,840	-	434,903
Accrued liabilities	-	-	161,188	-	43,020	-	204,208
Contracts payable (retained percentage)	-	-	87,292	102,836	-	-	190,128
Compensated absences due within one year (note 8)	-	-	100,329	-	30,445	-	130,774
Unearned revenue (note 7)	-	-	25,737	-	-	-	25,737
Liabilities payable from restricted assets - deposits	-	-	295,218	-	-	-	295,218
Total current liabilities	-	-	1,021,827	102,836	156,305	-	1,280,968
Long-term liabilities:							
Accrued liabilities	-	-	12,958	-	2,043	-	15,001
Compensated absences due in more than one year (note 8)	-	-	66,334	-	24,401	-	90,735
Net OPEB liability due in more than one year (note 12)	-	-	127,247	-	49,503	-	176,750
Net pension liability due in more than one year (note 12)	-	-	2,724,481	-	915,596	-	3,640,077
Total long-term liabilities	-	-	2,931,020	-	991,543	-	3,922,563
Total liabilities	-	-	3,952,847	102,836	1,147,848	-	5,203,531
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows from pensions	-	-	187,245	-	62,926	-	250,171
Deferred inflows from OPEB	-	-	76,521	-	29,769	-	106,290
Deferred inflows from leases	-	-	6,685,495	-	-	-	6,685,495
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	6,949,261	-	92,695	-	7,041,956
Net position							
Net investment in capital assets	-	-	19,903,300	7,534,800	423,525	1,856,314	29,717,939
Unrestricted	-	-	7,850,408	10,620,261	3,975,679	376,535	22,822,883
Total net position	\$ -	-	27,753,708	18,155,061	4,399,204	2,232,849	52,540,822

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2024

	Business-Type Activities - Enterprise Funds						
	Formerly Nonmajor Fund Community Broadband	Formerly Nonmajor Fund Airport	Pier	Stormwater Management	Cemetery	Parking Authority	Total nonmajor enterprise funds
Operating revenues							
Charges for services	\$ -	-	10,261,391	1,368,933	2,397,381	-	14,027,705
Total operating revenues	-	-	10,261,391	1,368,933	2,397,381	-	14,027,705
Operating expenses							
Personnel services	-	-	2,766,266	-	921,983	350	3,688,599
Administrative indirect	-	-	1,288,693	-	358,870	-	1,647,563
Contractual services	-	-	1,216,043	-	415,179	-	1,631,222
Repairs and maintenance	-	-	614,287	-	57,157	-	671,444
Materials and supplies	-	-	480,256	-	518,822	1,291	1,000,369
Utilities	-	-	294,710	-	143,623	-	438,333
Casualty property and liability costs	-	-	934,725	-	173,541	-	1,108,266
Miscellaneous fees and costs	-	-	-	-	2,160	-	2,160
Depreciation and amortization	-	-	474,641	432,129	41,535	16,263	964,568
Other	-	-	955,803	49,855	7,735	-	1,013,393
Total operating expenses	-	-	9,025,424	481,984	2,640,605	17,904	12,165,917
Operating income (loss)	-	-	1,235,967	886,949	(243,224)	(17,904)	1,861,788
Nonoperating revenues (expenses)							
Investment income	-	-	287,723	491,840	157,200	22,330	959,093
Fees	-	-	-	501,242	-	-	501,242
Tax credits	-	-	33	-	-	-	33
Other nonoperating revenues	-	-	244,575	-	93,831	-	338,406
Total nonoperating revenues (expenses) net	-	-	532,331	993,082	251,031	22,330	1,798,774
Income before transfers	-	-	1,768,298	1,880,031	7,807	4,426	3,660,562
Transfers in (note 18)	-	-	801,321	-	605,295	-	1,406,616
Transfers out (note 18)	-	-	(76,512)	(1,093,783)	(23,455)	-	(1,193,750)
Change in net position	-	-	2,493,107	786,248	589,647	4,426	3,873,428
Net position at beginning of year, as previously reported	2,098,813	46,381,672	25,260,601	17,368,813	3,809,557	2,228,423	97,147,879
Restatement - Change in Reporting Entity	(2,098,813)	(46,381,672)	-	-	-	-	(48,480,485)
Net position at beginning of year, as restated	-	-	25,260,601	17,368,813	3,809,557	2,228,423	48,667,394
Net position at end of year	\$ -	-	27,753,708	18,155,061	4,399,204	2,232,849	52,540,822

CITY OF SANTA MONICA, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the fiscal year ended June 30, 2024

	Business-Type Activities - Enterprise Funds				Total nonmajor enterprise funds
	Pier	Stormwater Management	Cemetery	Parking Authority	
Cash flows from operating activities:					
Cash received from customers	10,182,729	1,370,064	2,453,474	—	14,006,267
Cash payments for materials and services	(5,828,034)	(124,675)	(1,708,199)	(1,291)	(7,662,199)
Cash payments to employees for services	(2,907,254)	-	(864,061)	(350)	(3,771,665)
Other revenue received	291,125	501,242	93,831	—	886,198
Net cash provided by (used in) operating activities	<u>1,738,566</u>	<u>1,746,631</u>	<u>(24,955)</u>	<u>(1,641)</u>	<u>3,458,601</u>
Cash flows from noncapital financing activities:					
Transfers in	801,321	—	605,295	—	1,406,616
Transfers out	(76,512)	(1,093,783)	(23,455)	—	(1,193,750)
Net cash provided by (used in) noncapital financing activities	<u>724,809</u>	<u>(1,093,783)</u>	<u>581,840</u>	<u>—</u>	<u>212,866</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,596,800)	(5,886)	—	—	(1,602,686)
Net cash used in capital and related financing activities	<u>(1,596,800)</u>	<u>(5,886)</u>	<u>—</u>	<u>—</u>	<u>(1,602,686)</u>
Cash flows from investing activities:					
Investment income	422,498	692,612	228,299	30,909	1,374,318
Net cash provided by investing activities	<u>422,498</u>	<u>692,612</u>	<u>228,299</u>	<u>30,909</u>	<u>1,374,318</u>
Net increase in cash and cash equivalents	1,289,073	1,339,574	785,184	29,268	3,443,099
Cash and cash equivalents at beginning of year	8,640,458	9,524,882	3,566,866	354,221	22,086,427
Effect of unrealized loss	(166,114)	(237,735)	(86,575)	(9,843)	(500,267)
Cash and cash equivalents at end of year	<u>9,763,417</u>	<u>10,626,721</u>	<u>4,265,475</u>	<u>373,646</u>	<u>25,029,259</u>
Cash and investments	9,475,449	1,606,652	4,195,877	373,646	15,651,624
Restricted cash and investments	287,968	9,020,069	69,598	—	9,377,635
Total cash and cash equivalents	<u>9,763,417</u>	<u>10,626,721</u>	<u>4,265,475</u>	<u>373,646</u>	<u>25,029,259</u>

