



CITY OF LAGUNA BEACH ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2025



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CITY OF LAGUNA BEACH
LAGUNA BEACH, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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CITY OF LAGUNA BEACH, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

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March 30, 2026

To the Members of the City Council & Citizens of the City of Laguna Beach:

It is a pleasure to present the Fiscal Year 2024-25 Annual Comprehensive Financial Report (ACFR) for the City of Laguna Beach. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management. To provide sufficient reliable information for the preparation of the City's financial statements, management of the City has established a comprehensive internal control framework designed to minimize the risk of error or misstatement and the risk of loss, theft, or misuse of City assets. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than an absolute assurance that the financial statements will be free from material misstatement.

The City's financial statements have been audited by LSL, LLP. The independent audit firm concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2025. This means, in the auditors' opinion, the City's financial statements fairly present the City's financial position in accordance with generally accepted accounting principles.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides narrative information, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of Laguna Beach

Laguna Beach is a community located in southwest coastal Orange County, with Los Angeles County to the north and San Diego County to the South. The City currently occupies a land area of 8.84 square miles and serves a population of roughly 23,000. The City is the home to the Pageant of the Masters and the Festival of the Arts. The City attracts more than six million visitors annually due to its over eight miles of coastline, the Mediterranean climate and the summer art festivals and pageants.

Laguna Beach is a general law City incorporated in 1927. The City is governed by five Council Members and operates under a Council-Manager form of government. Council Members are elected in November, on even-numbered years, on a non-partisan basis and serve four-year staggered terms. The Mayor and Mayor Pro-Tem positions are selected annually by a majority vote of the City Council members. The City Council is responsible for, among other things, policymaking, passing local ordinances, adopting the budget, appointing committees, and appointing the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing heads of departments.

The City of Laguna Beach is a full-service city providing its residents and visitors with the following municipal services: general governance; police, fire, paramedic, marine safety, engineering, construction, and maintenance of public streets, parks, facilities, and beaches; planning, zoning, and economic development services; building inspection, plan check and code enforcement services; cultural arts; recreation services; transit services; and wastewater services. The City provides wastewater service to areas within the city limits, but it does not provide gas, water, cable television, electricity, or other utility services.

The City's financial statements present the financial activity of the City of Laguna Beach (the primary government), the Laguna Beach Financing Authority (a blended component unit of the City) and the Laguna Beach County Water District (a discretely presented component unit of the City). The Laguna Beach Financing Authority is presented in

the City's audited financial statements as a blended component unit of the City because the City Council also serves as the Financing Authority's Board of Directors and management of the City also has operational responsibility for the Financing Authority. The Laguna Beach County Water District is presented in the City's audited financial statements as a discretely presented component unit because although the City Council serves as the District's Board of Directors, the management of the City does not have operating responsibilities for the District. Additional information about these component units and the reporting entities can be found in Note 1 of the notes to the basic financial statements.

The City uses an annual budget, which the City Council adopts prior to the beginning of every fiscal year, to manage its finances. All departments of the City are required to submit requests for appropriations to the City Manager the January preceding the end of the budget cycle. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review in May. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by June 30, the close of the City's fiscal year. The budget is organized by department (e.g., Police, Fire, Marine Safety, Public Works, and Community Development). The Council may amend the budget by a vote of a majority of the Council during the fiscal year. The City Manager may transfer funds from one object or purpose to another within the same department, excluding capital outlay. Actual expenditures may not exceed budgeted appropriations at the department level within the General Fund and at the fund level for special revenue, and capital projects funds; therefore, the legal level of budgetary control is at the department level.

State law mandates that the City can only raise local tax rates with voter approval. Use and regulatory fees must also follow procedures set forth in State law and must not exceed the estimated reasonable cost of providing services. Fees require approval by the City Council and fees more than the reasonable cost require voter approval.

Local economy

The economic outlook in Laguna Beach is stable, largely due to continued growth in property values, which has driven the median price of detached single-family homes to approximately \$2.8 million. Despite elevated interest rates resulting in higher borrowing costs and slower home sales, property tax revenue – the City's largest source of revenue – remains strong and stable. The assessed valuation of property in the City has grown 77.7% since fiscal year 2014-15 (ten years ago). The City's assessed valuation has been consistently increasing at an average rate of 5.9% annually over the last ten years. The City's assessed valuation increased by 5.0% between fiscal years 2023-24 and 2024-25.

Laguna Beach is home to approximately 1,250 businesses. Major industries include hospitality, restaurants, general retail businesses. Laguna Beach's unemployment rate of 3.1% as of December 2024, was lower than the State (5.2%) and County of Orange (3.6%). The three largest employers in the City are: Montage Laguna Beach Hotel, Laguna Beach Unified School District (LBUSD), and Providence Mission Hospital. The largest City employer with 621 employees, the Montage Laguna Beach Hotel is a luxury resort with approximately 260 guestrooms, suites, and villas, offering oceanfront views and full-service amenities. LBUSD, the City's second largest employer with 365 employees, is a K-12 public school district serving approximately 2,600 students. LBUSD operates one high school, one middle school and two elementary schools. Providence Mission Hospital, the City's third largest employer with 340 employees at its Laguna Beach campus, is a full-service community hospital that has been serving South Orange County for over sixty years.

The City's sales tax base is heavily reliant on the restaurants and hotels and general consumer goods industries, which comprise approximately 67% of total retail sales activity in the City. The City's Top 100 sales tax producers include various industries such as: gasoline service stations, restaurants, hotels, and general retail businesses. These top sales tax producers generate approximately 76.2% of the City's total annual sales tax revenue.

Tax revenue represents 69.6% of the City's total General Fund revenues. Property taxes constitute the majority of the City's tax base, making up 64.1% of the City's total tax revenues. Transient occupancy taxes and sales taxes contribute 20.5% and 8.7%, respectively, of the City's total tax revenues. The remaining 6.7% of the City's tax revenues is from franchise taxes, business license taxes, and business improvement assessments. Total tax revenue increased 7.4% from fiscal year 2023-24, primarily due to increased property taxes and business improvement assessments.

Other Relevant Financial Information

General Fund Reserves

Laguna Beach Municipal Code Section 3.24.030 requires at least 10% of the General Fund budget to be set aside as a contingency reserve. A four-to-one vote of the City Council is required to reduce the reserve below this level. In addition, through the annual budget process, the City Council has set aside an additional 10% of General Fund expenditures in a contingency reserve. The Fiscal Year 2024-25 Adopted Budget established a contingency reserve of \$17,100,000. As of June 30, 2025, the actual reserve reported in the General Fund's committed and assigned fund balance categories was \$16,665,455. In addition, on July 11, 2023, the City Council approved Resolution No. 23.045 to establish a Disaster Contingency Fund to be used exclusively for the repair of public facilities and the emergency protection of public and private property and lives during natural or manmade disasters. The goal is for the amount in the Disaster Contingency Fund to be 10% of the General Fund budget. As of June 30, 2025, the Disaster Contingency Fund's balance was \$7,129,626 and is included in the General Fund's committed fund balance in the accompanying financial statements. Additional information about the General Fund's fund balance classifications can be found in Note 13 of the notes to the basic financial statements.

Long-term financial planning

The City annually completes a five-year forecast to serve as the foundation for the City's financial planning and to assist the City Council with prioritizing City expenditures. The General Fund's three largest revenue sources are property tax, transient occupancy tax and sales tax. Property tax revenue, the General Fund's largest source of revenue, is expected to consistently increase at a modest 4%-5% annually. California Proposition 13 limits the increase of the assessed valuation to 2% per year, regardless of how much the market value rises. This means, even if home prices in Laguna Beach surge, tax revenue grows slowly, unless new housing units are built in the City or homes are sold to new owners. Sales tax revenues are only expected to grow in relation to inflation, a modest 2% per year, as retail sales activity is showing little to no growth throughout the region, including Countywide and Statewide. Transient occupancy tax revenues are estimated to show little growth at just 1-2% annually over the next two fiscal years as some hotels have closed for renovation or are involved in bankruptcy proceedings generally unrelated to occupancy.

In addition, economists are cautious about the economy, in general, and what the impacts could be on consumer spending, which could impact the tourism industry as well. Overall, the City is faced with balancing the General Fund budget in an environment where the City's forecast anticipates expenditures are growing at a higher rate than revenues. The City Council and City Manager reserve the right to impose any special fiscal control measures, including personnel hiring freezes, incentives to separate, and other spending controls, whenever circumstances warrant. The City Council may authorize the use of contingency reserves (set at 20% of the General Fund Operating Budget).

Summary of Current Year Accomplishments:

Major projects completed during fiscal year 2024-25 include:

- Implemented of Energov software for processing permits;
- Completed implementation of Tyler Enterprise Resource software.
- Revamped the Real Property Report process to better align with internal review responsibilities and timelines;
- Completed an organizational assessment of the Finance Department and began implementing the consultant's recommendations;
- Continued work on a Citywide Classification and Compensation study;
- Completed a new Ordinance for licensing short-term rental units;
- Implemented solid waste franchise agreement with new waste hauler, CR&R;

- Continued to expand local fuel modification zones (FMZs) to improve wildfire preparedness;
- Completed utility undergrounding project for the Woods Cove Assessment District;
- Updated Laguna Beach Tourism Marketing District (TMD) Marketing Plan;
- Approved a new 10-year agreement with Visit Laguna Beach;
- Completed a sale of properties located at 31729 and 31735 South Coast Highway;
- Began master plans for wastewater and information technology;
- Began a multi-year wastewater rate study; and
- Continued work on a Facilities Master Plan.

Future Work Plan Initiatives:

City work plan goals for fiscal year 2025-26 include the following:

- Continue to expand FMZs;
- Complete wastewater and information technology master plans;
- Complete update to City's procurement policy and related ordinance;
- Complete Classification and Compensation Study;
- Begin capital improvement project for a dedicated Emergency Operations Center;
- Begin Fire Station #4 replacement as a capital improvement project;
- Complete the Promenade on Forest project;
- Complete a developer impact fee study;
- Continue to implement the Wildfire Prevention and Preparedness Plan approved in September 2025;
- Implement a paid parking program for South Laguna;
- Complete the Facilities Master Plan
- Continue work on a Comprehensive Zoning Code Update, especially in regards to Objective Design Standards and Commercial Parking Requirements;
- Conduct an environmental review of possible changes to the Downtown Specific Plan, Phase II, to consider different ways to add housing per our Housing Element;
- Complete a Wastewater Governance and Benchmarking Review; and
- Complete a review of City's transit and parking operations.

Awards and Acknowledgements

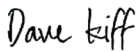
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Laguna Beach for its comprehensive annual financial report for the fiscal year ended June 30, 2024. This was the tenth consecutive year that the City achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate is valid for one year only. We believe our current ACFR continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another GFOA Certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Accounting Division and the rest of the Finance Department. We want to express our appreciation to all members of the division and department who assisted and contributed to the preparation of this report.