(Continued)

CITY OF SANTA MONICA, CALIFORNIA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the fiscal year ended June 30, 2024

	Business-Type Activities - Enterprise Funds				Total nonmajor enterprise funds
	Pier	Stormwater Management	Cemetery	Parking Authority	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	1,235,967	886,949	(243,224)	(17,904)	1,861,788
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Add depreciation and amortization	474,641	432,129	41,535	16,263	964,568
Add allowance for doubtful accounts	124,952	—	—	—	124,952
Other revenue received	291,125	501,242	93,831	—	886,198
Changes in assets and liabilities and deferred outflows and inflows of resources:					
(Increase) decrease in accounts receivable	(203,614)	(3,927)	56,093	—	(151,448)
Decrease in taxes receivable	—	5,058	—	—	5,058
(Decrease) in accounts payable	(128,374)	(75,114)	(31,112)	—	(234,600)
Increase (decrease) in accrued liabilities	(44,268)	—	241	—	(44,027)
Increase in contracts payable	84,857	294	—	—	85,151
Increase (decrease) in compensated absences payable	(16,840)	—	10,580	—	(6,260)
Net OPEB liability and related changes in deferred outflows and inflows of resources	(18,650)	—	(20,218)	—	(38,868)
Net pension liability and related changes in deferred outflows and inflows of resources	(61,230)	—	67,319	—	6,089
Total adjustments	502,599	859,682	218,269	16,263	1,596,813
Net cash provided by (used in) operating activities	1,738,566	1,746,631	(24,955)	(1,641)	3,458,601
Schedule of non-cash capital and related financing activities:					
Capital assets acquired through accounts payable	141,880	—	—	—	141,880

CITY OF SANTA MONICA, CALIFORNIA

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, 2024

	Vehicle Management	Information Technology Replacement and Services	Self - Insurance General Liability / Auto	Self - Insurance Bus	Self - Insurance Risk Management Admin	Self - Insurance Workers' Compensation	Total internal service funds
Assets							
Current assets:							
Cash and investments (note 2)	\$ 47,038,520	365,275	11,957,084	5,318,256	2,193,808	62,131,929	129,004,872
Receivables:							
Accounts	86,274	-	-	-	7,045	-	93,319
Interest	282,532	4,255	89,542	39,081	-	486,376	901,786
Inventory	2,625	-	-	-	-	-	2,625
Total current assets	47,409,951	369,530	12,046,626	5,357,337	2,200,853	62,618,305	130,002,602
Noncurrent assets:							
Capital assets:							
Construction in progress	1,209,363	-	-	-	60,300	-	1,269,663
Subscription asset	190,129	-	212,206	212,206	-	356,357	970,898
Machinery and equipment	46,065,334	1,749,231	-	-	-	5,792	47,820,357
Less: accumulated depreciation and amortization	(33,575,596)	(1,587,270)	(6,731)	(6,731)	-	(32,751)	(35,209,079)
Net capital assets	13,889,230	161,961	205,475	205,475	60,300	329,398	14,851,839
Total assets	61,299,181	531,491	12,252,101	5,562,812	2,261,153	62,947,703	144,854,441
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows from pensions	1,518,588	-	-	-	1,038,364	-	2,556,952
Deferred outflows from OPEB	64,085	-	-	-	37,657	-	101,742
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,582,673	-	-	-	1,076,021	-	2,658,694
Liabilities							
Current liabilities:							
Accounts payable	695,832	194,174	906,275	47,904	434	221,288	2,065,907
Accrued liabilities	229,344	-	-	-	175,954	-	405,298
Subscription liability due within one year	19,109	-	35,410	35,410	-	61,408	151,337
Contracts payable (retained percentage)	-	6,553	2,908	-	-	-	9,461
Compensated absences due within one year (note 8)	88,393	-	-	-	96,035	-	184,428
Claims payable due within one year (note 8)	-	-	8,768,373	1,521,640	-	10,282,198	20,572,211
Total current liabilities	1,032,678	200,727	9,712,966	1,604,954	272,423	10,564,894	23,388,642
Long-term liabilities:							
Accrued liabilities	20,214	-	-	-	13,525	-	33,739
Compensated absences due in more than one year (note 8)	150,073	-	-	-	95,052	-	245,125
Subscription liability due in more than one year	96,345	-	124,666	124,666	-	211,264	556,941
Claims payable due in more than one year (note 9)	-	-	13,864,030	4,443,936	-	39,109,118	57,417,084
Net OPEB liability due in more than one year (note 12)	98,392	-	-	-	57,816	-	156,208
Net pension liability due in more than one year (note 12)	3,691,524	-	-	-	2,524,149	-	6,215,673
Total long-term liabilities	4,056,548	-	13,988,696	4,568,602	2,690,542	39,320,382	64,624,770
Total liabilities	5,089,226	200,727	23,701,662	6,173,556	2,962,965	49,885,276	88,013,412
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows from pensions	253,707	-	-	-	173,477	-	427,184
Deferred inflows from OPEB	59,169	-	-	-	34,768	-	93,937
TOTAL DEFERRED INFLOWS OF RESOURCES	312,876	-	-	-	208,245	-	521,121
Net position							
Net investment in capital assets	13,720,751	161,961	45,399	45,399	60,300	56,706	14,090,516
Unrestricted	43,759,001	168,803	(11,494,960)	(656,143)	105,664	13,005,721	44,888,086
Total net position	\$ 57,479,752	330,764	(11,449,561)	(610,744)	165,964	13,062,427	58,978,602

CITY OF SANTA MONICA, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the fiscal year ended June 30, 2024

	Vehicle Management	Information Technology Replacement and Services	Self - Insurance General Liability / Auto	Self - Insurance Bus	Self - Insurance Risk Management Admin	Self - Insurance Workers' Compensation	Total internal service funds
Operating revenues							
Charges for services	\$ 24,554,508	2,416,447	15,132,114	4,700,000	6,813,725	13,501,067	67,117,861
Total operating revenues	<u>24,554,508</u>	<u>2,416,447</u>	<u>15,132,114</u>	<u>4,700,000</u>	<u>6,813,725</u>	<u>13,501,067</u>	<u>67,117,861</u>
Operating expenses							
Personnel services	3,387,700	-	-	-	2,216,130	-	5,603,830
Administrative indirect	1,019,105	-	-	-	641,131	-	1,660,236
Contractual services	324,742	-	19,441	1,899	1,757	938,258	1,286,097
Repairs and maintenance	2,688,285	-	66,081	66,081	6,902	66,643	2,893,992
Materials and supplies	1,070,753	3,470,716	-	-	39,043	105	4,580,617
Utilities	128,107	-	-	-	639	-	128,746
Casualty property and liability costs	338,520	-	-	-	60,433	-	398,953
Claims expense net of claims reserve adjustment	-	-	8,779,676	188,833	-	14,497,035	23,465,544
Insurance and bonds	-	-	4,149,385	4,142,886	7,165,174	880,794	16,338,239
Miscellaneous fees and costs	-	-	3,871,331	311,512	-	629,698	4,812,541
Depreciation and amortization	3,579,488	46,275	40,454	40,454	-	69,886	3,776,557
Other	321,139	-	-	-	-	3,454	324,593
Total operating expenses	<u>12,857,839</u>	<u>3,516,991</u>	<u>16,926,368</u>	<u>4,751,665</u>	<u>10,131,209</u>	<u>17,085,873</u>	<u>65,269,945</u>
Operating income (loss)	<u>11,696,669</u>	<u>(1,100,544)</u>	<u>(1,794,254)</u>	<u>(51,665)</u>	<u>(3,317,484)</u>	<u>(3,584,806)</u>	<u>1,847,916</u>
Nonoperating revenues							
Investment income	1,825,872	61,601	624,851	282,084	2,620	3,696,018	6,493,046
Interest expense	(5,812)	-	(694)	(694)	-	(4,380)	(11,580)
Gain on disposal of capital assets	176,020	-	-	-	-	-	176,020
Other nonoperating revenues	2,837	3,462	-	-	-	427,122	433,421
Total nonoperating revenues	<u>1,998,917</u>	<u>65,063</u>	<u>624,157</u>	<u>281,390</u>	<u>2,620</u>	<u>4,118,760</u>	<u>7,090,907</u>
Income (loss) before transfers	13,695,586	(1,035,481)	(1,170,097)	229,725	(3,314,864)	533,954	8,938,823
Transfers in (note 18)	-	761,063	-	-	2,904,706	-	3,665,769
Transfers out (note 18)	(403)	-	(646,434)	(440,713)	(71)	(1,895,896)	(2,983,517)
Change in net position	13,695,183	(274,418)	(1,816,531)	(210,988)	(410,229)	(1,361,942)	9,621,075
Net position at beginning of year, as previously reported	43,784,569	605,182	(8,570,530)	(399,756)	576,193	14,424,369	50,420,027
Restatement - error correction	-	-	(1,062,500)	-	-	-	(1,062,500)
Net position at beginning of year, as restated (note 20)	<u>43,784,569</u>	<u>605,182</u>	<u>(9,633,030)</u>	<u>(399,756)</u>	<u>576,193</u>	<u>14,424,369</u>	<u>49,357,527</u>
Net position at end of year	<u>\$ 57,479,752</u>	<u>330,764</u>	<u>(11,449,561)</u>	<u>(610,744)</u>	<u>165,964</u>	<u>13,062,427</u>	<u>58,978,602</u>

CITY OF SANTA MONICA, CALIFORNIA

Combining Statement of Cash Flows

Internal Service Funds

For the fiscal year ended June 30, 2024

	Vehicle Management	Information Technology Replacement and Services	Self-Insurance General Liability / Auto	Self-Insurance Bus	Self-Insurance Risk Management Administration	Self-Insurance Workers' Compensation	Total internal service funds
Cash flows from operating activities:							
Cash received from customers	\$ 24,480,106	2,416,447	15,132,114	4,700,000	6,812,646	13,501,067	67,042,380
Cash payments for materials and services	(6,951,622)	(3,412,656)	(8,771,003)	(4,544,823)	(7,923,302)	(2,533,721)	(34,137,127)
Cash payments to employees for services	(3,463,502)	—	—	—	(2,012,081)	—	(5,475,583)
Cash payments for claims and related expenses	—	—	(7,311,591)	(128,066)	—	(13,483,711)	(20,923,368)
Other revenue received	2,837	3,462	—	—	—	427,122	433,421
Net cash provided by (used in) operating activities	14,067,819	(992,747)	(950,480)	27,111	(3,122,737)	(2,089,243)	6,939,723
Cash flows from noncapital financing activities:							
Due to Other Funds	—	—	—	(1,500,000)	—	—	(1,500,000)
Transfers in	—	761,063	—	—	2,904,706	—	3,665,769
Transfers out	(403)	—	(646,434)	(440,713)	(71)	(1,895,896)	(2,983,517)
Net cash provided by (used in) noncapital financing activities	(403)	761,063	(646,434)	(1,940,713)	2,904,635	(1,895,896)	(817,748)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(4,551,179)	—	—	—	—	—	(4,551,179)
Proceeds from sale of capital assets	176,020	—	—	—	—	—	176,020
Payments on SBITA liability	(17,486)	—	(90,700)	(90,700)	—	(122,253)	(321,139)
Interest on SBITA liability	(5,812)	—	(694)	(694)	—	(4,380)	(11,580)
Net cash used in capital and related financing activities	(4,398,457)	—	(91,394)	(91,394)	—	(126,633)	(4,707,878)
Cash flows from investing activities – investment income	2,623,282	76,715	884,327	398,468	2,827	5,133,447	9,119,066
Net increase (decrease) in cash and cash equivalents	12,292,241	(154,969)	(803,981)	(1,606,528)	(215,275)	1,021,675	10,533,163
Cash and cash equivalents at beginning of year	35,709,287	534,748	13,066,264	7,057,996	2,409,083	62,768,065	121,545,443
Effect of unrealized loss	(963,008)	(14,504)	(305,199)	(133,212)	—	(1,657,811)	(3,073,734)
Cash and cash equivalents at end of year	47,038,520	365,275	11,957,084	5,318,256	2,193,808	62,131,929	129,004,872
Reconciliation of operating income (loss) to net cash provided by (used in) operating income (loss):							
Operating income (loss)	\$ 11,696,669	(1,100,544)	(1,794,254)	(51,665)	(3,317,484)	(3,584,806)	1,847,916
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Add depreciation and amortization	3,579,488	46,275	40,454	40,454	—	69,886	3,776,557
Other non-oper revenue	2,837	3,462	—	—	—	427,122	433,421
Changes in assets and liabilities and deferred outflows and inflows of resources:							
(Increase) decrease in accounts receivable	(74,402)	—	11,741	—	(1,079)	—	(63,740)
Decrease in inventory	(70)	—	—	—	—	—	(70)
Increase (decrease) in accounts payable	(1,060,901)	57,242	(664,765)	(22,445)	(8,223)	(14,769)	(1,713,861)
(Decrease) in accrued liabilities	(51,127)	—	—	—	(6,180)	—	(57,307)
Increase in compensated absences payable	23,439	—	—	—	17,357	—	40,796
Increase in claims payable	—	—	1,456,344	60,767	—	1,013,324	2,530,435
Increase in contracts payable	—	818	—	—	—	—	818
Net OPEB liability and related changes in deferred outflows and inflows of resources	(35,128)	—	—	—	(2,885)	—	(38,013)
Net pension liability and related changes in deferred outflows and inflows of resources	(12,986)	—	—	—	195,757	—	182,771
Total adjustments	2,371,150	107,797	843,774	78,776	194,747	1,495,563	5,091,807
Net cash provided by (used in) operating activities	\$ 14,067,819	(992,747)	(950,480)	27,111	(3,122,737)	(2,089,243)	6,939,723
Schedule of non-cash capital and related financing activities:							
Capital assets acquired through accounts payable	53,024	—	—	—	—	—	53,024
Gain on disposal of capital assets	176,020	—	—	—	—	—	176,020