Respectfully submitted,

Signed by:



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Dave Kiff
City Manager

Signed by:



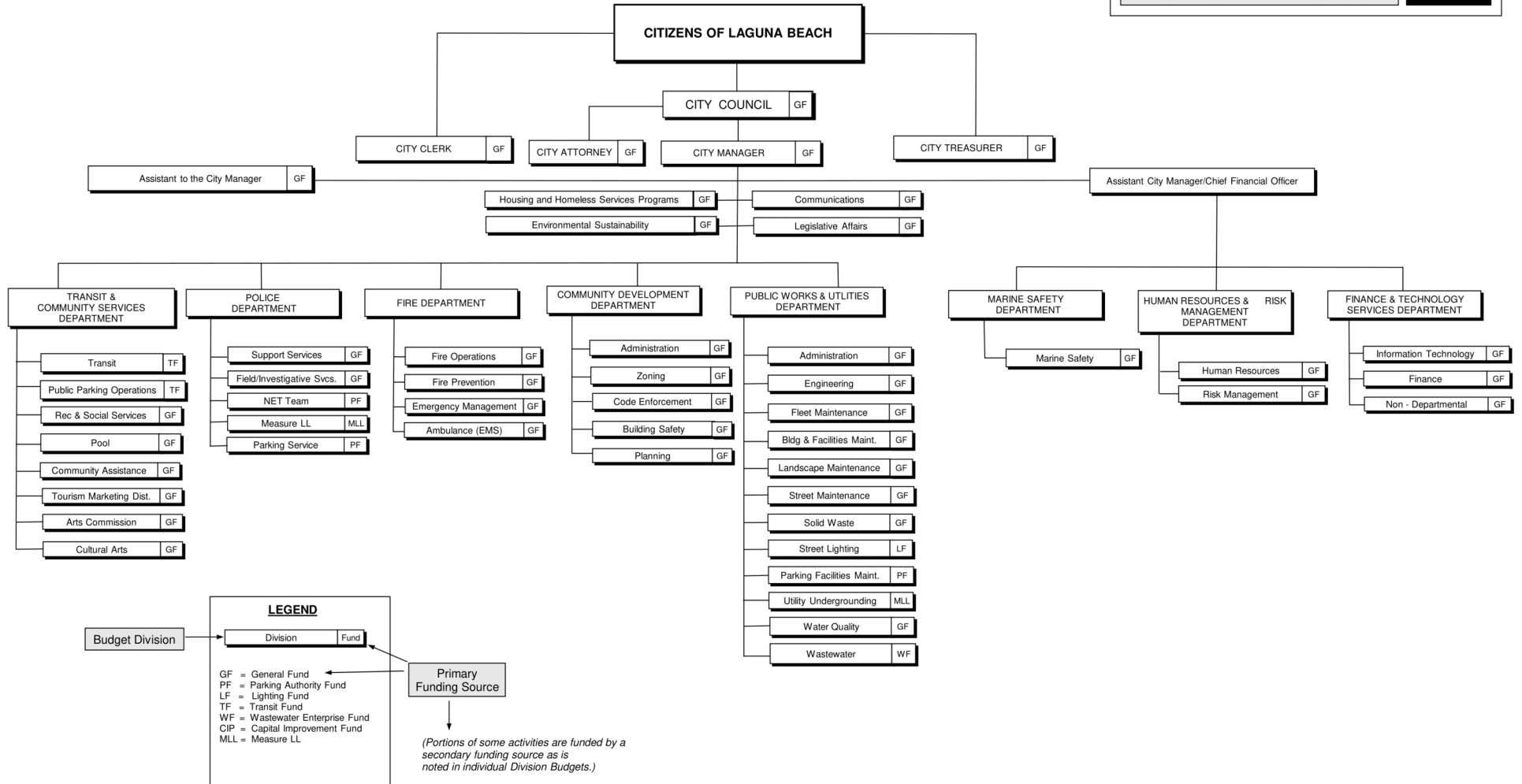
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Michelle Bannigan
Director of Finance

City of Laguna Beach 2024-25 Budget Structure

**Organization Chart
Expenditure Budget**

**All
Divisions**



City of Laguna Beach

ELECTED OFFICIALS As of June 30, 2025

MAYOR	ALEX ROUNAGHI
MAYOR PRO TEM	MARK ORGILL
COUNCILMEMBER	BOB WHALEN
COUNCILMEMBER	SUE KEMPF
COUNCILMEMBER	HALLIE JONES
CITY CLERK	ANN MARIE MCKAY
CITY TREASURER	LAURA PARISI

Executive Team

City Manager	Dave Kiff
Assistant City Manager	Gavin Curran
Assistant City Manager	Jeremy Frimond
Director of Finance	Michelle Bannigan
Director of Public Works and Utilities	Mark McAvoy
Director of Community Development	Matthew Schneider, Acting
Director of Transit and Community Services	Alexis Braun, Acting
Director of Human Resources	Aggie Nesh
Chief of Police	Jeff Calvert
Fire Chief	Niko King
Marine Safety Chief	Kai Bond
City Attorney	Megan Garibaldi



Government Finance Officers Association

Certificate of
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in Financial
Reporting

Presented to

**City of Laguna Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditors' Report

To the Honorable Mayor and Members of the City Council
City of Laguna Beach, 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Laguna Beach (hereafter, the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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



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



To the Honorable Mayor and Members of the City Council
City of Laguna Beach, California

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
March 30, 2026

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Laguna Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. Our intent is to assist the reader of these financial statements in better understanding the impact of financial decisions made by the City. This analysis will focus on the significant changes in an effort to explain the City's overall financial condition. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and supplementary information that presents combining statements for the General Fund, nonmajor governmental funds, and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, such as public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the City's sewer service and transit system.
 - Fiduciary fund statements provide information about the fiduciary relationships – such as the custodial funds of the City – in which the City acts solely as a custodian or trustee for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

	<u>Fund Statements</u>			
	<u>Government-wide Statements</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component unit	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or custodian for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Reconciliation of the balance sheet to the statement of net position • Statement of revenues, expenditures and changes in fund balances • Reconciliation of the statement of revenues, expenditures and changes to fund balances to the statement of activities	• Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, and deferred inflows/outflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets, although they can

Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid
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Reporting the City as a Whole

The accompanying government-wide financial statements include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report on the City's net position and changes in them. You can think of the City's net position – the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources – as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads and facilities, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Charges for services, grants, sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- Business-type activities – The City charges user fees to customers to offset all or most of the expenses accounted for in these funds.