City of Santa Monica, California
Year Ended June 30, 2024

STATISTICAL SECTION

TABLE 1

CITY OF SANTA MONICA, CALIFORNIA

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 (1)
Governmental activities										
Net investment in capital assets	\$ 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	705,144,194
Restricted	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	178,624,757
Unrestricted	(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	24,292,525
Total governmental activities net position	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	908,061,476
Business-type activities										
Net investment in capital assets	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	447,257,495
Restricted	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	15,102,480
Unrestricted	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	50,488,321
Total business-type activities net position	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	512,848,296
Primary government										
Net investment in capital assets	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	1,152,401,689
Restricted	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	193,727,237
Unrestricted	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	74,780,846
Total primary government net position	\$ 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	1,420,909,772

(1) reduction in 2014-15 unrestricted net position due primarily to the implementation of GASB 68

TABLE 2

CITY OF SANTA MONICA, CALIFORNIA

Changes in Net Position
Last Ten Fiscal Years

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Expenses										
Governmental activities:										
General government	\$ 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	74,025,357
Public safety	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	112,278,370
General services	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	71,906,263
Housing and community services (3)	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	53,694,823
Library	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	12,678,896
Community development (4)	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	53,831,747
Interest on long-term debt	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	3,521,630
Total governmental activities	<u>542,270,707</u>	<u>604,809,533</u>	<u>415,910,953</u>	<u>502,296,824</u>	<u>513,419,067</u>	<u>488,114,435</u>	<u>483,467,835</u>	<u>414,924,268</u>	<u>404,123,086</u>	<u>381,937,086</u>
Business-type activities:										
Water	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	21,356,497
Resource recovery and recycling	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	23,819,237
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	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	6,909,632
Wastewater	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	17,335,625
Airport	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	5,293,714
Storm water management	481,984	484,618	361,328	363,288	1,206,606	380,752	359,488	347,197	2,447,698	2,172,116
Cemetery	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	2,154,147
Big Blue Bus	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	83,106,447
Parking authority	17,904	55,174	73,733	1,724,894	27,937	422,090	216,253	16,178	17,742	403,822
Total business-type activities	<u>242,024,659</u>	<u>202,227,627</u>	<u>166,424,034</u>	<u>217,506,466</u>	<u>196,524,534</u>	<u>195,321,051</u>	<u>191,471,570</u>	<u>181,408,631</u>	<u>172,647,352</u>	<u>162,551,237</u>
Total primary governmental activities expenses	<u>\$ 784,295,366</u>	<u>807,037,160</u>	<u>582,334,987</u>	<u>719,803,290</u>	<u>709,943,601</u>	<u>683,435,486</u>	<u>674,939,405</u>	<u>596,332,899</u>	<u>576,770,438</u>	<u>544,488,323</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	56,875,636
Public safety	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	22,601,990
General services	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	2,144,800
Housing and community services (3)	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	21,359,942
Library	148,098	70,858	22,037	23,764	260,503	437,269	390,306	388,273	487,809	601,618
Community development (4)	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	26,957,697
Operating grants and contributions	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	26,332,256
Capital grants and contributions	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	5,381,978
Total governmental activities program revenues	<u>208,691,688</u>	<u>206,235,953</u>	<u>189,439,421</u>	<u>165,523,429</u>	<u>169,124,385</u>	<u>174,883,185</u>	<u>174,307,669</u>	<u>174,413,613</u>	<u>195,977,990</u>	<u>162,255,917</u>

(continues next page)

TABLE 2

CITY OF SANTA MONICA, CALIFORNIA

Changes in Net Position
Last Ten Fiscal Years

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<i>(continues from previous page)</i>										
Business-type activities:										
Charges for services:										
Water	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	22,664,712
Resource recovery and recycling	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	24,425,879
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	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	6,813,625
Wastewater	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	20,162,516
Airport	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	5,897,240
Storm water management	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	1,458,352
Cemetery	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	1,604,607
Big Blue Bus	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	16,664,916
Operating grants and contributions	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	47,098,487
Capital grants and contributions	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	10,333,281
Business-type activities program revenues	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	157,123,615
Total primary government program revenues	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	319,379,532
Net (expense):										
Governmental activities	(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)	(219,681,169)
Business-type activities	(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	(5,427,622)
Total primary government net expense	(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)	(225,108,791)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Business license	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	31,468,959
Property	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	52,771,401
Transient occupancy (2)	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	72,813,915	78,509,804	76,698,693	64,301,901	64,665,646	73,709,191	68,479,438	54,505,239	54,802,839	51,089,716
Utility users (2)	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)	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)	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	4,062,890	4,032,635	3,670,376	3,512,898	3,441,908	3,275,912	3,285,670	3,256,799	3,111,764	101,677,478
Other revenues	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	11,518,022
Investment earnings	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	4,084,621
Special Item	—	—	—	(9,825,000)	(34,215,371)	—	43,678,729	(1,103,146)	(11,893,876)	—
Extraordinary gain (loss)	—	—	—	—	—	—	—	—	(12,620,539)	(5,106,828)
Transfers	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	2,341,674
Total governmental activities	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	249,845,043

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TABLE 2

CITY OF SANTA MONICA, CALIFORNIA

Changes in Net Position
Last Ten Fiscal Years

(continues from previous page)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Business-type activities:										
Other revenues	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	6,230,537
Investment earnings	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	1,408,083
Special Item	—	—	—	—	(1,422,782)	—	6,408,992	1,103,146	10,617,561	—
Extraordinary gain (loss)	—	—	—	—	—	—	—	—	4,837,753	—
Transfers	(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)	(2,341,674)
Total business-type activities	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	5,296,946
Total primary government	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	255,141,989
Changes in net position										
Governmental activities	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	30,163,874
Business-type activities	(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	(130,676)
Total primary government	\$ 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	30,033,198

(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)

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
General Fund										
Nonspendable	\$ 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	23,725,864
Restricted	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	17,951,299
Committed	—	—	—	—	1,671,078	1,943,558	2,478,476	4,760,409	31,365	520,574
Assigned	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	218,630,183
Unassigned	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	114,196,108
Total General Fund	<u>174,599,571</u>	<u>146,425,303</u>	<u>209,934,867</u>	<u>180,847,822</u>	<u>226,544,053</u>	<u>340,678,780</u>	<u>435,811,128</u>	<u>346,298,522</u>	<u>387,074,719</u>	<u>375,024,028</u>
All other governmental funds										
Nonspendable	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	11,463,849
Restricted	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	144,902,038
Committed	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	17,877,709
Assigned	—	—	—	—	—	—	—	414,544	927,562	9,649,617
Unassigned	(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)	(814,287)
Total all other governmental funds	<u>\$ 376,177,634</u>	<u>345,467,499</u>	<u>344,340,641</u>	<u>330,016,280</u>	<u>324,224,406</u>	<u>300,879,554</u>	<u>262,708,657</u>	<u>236,552,128</u>	<u>199,892,867</u>	<u>183,078,926</u>

TABLE 4

CITY OF SANTA MONICA, CALIFORNIA

Changes in Fund Balance of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Revenues										
Property taxes	\$ 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	55,044,307
Sales & use taxes	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	51,089,716
Transient occupancy taxes (1)	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)	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	47,447,802	11,850,607	—	—	—	—	—	—	—	—
Business license taxes (1)	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	11,139,618	10,757,242	—	—	—	—	—	—	—	—
Other taxes	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	132,075,022
Licenses and permits	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	39,490,688
Intergovernmental	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	31,013,327
Charges for services	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	56,381,352
Fines and forfeitures	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	16,287,290
Investment earnings	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	4,002,879
Interest from promissory note	—	—	—	5,399,246	—	—	—	—	—	—
Rental income	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	10,602,671
Settlement income	16,560,500	124,550	28,456	—	—	—	14,085,000	6,103,175	2,433,175	2,433,175
Other	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	21,058,609
Total revenue	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	419,479,036
Expenditures										
Current										
General government	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	74,741,301
Public safety	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	117,186,887
General services	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	71,370,399
Housing & Community services	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	50,430,614
Library	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	12,025,143
Community development	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	53,711,340
Debt service										
Principal	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	6,075,000
Interest	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	3,785,591
Bond issuance costs	—	—	498,057	340,135	—	4,025	938,932	—	535,048	—
Total expenditures	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	389,326,275

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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)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<i>(continues from previous page)</i>										
Excess (deficiency) of revenues over (under) expenditures	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	30,152,761
Other financing sources (uses)										
Transfers in	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	19,778,209
Transfers out	(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)	(17,289,889)
Subscription Proceeds	4,462,464	2,311,329	—	—	—	—	—	—	—	—
Refunding bonds issued	—	—	—	—	—	—	—	—	26,360,000	—
Bonds issued	—	—	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)	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	2,488,320
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	(21,564,585)
Net change in fund balance	<u>\$ 53,353,380</u>	<u>\$ (62,382,706)</u>	<u>42,434,115</u>	<u>(38,237,672)</u>	<u>(90,789,875)</u>	<u>(56,961,454)</u>	<u>115,410,964</u>	<u>(4,116,936)</u>	<u>27,364,621</u>	<u>11,076,496</u>
Debt service as a percentage of noncapital expenditures (2)	2.36%	2.40%	1.90%	2.27%	2.49%	2.41%	2.91%	2.33%	3.16%	2.65%

(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.

TABLE 5**CITY OF SANTA MONICA, CALIFORNIA**

General Fund Tax Revenues by Source (1)

Last Ten Fiscal Years

(In Thousands)

Source	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Sales and use taxes	\$ 72,814	78,510	76,699	64,302	64,666	73,709	68,480	54,505	54,803	51,090
Utility user taxes	34,976	36,508	33,614	27,840	28,026	28,307	29,288	29,438	30,773	32,066
Transient occupancy taxes	65,861	67,627	66,684	20,692	48,625	60,763	60,631	55,532	51,021	47,629
Property taxes (2)	84,083	79,662	75,981	75,325	67,791	62,615	56,955	56,424	50,452	55,044
Business license taxes	38,110	31,429	29,121	33,645	33,895	31,947	31,575	30,712	30,799	30,354
Parking facility tax	11,140	10,757	9,967	7,374	11,072	12,699	11,558	11,231	10,718	11,072
Documentary Transfer Tax (3)	10,395	10,661	17,846	9,334	6,857	9,808	8,169	10,952	7,851	7,903
Vehicle license fees	115	96	107	68	74	44	49	42	38	38
Condominium taxes	—	218	60	3	43	25	9	38	73	45
Total	<u>\$ 317,494</u>	<u>315,468</u>	<u>310,079</u>	<u>238,583</u>	<u>261,049</u>	<u>279,917</u>	<u>266,714</u>	<u>248,874</u>	<u>236,528</u>	<u>235,241</u>