Reporting the City's Major Funds

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for specific purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other current financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

- Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report on activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is a custodian for certain assets held for, and under the control of, other organizations and individuals. All the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Table 1
Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 177.9	\$ 180.3	\$ 15.4	\$ 14.9	\$ 193.3	\$ 195.2
Capital Assets	364.8	357.3	54.4	53.1	419.2	410.4
Total Assets	542.7	537.6	69.8	68.0	612.5	605.6
Deferred Outflows of Resources	28.5	38.1	0.4	1.5	28.9	39.6
Long-Term Debt Outstanding	120.4	118.4	15.2	18.7	135.6	137.1
Other Liabilities	18.2	12.6	2.0	3.5	20.2	16.1
Total Liabilities	138.6	131.0	17.2	22.2	155.8	153.2
Deferred Inflows of Resources	2.7	4.8	0.3	0.1	3.0	4.9
Net Position						
Net Investment in						
Capital Assets	348.0	356.2	40.9	38.7	388.9	394.9
Restricted	35.6	46.1	-	-	35.6	46.1
Unrestricted	46.4	37.6	12.1	8.5	58.5	46.1
Total Net Position	\$ 430.0	\$ 439.9	\$ 53.0	\$ 47.2	\$ 483.0	\$ 487.1

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 plus deferred outflows exceeded liabilities plus deferred inflows by approximately \$483.0 million as of June 30, 2025.

The largest portion of the City's net position, \$388.9 million (80.5%), is reflected in its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment less any related debt and capital related payables used to acquire those assets that are still outstanding). 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 capital related payables, it should be noted that the resources needed to repay this debt will be provided from future revenues and the remaining 19.5% of the City's net position, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position of \$35.6 million (7.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$58.5 million (12.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the City as a whole, as well as the governmental activities. For the City's business-type activities, the total net position was also positive, and there were no restrictions on net position.

The City's total net position decreased by \$4.2 million, a reduction of 1.0%, during the current fiscal year. The net position of governmental activities decreased by \$9.9 million, a reduction of 2.3%, and net position for business-type activities improved by \$5.7 million, an increase of 12.3%.

A summary of the government-wide statement of activities follows:

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 24,834	\$ 25,533	\$ 11,311	\$ 10,914	\$ 36,145	\$ 36,447
Operating Grants/Contributions	3,026	3,510	2,425	2,491	5,451	6,001
Capital Grants/Contributions	3,955	13,117	-	-	3,955	13,117
General Revenues						
Taxes and special assessments	86,789	84,405	-	-	86,789	84,405
Investment income	8,292	7,231	552	114	8,844	7,345
Miscellaneous revenues	155	1,248	711	185	866	1,433
Gain (loss) on sale/disposal of capital assets	527	-	-	-	527	-
Total Revenues	127,578	135,044	14,999	13,704	142,577	148,748
Expenses:						
General government	26,122	20,480	-	-	26,122	20,480
Community development	9,741	8,994	-	-	9,741	8,994
Public safety	62,859	56,334	-	-	62,859	56,334
Public works	30,287	29,254	-	-	30,287	29,254
Transit and community services	6,588	6,120	-	-	6,588	6,120
Interest and fiscal charges	297	191	-	-	297	191
Municipal transit	-	-	5,615	5,588	5,615	5,588
Sewer Service	-	-	8,273	9,419	8,273	9,419
Total Expenses	135,894	121,373	13,888	15,007	149,782	136,380
Increase (Decrease) in Net Position Before Transfers	(8,316)	13,671	1,111	(1,303)	(7,205)	12,368
Transfers	(3,673)	(2,027)	3,673	2,027	-	-
Increase (Decrease) in Net Position	(11,989)	11,644	4,784	724	(7,205)	12,368
Net Position-Beginning	439,891	428,247	47,242	46,518	487,133	474,765
Restatements	2,060	-	932	-	2,992	-
Net Position-Beginning, Restated	441,951	428,247	48,174	46,518	490,125	474,765
Net Position-Ending	\$ 429,962	\$ 439,891	\$ 52,958	\$ 47,242	\$ 482,920	\$ 487,133

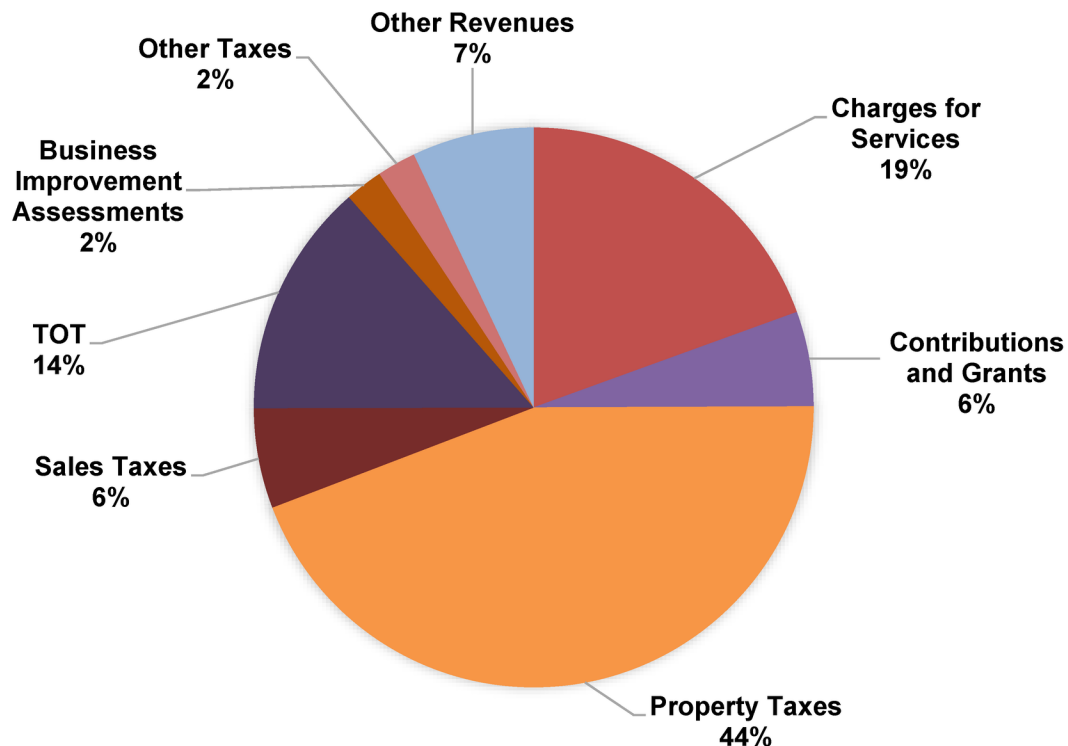
Governmental activities

During the current fiscal year, the City's net position for governmental activities decreased by \$9.9 million, or 2.3%. However, the beginning net position was restated to account for the implementation of a new accounting standard, correction of errors (the majority of which related to accounting for certain capital assets), and changes within the financial reporting entity. The impact of the restatement was an increase to the beginning net position for governmental activities of \$2.1 million. Additional information regarding the City's restatement of net position can be found in Note 18 in the notes to the basic financial statements. As a result, the ending net position for governmental activities decreased by \$9.9 million, comprised of the \$12.0 million reduction due to current fiscal year activity and the increase of \$2.1 million due to the restatement of the beginning net position balance.

The following table summarizes governmental activities revenue by source, percentages for the fiscal year ended June 30, 2025, and the percentage changes from the prior fiscal year.

Revenues by Source – Governmental Activities

	Fiscal Year 2024-25	Percent of Total	Increase (Decrease) from Fiscal Year 2023-24	Percent Increase (Decrease)
Charges for Services	\$ 24,833,561	19.5%	\$ (699,548)	-2.7%
Contributions and Grants	6,980,977	5.5%	(9,645,714)	-58.0%
Property Taxes	56,447,392	44.2%	2,673,740	5.0%
Sales Taxes	7,372,476	5.8%	(241,707)	-3.2%
Transient Occupancy Taxes	17,315,618	13.6%	(169,302)	-1.0%
Business Improvement Assessments	2,784,149	2.2%	(35,391)	-1.3%
Other Taxes	2,869,082	2.2%	156,124	5.8%
Other Revenues	8,974,491	7.0%	496,424	5.9%
Total Revenues	\$ 127,577,746	100.0%	\$ (7,465,374)	-5.5%



Total revenues from governmental activities decreased by \$7.5 million, or 5.5%, compared to the prior fiscal year.

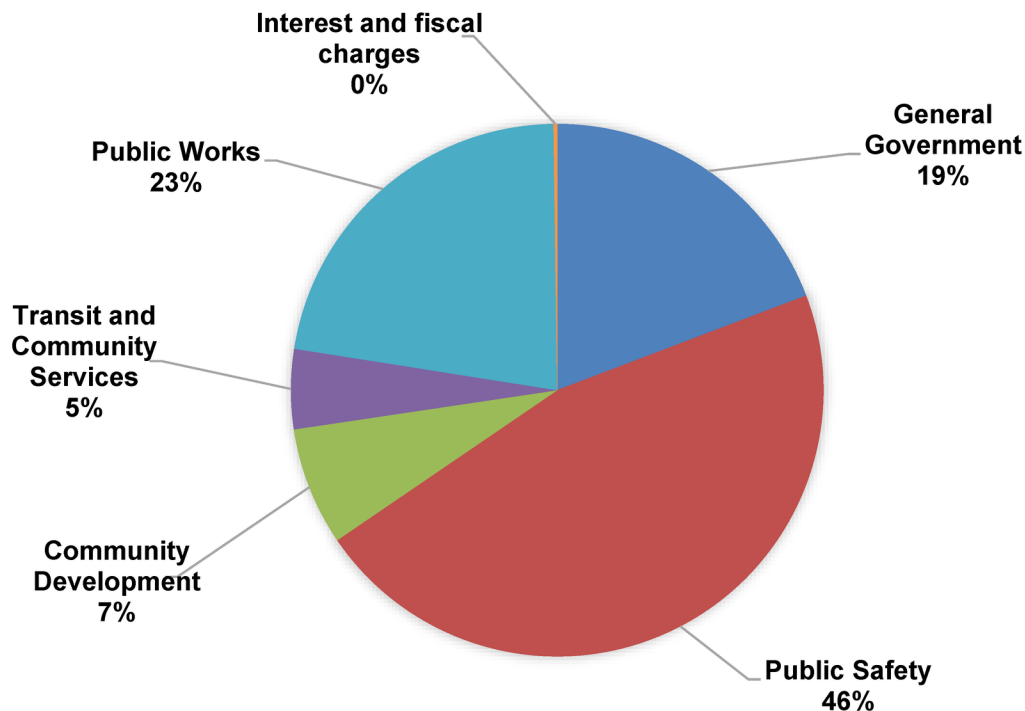
Contributions and grants decreased by \$9.6 million, or 58.0%, compared to the prior fiscal year. In fiscal year 2023-24, the City received \$13.1 million from the Woods Cove Assessment District No. 14-2 bond issuance. These bonds are not a liability of the City of Laguna Beach. Instead, the principal and interest payments are funded by assessments paid by the property owners who reside in the Assessment District. The funds were used to complete the utilities undergrounding project in the Woods Cover Assessment District.