(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	Public utilities	Secured gross	Exemptions (1)	Secured net	Net unsecured	Net assessed valuations	Total Direct Tax Rate (2)
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%
2014-15	16,867,678	12,433,379	437,194	742	29,738,993	1,609,033	28,129,960	916,381	29,046,341	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	Total
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
2014-15	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

Taxpayer	2023-24			2014-15		
	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	\$ 1,198,187,539	1	2.45 %	\$ 329,182,895	4	1.13 %
SC Enterprises SMBP LLC	1,045,890,221	2	2.14	364,494,642	3	1.25
California Colorado Center LLC	583,925,474	3	1.19	494,350,937	1	1.70
Water Garden Company	567,356,497	4	1.16	479,644,676	2	1.65
Office Block Investment LLC	410,064,810	5	0.84	—		—
Macerich Company LLC	374,358,761	6	0.76	284,411,300	6	0.98
SM Campus LLC	344,712,974	7	0.70	—		—
New Santa Monica Beach Hotel LLC	323,019,996	8	0.66	—		—
2834 Colorado Avenue LLC	248,054,262	9	0.51			
Millenium Santa Monica LLC	226,820,523	10	0.46			
Jamestown Lantana North LP	—		—	328,400,000	5	1.13
CREP 2700 Holdings LLC	—		—	220,600,000	7	0.76
Ocean Avenue LLC	—		—	182,176,275	8	0.63
Hart Arboretum LLC	—		—	168,511,585	9	0.58
Agensys Inc.	—		—	156,052,325	10	0.54
Total principal property taxpayers assessed value	<u>\$ 5,322,391,057</u>		<u>10.87 %</u>	<u>\$ 3,007,824,635</u>		<u>10.35 %</u>
Total City net taxable assessed value	<u>\$ 48,958,244,546</u>		<u>100.00 %</u>	<u>\$ 29,046,341,188</u>		<u>100.00 %</u>

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
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
2014-15	26,567,114	26,190,114	98.6	600,642	26,790,756	100.8	438,248	1.6

(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

TABLE 10**CITY OF SANTA MONICA, CALIFORNIA**

Taxable Transactions by Type of Business (1)

Last Ten Calendar Years

(In Thousands)

Business	Calendar Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Apparel stores	\$ 188,501	223,508	214,904	146,814	322,629	344,337	362,841	395,249	390,071	394,070
General merchandise	45,049	48,124	39,041	19,250	49,204	56,860	78,610	89,282	93,741	100,267
Food stores	100,143	99,877	92,841	94,365	97,024	91,803	87,888	88,196	87,729	86,615
Eating & drinking places	723,677	723,226	597,450	407,938	726,783	716,826	693,473	687,794	638,818	598,468
Building materials	161,864	163,124	134,806	122,302	124,030	114,802	112,587	110,186	113,405	114,156
Auto dealers & auto suppliers	1,028,659	1,102,985	980,000	783,207	874,780	854,723	766,512	770,658	757,333	739,833
Service stations	93,240	106,512	76,149	45,161	97,198	101,275	90,164	81,810	96,004	112,717
Other retail stores	445,088	444,964	566,833	562,235	627,046	665,606	695,449	657,236	692,105	677,744
Retail stores total	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	2,823,870
All other outlets	1,177,922	1,219,677	1,073,619	1,093,726	1,060,890	904,103	829,773	804,321	787,252	754,803
Total all outlets	\$ 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	3,578,673

(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

TABLE 11

CITY OF SANTA MONICA, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal year	Governmental activities				Business-type activities			Total primary government	Percentage of net assessed valuation (1)	Per capita
	General obligation bonds	Lease revenue bonds	Term loans payable (2)	SBITA	Water bonds	Term loans payable	SBITA			
2023-24	\$ —	217,924,702	—	5,845,863	76,282,777	52,068,703	923,421	353,045,466	0.72%	3,800
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%	3,912
2020-21	2,273,237	159,348,210	—	—	2,389,951	28,079,704	—	192,091,102	0.46%	2,066
2019-20	3,506,472	162,504,543	—	—	4,764,846	5,550,789	—	176,326,650	0.45%	1,909
2018-19	4,754,709	166,858,953	200,000	—	7,074,741	855,820	—	179,744,223	0.48%	1,920
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
2014-15	9,857,652	77,431,209	400,000	—	9,604,321	1,497,792	—	98,790,974	0.34%	1,059

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

		<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
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	9,857,652
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	1,165,000
Total		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,198,237</u>	<u>2,411,472</u>	<u>3,644,709</u>	<u>4,892,945</u>	<u>6,151,181</u>	<u>7,419,417</u>	<u>8,692,652</u>
Assessed value (in thousands) (1)	\$	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	29,046,341
Percentage of assessed											
Property value		0.00%	0.00%	0.00%	0.00%	0.01%	0.01%	0.01%	0.02%	0.02%	0.03%
Population (2)		92,912	91,720	92,408	92,968	92,357	93,593	92,416	93,834	93,640	93,283
Per capita		-	-	-	13	26	39	53	66	79	93

(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.