Property taxes are the City's largest revenue source at \$56.4 million (44.2% of total governmental revenues). Property taxes increased approximately \$2.7 million or 5.0%, resulting from a steady increase in secured taxes driven by higher demand in housing and higher property values. The growth in property tax revenue is consistent with a corresponding 5.1% increase in the City's secured assessed property values as compared to the prior fiscal year.

The cost of all governmental activities during fiscal year 2024-25 was \$135.9 million, an increase of \$14.5 million, or 12.0% from the previous fiscal year. The following table summarizes governmental activities expenses by function, percentages of each function to total expenses as of June 30, 2025, and the percentage change from the previous fiscal year.

Expenses by Function – Governmental Activities

	Fiscal Year 2024-25	Percent of Total	Increase (Decrease) from Fiscal Year 2023-24	Percent Increase (Decrease)
General Government	\$ 26,121,782	19.2%	\$ 5,642,256	27.6%
Public Safety	62,859,451	46.3%	6,525,664	11.6%
Community Development	9,740,785	7.2%	746,932	8.3%
Transit and Community Services	6,587,567	4.8%	467,638	7.6%
Public Works	30,287,121	22.3%	1,033,386	3.5%
Interest and fiscal charges	296,717	0.2%	105,305	55.0%
Total Expenses	\$ 135,893,423	100.0%	\$ 14,521,181	12.0%



General government expenses (City Council, City Manager, City Attorney, City Clerk, City Treasurer, City Attorney, Human Resources and Finance) increased by \$5.6 million, or 27.6%, from the prior fiscal year due to the following:

- \$2.9 million increase in the operating loss from the Insurance and Employee Benefits internal service fund. There was a \$2.5 million general liability settlement, worker's compensation claims expense increased \$0.6 million, and overall premiums for insurance and benefits increased \$0.4 million.
- \$1.8 million increase in depreciation expense, mainly due to new software subscriptions placed in service during the current fiscal year.
- \$1.3 million increase in salaries from cost-of-living adjustments, step increases, and staffing modifications to support operational needs.

Public safety expenses (Police, Fire and Marine Safety) increased by \$6.5 million, or 11.6% from the prior fiscal year due to the following:

- \$2.1 million increase in salaries from cost-of-living adjustments, step increases, and staffing modifications to maintain service levels.
- \$2.1 million increase in pension retirement costs driven by increase in salaries and actuarial valuation of the City's pension liability.
- \$0.3 million increase in OPEB costs primarily driven by healthcare premium trends and actuarial valuation of the City's OPEB liability.
- \$0.8 million increase in fuel modification costs as the City expanded wildfire mitigation and vegetation management efforts to reduce fire risk in high-hazard areas.
- \$0.2 million increase in purchase of fire equipment to support the City's compliance with adopted response time and deployment standards.

Community development expenses increased by \$0.7 million, or 8.3%, from the previous fiscal year mainly due to increase in salaries and pension retirement costs driven by increase in salaries and actuarial valuation of the City's pension liability.

Transit and community services expenses increased by \$0.5, or 7.6%, from the previous fiscal year mainly due to a \$253,000 increase in the allocation of overhead administrative salaries.

Public works expenses increased by \$1.0 million, or 3.5%, from the previous fiscal year mainly due to an increase in assessment district undergrounding work performed in the current fiscal year.

Business-type activities

The business type activities reported in the government wide financial statements include the activities of the City's Sewer Service Enterprise Fund and Municipal Transit Enterprise Fund. As displayed in Table 2, program revenues related to business-type activities totaled \$13.7 million and were supplemented by investment income and miscellaneous income totaling \$1.3 million and a transfer from the governmental activities of \$3.7 million. Sewer service program revenues were \$11.1 million, representing 80.7% of total program revenues for business-type activities. Revenues from transit activities were \$2.6 million, representing 19.3% of total program revenues for business-type activities. Current year expenses from business-type activities totaled \$13.9 million, a reduction of \$1.1 million, or 7.5%, from the previous fiscal year. The reduction of \$1.1 million in expenses is attributable to a \$1.1 million reduction in costs in the sewer services activities, which were offset by a slight increase in transit-related expenses. Total net position for business-type activities improved by \$5.7 million, or 12.1%, from the previous fiscal year. As previously noted, the beginning net position was restated to account for the implementation of a new accounting standard and correction of errors. The impact of the restatement was an increase to the beginning net position for business-type activities of \$0.9 million. Additional information regarding the City's restatement of net position can be found in Note 18 in the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Governmental Funds. The 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 financing requirements and may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the governmental funds reported combined ending fund balances of \$130.3 million, a decrease of \$7.1 million in comparison with the prior year. The City has \$4.7 million (3.6%) in fund balance classified as nonspendable to indicate it cannot be readily converted to cash; \$35.5 million (27.3%) in restricted fund balance to indicate that it has an externally imposed restriction on the money may be spent; \$17.2 million (13.2%) in committed fund balance to indicate that the City Council committed how the money will be spent; \$72.9 million (55.9%) in assigned fund balance to indicate that the City Council has an assigned purpose or intent for how the money should be spent; and (\$0.02 million) unassigned fund balance to indicate that it is the residual balance not otherwise restricted. Of these fund balances, the City through its municipal code, committed 10% of its general fund balance based on the budget to reserves (\$8.6 million) and an additional 9.5% assigned through council action (\$8.1 million). Further detail on the classification of the City's fund balances can be found in Note 13 in the notes to the basic financial statements.

General Fund. The General Fund is the City's chief operating fund. As of June 30, 2025, the total fund balance of the General Fund was \$107.8 million, a reduction of \$3.0 million, or 2.7%, from the previous fiscal year. The reduction is attributed to \$2.3 million from fiscal year 2024-25 activities and \$0.7 million related to the restatement of beginning fund balance that was previously discussed related to the correction of an error.

The table below summarizes the various components of the General Fund's fund balance.

	Fiscal Year 2024-25	Fiscal Year 2023-24	Increase (Decrease) from Fiscal Year 2023-24	Percent Increase (Decrease)
Nonspendable	\$ 2,320,272	\$ 3,107,422	\$ (787,150)	-25.3%
Restricted	15,399,858	18,509,631	(3,109,773)	-16.8%
Committed	17,201,320	16,378,070	823,250	5.0%
Assigned	72,874,848	70,908,535	1,966,313	2.8%
Unassigned	(16,251)	1,908,385	(1,924,636)	-100.9%
	<u>\$ 107,780,047</u>	<u>\$ 110,812,043</u>	<u>\$ (3,031,996)</u>	<u>-135.2%</u>

Nonspendable fund balance includes prepaid expenses and inventory. Nonspendable fund balance decreased \$787,150, or 25.3%, from the previous fiscal year due to the delivery of a fire engine that the City had paid for in the prior fiscal year.

Restricted fund balance of \$15.4 million as of June 30, 2025, decreased \$3.1 million, or 16.8%, from the prior fiscal year for South Laguna public safety and maintenance costs.

Committed fund balance are amounts committed by City Council through ordinances. This includes a 10% reserve (\$8,550,000) and in lieu fees committed for drainage improvements, affordable housing, parking, park and recreation facilities, art in public places, library operations and improvements, and disaster contingency. During fiscal year 2024-25, committed fund balance increased \$823,250, or 5.0%, from the prior fiscal year mainly due to a \$500,000 increase in the reserve.

Assigned fund balance of \$72.9 million as of June 30, 2025, increased \$2.0 million, or 2.8%, from the prior fiscal year mainly due to a \$3.6 million increase in carryover appropriations. See Note 13 in the notes to the basic financial statements for additional information regarding assigned fund balance.

Unassigned fund balance deficit of \$16,251 as of June 30, 2025, decreased \$1.9 million, or 100%, from the prior fiscal year mainly due to more fund balance being classified as assigned fund balance.

The City's other major fund is the Assessment District Fund capital projects fund.

Assessment District Capital Project Fund. As of June 30, 2025, The Assessment District Capital Project Fund, which is used to account for assessment utility undergrounding projects funded by property owners of the assessment district, has a total fund balance of \$6.7 million. Revenues include contributions from property owners restricted for projects within each Assessment District and interest earned on such funds. The fund balance decreased by \$5.9 million due to the spending of bond proceeds on the Woods Cove Assessment District.

Proprietary Funds: The proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. The City operates two business-type activities as the Municipal Transit Fund and the Sewer Service Fund.

Municipal Transit Fund. The Municipal Transit Fund's unrestricted net position was \$1.7 million as of June 30, 2025, an increase of \$0.8 million, or 89.8%, from the previous fiscal year. Total revenues in the current fiscal year were \$2.7 million and total expenses were \$5.6 million, both of which were comparable to the prior fiscal year. Transfers in from the General fund increased by \$1.6 million. Other factors concerning the activity of this fund have already been addressed in the discussion of the City's business-type activities.

Sewer Service Fund. The Sewer Service Fund's unrestricted net position was \$10.4 million as of June 30, 2025, an increase of \$7.6 million, or 36.2%, from the previous fiscal year. Total revenues in the current fiscal year were \$12.3 million, which is an increase of \$1.3 million, or 11.9%, from the prior fiscal year. The increase is due to a 6% rate increase over five years effective July 1, 2021, with the final increase on July 1, 2026, as well as a \$0.5 million reimbursement from SOCWA for PC-17 capital project costs. Total expenses in the current fiscal year were \$8.3 million, which is a decrease of \$1.2 million, or 12.2% from the prior fiscal year. Other factors concerning the activity of this fund have already been addressed in the discussion of the City's business-type activities.

Internal Service Funds. As of June 30, 2025, the Internal Service Funds reported total unrestricted net position of \$10.3 million, a decrease of \$2.7 million, or 20.9%, from the prior fiscal year. Total revenues in the current fiscal year were \$17.9 million, which is an increase of \$0.4 million, or 2.3%, from the prior fiscal year due to an increase to the equipment usage charge collected from various City departments. Total expenses in the current fiscal year were \$20.9 million, an increase of \$3.0 million, or 16.8%, from the prior fiscal year. As previously discussed, there was an increase to claims and settlement expenses, and insurance and benefit premiums.

GENERAL FUND BUDGET

Differences between the original budget and the final amended budget of the General Fund expenditure totaled \$58.1 million, and significant items can be briefly summarized as follows:

- \$11.4 million increase for carryover appropriations, which are items appropriated in a prior fiscal year that have not yet been spent.

Major deviations between the final budget of the General Fund and its actual operating results were as follows:

- Total revenues exceeded budget estimates by \$4.3 million. This is primarily due to investment income exceeding budgeted amounts by \$4.3 million as there was a \$4.4 million unrealized gain on investments. Transient occupancy taxes were under budget by \$4.4 million, largely due to hotel closures. However, this budget shortfall is offset by revenues for business improvement assessments that exceeded budget estimates by \$2.8 million.
- Total expenditures were \$56.3 million under budget estimates. This was mainly due to delays or deferrals in capital equipment purchases, special programs, and capital projects that were not completed during the fiscal year. The remaining budget for these items will be carried over into the next fiscal year to support their continued progress.