TABLE 13

CITY OF SANTA MONICA, CALIFORNIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated share of Overlapping Debt
Overlapping debt:			
Los Angeles County General Fund Obligations	\$ 2,479,229,730	2.441%	\$ 60,517,998
Los Angeles County Superintendent of Schools Certificates of Participation	2,857,300	2.441%	69,747
Metropolitan Water District	18,210,000	1.265%	230,357
Santa Monica Community College District	689,453,241	65.498%	451,578,084
Los Angeles Unified School District	10,723,385,000	0.0001%	10,723
Santa Monica-Malibu Unified School District	513,360,000	65.560%	336,558,816
Santa Monica-Malibu Unified School District School Facilities Improvement District 1	403,640,000	100.000%	403,640,000
Los Angeles Unified School District Certificates of Participation	471,590,000	0.0001%	472
Los Angeles Community College District	5,155,845,000	0.0120%	618,701
Santa Monica-Malibu Unified School District Certificates of Participation	24,143,969	65.560%	15,828,786
Overlapping Tax Increment Debt (Successor Agency):	63,860,000	100.000%	63,860,000
Subtotal, Overlapping Debt			<u>1,332,913,684</u>
City of Santa Monica Direct Debt (2)			<u>223,770,565</u>
Total direct and overlapping governmental debt (3)			<u><u>\$ 1,556,684,249</u></u>

(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

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Total net debt applicable to limit	\$ 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	74,876,302
Debt limit	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	3,065,537,400
Legal debt margin	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	2,990,661,098
Total net debt applicable to the limit as a percentage of debt limit	3.67%	4.02%	4.37%	3.18%	4.19%	4.34%	1.84%	2.09%	2.44%	2.78%

Net assessed value	48,958,245,000
Add: exempt property	1,939,831,000
Total gross assessed value	<u>\$ 50,898,076,000</u>

Debt limit - 10% of total assessed value (1)	5,089,807,600
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Amount of debt applicable to debt limit:	
Total bonded debt	197,785,000
Less:	
Assets in debt service funds available for payment of bonds	<u>10,797,876</u>

Total amount of debt applicable to debt limit	<u>186,987,124</u>
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Legal debt margin	<u>\$ 4,902,820,476</u>
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(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 Three Fiscal Years

Fiscal year	Gross revenues	Direct operating expense (1)	Net revenue available for debt service	Debt service requirement			Coverage (2)
				Principal	Interest	Total	
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.

Source: City of Santa Monica Finance Department

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)
2024	92,912	\$ *	\$ *	5.7 %
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	64,293	4.3
2018	92,416	806,415	60,697	4.4
2017	93,834	775,686	58,282	4.5
2016	93,640	748,382	56,287	5.1
2015	93,283	732,003	54,538	5.7

Note: Personal income data shown is the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana, CA.
Data by City is not available.

Population and unemployment rate are for Santa Monica

* No data is available for 2023 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	2023-24			2014-15		
	Number of employees	Rank	Percentage of total City employment	Number of employees	Rank	Percentage of total City employment
City of Santa Monica	2,252	1	2.60 %	2,004	2	2.32 %
Providence Saint John's Health Center	2,094	2	2.42	1,720	4	1.99
UCLA Medical Center, Santa Monica	1,965	3	2.27	2,212	1	2.57
Amazon.com Services LLC	1,929	4	2.23	—		—
Snap, Inc.	1,745	5	2.02	—		—
Santa Monica College	1,666	6	1.92	1,850	3	—
Santa Monica-Malibu Unified School District	1,664	7	1.92	1,457	5	—
Hulu	1,363	8	1.57	—		—
Activision Publishing	1,294	9	1.49	692	8	0.80
Universal Music Group	1,151	10	1.33	736	7	—
RAND Corporation	—		—	827	6	0.96
ET Whitehall Santa Monica Partners LP	—		—	625	9	0.72
Lionsgate Entertainment	—		—	610	10	0.71
Total jobs provided by principal employers	<u>17,123</u>			<u>12,733</u>		
Average total jobs in Santa Monica	86,580			86,221		
Principal employers as percent of total jobs	19.78%			14.77%		

Source: City of Santa Monica Economic Development Division, Housing and Economic Development Department

TABLE 18

CITY OF SANTA MONICA, CALIFORNIA
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
General government	427.2	277.2	269.2	250.3	273.5	276.7	277.6	269.7	281.5	265.7
Public safety										
Police										
Sworn	228.0	221.0	221.0	223.0	229.0	227.0	224.0	224.0	221.0	221.0
Non-sworn	178.1	176.6	174.1	165.8	203.4	203.4	201.4	202.4	202.4	197.4
Fire										
Sworn	121.0	122.0	122.0	120.0	120.0	120.0	120.0	120.0	114.0	114.0
Non-sworn	16.4	16.0	15.0	14.0	16.0	16.0	17.0	16.0	15.8	15.8
General services	217.5	214.5	208.0	210.0	270.5	282.0	281.0	281.6	257.3	257.3
Community services	-	120.1	118.5	98.2	150.3	152.7	152.7	152.7	153.0	153.7
Library	72.9	68.0	58.3	47.8	112.0	113.5	113.5	112.5	111.0	111.0
Community development	100.0	96.5	97.5	88.5	174.3	164.8	163.2	161.5	159.5	149.8
Beach recreation	46.3	46.3	41.1	35.5	53.3	52.6	52.6	50.5	50.3	48.9
Water	53.0	52.0	52.0	51.0	47.0	47.0	46.0	46.0	46.0	46.0
Resource Recovery & Recycling	105.0	93.9	89.9	81.0	88.3	91.3	92.3	90.7	89.7	87.7
Pier	16.9	16.9	16.9	16.9	21.9	21.9	21.9	20.3	19.3	17.8
Wastewater	22.0	20.0	20.0	21.0	21.0	21.0	22.0	22.2	22.2	22.2
Airport	18.0	17.0	17.0	14.0	15.9	20.9	27.9	37.9	12.9	12.4
Cemetery	7.4	7.0	7.0	7.0	7.0	7.0	8.0	8.1	7.1	7.1
Big Blue Bus	438.2	435.3	414.8	410.8	450.0	463.0	464.0	462.9	464.5	436.0
Vehicle management	21.0	21.0	21.0	21.0	29.3	29.3	29.3	29.0	29.0	28.0
Self insurance - workers' compensation	12.5	12.0	11.0	10.0	13.0	13.0	13.0	13.0	13.0	12.0
Community Broadband*	-	6.0	5.0	4.0	3.0	3.0	4.0	4.0	—	—
Total all funds	<u>2,101.4</u>	<u>2,039.3</u>	<u>1,979.3</u>	<u>1,889.8</u>	<u>2,298.7</u>	<u>2,326.1</u>	<u>2,331.4</u>	<u>2,325.0</u>	<u>2,269.5</u>	<u>2,203.8</u>

Note: Includes permanent and temporary employees (2,080 hours = 1 full-time position).