These deviations did not significantly affect the City's liquidity or ability to provide future government services due to the City's strong General Fund reserves.

CAPITAL ASSETS

	Capital Assets - Net of Depreciation					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024 as Restated	2025	2024 as Restated	2025	2024 as Restated
Land	\$ 111,707,233	\$ 114,407,234	\$ 196,106	\$ 196,106	\$ 111,903,339	\$ 114,603,340
Works of Art	1,507,913	-	-	-	1,507,913	-
Buildings and Improvements	42,484,673	43,892,950	817,067	879,932	43,301,740	44,772,882
Office Equipment & Machinery	208,214	340,160	118,611	138,427	326,825	478,587
Furniture and Fixtures	578,646	2,159,515	4,955	6,677	583,601	2,166,192
Equipment Machinery & Tools	3,770,306	2,949,760	937,022	949,626	4,707,328	3,899,386
Sewer Plant and Lines	-	-	33,794,877	34,371,963	33,794,877	34,371,963
Capacity Rights	-	-	13,660,776	13,020,450	13,660,776	13,020,450
Automotive Equipment	6,622,379	6,176,204	-	-	6,622,379	6,176,204
Software	81,101	-	-	-	81,101	-
Infrastructure	147,482,857	144,604,256	-	-	147,482,857	144,604,256
Lease assets	1,192,067	623,876	37,326	336,174	1,229,393	960,050
Software as a service	1,681,863	479,467	23,876	15,197	1,705,739	494,664
Construction in Progress	47,449,035	45,029,639	4,815,909	3,731,174	52,264,944	48,760,813
Total	<u>\$ 364,766,287</u>	<u>\$ 360,663,061</u>	<u>\$ 54,406,525</u>	<u>\$ 53,645,726</u>	<u>\$ 419,172,812</u>	<u>\$ 414,308,787</u>

The major changes to the capital assets during the year ended June 30, 2025 included the completion of Park Ave Underground Utility District 2021-02 for \$1.9 million, Zone 3 Street Improvement Park/Thalia for \$1.9 million, Zone 5 Street Slurry Seal for \$1.5 million and Sunset Avenue Slope Repair for \$1.1 million. Additional information on unexpended construction commitments as of fiscal year-end and the City's capital assets can be found in Note 5 and Note 4, respectively, in the notes to the basic financial statements.

LONG-TERM DEBT

	Long-Term Liabilities					
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Lease Liabilities	\$ 1,204,714	\$ 662,560	\$ 38,306	\$ 340,710	\$ 1,243,020	\$ 1,003,270
SBITA Liabilities	1,021,973	300,861	5,294	11,427	1,027,267	312,288
Direct Borrowings	11,240,000	11,240,000	13,495,343	14,058,155	24,735,343	25,298,155
Total	<u>\$ 13,466,687</u>	<u>\$ 12,203,421</u>	<u>\$ 13,538,943</u>	<u>\$ 14,410,292</u>	<u>\$ 27,005,630</u>	<u>\$ 26,613,713</u>

The City's total debt increased by \$0.4 million (1%) during the current fiscal year. Total debt increased due to adding new Subscription-Based Information Technology Arrangement (SBITA) liabilities for a total of \$1.5 million, offset by the decrease made to total debt through amortization of leases and SBITA liabilities. Additional information on the City's long-term liabilities can be found in Notes 6, 9, 10, and 11 in the notes to the basic financial statements.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at the City of Laguna Beach, 505 Forest Avenue, Laguna Beach, California 92651.

Basic Financial Statements

Government-Wide Financial Statements

CITY OF LAGUNA BEACH
Statement Of Net Position
June 30, 2025

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
				Water District
ASSETS				
Cash and investments	\$ 159,335,166	\$ 12,477,027	\$ 171,812,193	\$ 15,489,816
Receivables (net of uncollectibles):				
Accounts receivable	1,641,499	857,669	2,499,168	2,115,649
Taxes receivable	7,459,269	250,197	7,709,466	80,559
Accrued interest receivable	479,245	333,840	813,085	139,373
Due from other governments	555,050	8,999	564,049	—
Notes and loans receivable	1,800,145	—	1,800,145	—
Lease receivables	1,157,591	—	1,157,591	5,457,704
Restricted assets:				
I-Bank installment agreements	—	1,405,675	1,405,675	—
Property for housing program	797,500	—	797,500	—
Inventories	100,372	—	100,372	485,619
Prepaid costs	4,608,077	—	4,608,077	311,300
Capital assets (not being depreciated/amortized)	160,664,181	5,012,015	165,676,196	9,907,757
Capital assets (net of accumulated depreciation/amortization)	204,102,106	49,394,510	253,496,616	54,462,030
Total assets	542,700,201	69,739,932	612,440,133	88,449,807
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pension plans	26,129,567	325,355	26,454,922	3,021,824
Deferred amounts related to OPEB	2,341,212	97,551	2,438,763	60,827
Total deferred outflows of resources	28,470,779	422,906	28,893,685	3,082,651
LIABILITIES				
Accounts payable	10,152,649	1,814,250	11,966,899	1,306,951
Accrued liabilities	2,717,065	56,862	2,773,927	155,091
Retainage payable	560,891	17,483	578,374	—
Accrued interest payable	—	157,213	157,213	69,217
Deposits payable	4,708,125	—	4,708,125	72,670
Unearned revenues	89,724	—	89,724	—
Noncurrent liabilities:				
Due within one year:				
Direct borrowings, leases, SBITA, claims, and compensated absences	6,043,787	684,682	6,728,469	205,870
Total OPEB