* Community Broadband became part of the general fund in 2023-24

Source: City of Santa Monica Budget

TABLE 19

CITY OF SANTA MONICA, CALIFORNIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function / program	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
General government:										
Electronic requests for government information	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	13,410,283
Hours of live public meeting coverage	178	252	288	257	187	230	210	220	275	319
Public safety:										
Number of emergency response incidents	17,919	17,800	16,978	15,257	15,802	17,355	17,199	16,384	15,963	14,629
Number of inspections	7,467	7,061	5,482	2,221	6,150	8,201	8,795	10,592	10,202	8,119
Calls to Police Department for service	119,519	99,713	105,871	95,441	111,310	128,992	134,192	129,524	130,016	133,516
Police reports issued	12,692	12,195	11,026	10,932	12,468	16,043	16,298	14,467	14,358	13,984
Number of crimes recorded	9,408	8,883	7,527	7,569	8,301	10,369	10,008	8,988	8,774	8,500
General services:										
Number of square feet of sidewalks replaced/repared	19,800 (4)	100,232	151,679	123,991	161,924	219,871	126,959	99,907	14,001	10,359
Number of graffiti removals performed	4,282	3,974	3,185 (1)	448 (1)	33,359	40,156	45,729	43,535	38,311	37,940
Feet of sewer mains cleaned	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	2,200,810
Library:										
Library visitors	310,576 (5)	223,876	133,845	88,974	740,009	1,131,524	1,221,015	1,257,746	1,184,130	1,262,708
Materials used	886,197	821,116	731,077	622,006	1,563,205	1,688,615	1,707,798	1,882,878	1,888,473	1,998,869
Public access computer sessions	37,346	19,053	13,592	21,961	95,630	159,705	175,485	173,702	164,318	182,655
Community development:										
Building and Safety plan checks completed	4,714	4,250	4,399	3,936	4,587	4,389	4,412	4,749	2,823	3,080
Building inspections performed	18,157	16,150	16,539	18,429	21,860	23,342	24,009	24,080	23,858	20,690
Rounds of transportation plan check & entitlement application review completed	623	781	566	678	793	530	323	640	632	748
Community services:										
Senior services meals served	183,457	188,425	171,269	183,652	141,568	118,875	104,472	64,406	52,917	48,253
Number of low income persons receiving primary health care	3,223	3,874	3,703	3,516	4,336	4,460	4,711	4,458	4,137	3,089
Number of cars parked in beach lots	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	2,580,225
Number of youth regularly attending homework assistance programs	589	489	378	261	617	687	597	641	745	624
Resident parking passes sold	67,222	44,027	47,041	32,511	47,161	57,993	53,118	51,325	48,962	56,356
Number of traffic signs installed, replaced, repaired, or removed	3,179	325	281	200	739	2,951	3,024	2,858	1,659	2,079
Number of parking meters installed, replaced, repaired, or removed	6,618	6,584	6,211 (3)	18,822	22,780	21,650	18,605	14,843	13,844	5,875
Water:										
Number of direct customer accounts	18,529	18,492	18,480	18,439	18,342	18,342	18,061	17,976	17,842	17,798
Water sold to direct customers in whole acre feet	9,542	9,983	10,729	10,605	10,988	11,265	11,718	11,552	11,242	12,323
Airport:										
Number of tenant aircraft	212	237	228	196	195	256	278	310	309	325
Noise ordinance violations issued	44	35	30	38	33	38	130	148	162	118
Big Blue Bus:										
Revenue Miles	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	4,734,209
Farebox revenue (in millions)	6.42	5.78	5.62	1.99	8.97	11.41	11.72	11.80	12.84	13.36
Total passenger trips (in millions)	8.60	7.74	6.31	5.03	10.29	12.54	13.18	13.30	16.50	18.70
Number of customer relations phone calls	41,610	43,216	49,256	23,768	38,445	51,952	30,730	37,187	38,705	56,995

(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 constraints.

(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 sidewalk replaced instead of repaired

(5) Library visitors have increased steadily since the COVID-19 Pandemic, but the Library is operating under a reduced staffing model, under a reduced budget, and the Main Library is only open five days a week. The library's current full service hours are 41.7% of pre-COVID-19 hours and not all branches are full service

Sources: Various City departments.

TABLE 20

CITY OF SANTA MONICA, CALIFORNIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function / program	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Public safety:										
Number of police vehicles	254	252	250	244	245	237	243	235 ⁽¹⁾	232	220
Number of fire vehicles	71	72	73	70	71	71	67	67	71	68
Number of fire stations	5	5	5	5	5	5	5 ⁽⁶⁾	4	4	4
Number of police substations including Public Safety Facility	4	4	4	4	3	3	3	3	3	3
General services:										
Square footage of asphalt paved streets	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	30,403,785
Square footage of concrete paved streets	1,183,981	1,183,981	1,183,981	1,183,981	1,183,981	1,183,981	1,177,981	1,177,981	1,177,981	1,128,034
Square footage of sidewalks	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	8,403,428
Square footage of curbs and gutters	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	1,930,214
Cultural and recreation services:										
Number of beach parking lots	16	16	16	16	16	16	16	16 ⁽³⁾	16	16
Number of parks	31	31	31	31	31	31	31	30	29	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
Housing and community development:										
Downtown structure visitors	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	6,405,636
Water:										
Number of feet of water main installed	1,600	6,828	10,822	10,822	10,822 ⁽⁹⁾	4,825	4,500 ⁽⁷⁾	2,269 ⁽⁵⁾	2,495	10,465
Water main system (in miles)	211	211	211	211	205	205	205	205	205	205
Reclaimed water main system (in miles)	6	6	6	6	5	5	5	5	5	5
Wastewater:										
City sewage flow in million gallons/day	12	12	11	12	14	14	13.8	14.2	13.9	13.9
Sewer main system (in miles)	155	155	155	155	152	152	151	151	151	151
Stormwater:										
Daily gallons treated for recycling by SMURRF	0 ⁽¹⁰⁾	0 ⁽¹⁰⁾	212,399	171,746	193,250	186,732	180,699	159,740	160,059	170,000
Storm drain system (in miles)	59	59	59	59	59	59	59	59	59	59
Airport:										
Aircraft operations (departures and arrivals)	55,300	62,259	74,935	63,870	67,205	74,511	74,130	83,471	89,217	84,633
Big Blue Bus:										
Number of buses	194	195	195	178	189	195	199	200	200	188

(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 residential 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.

Sources: Various City departments.

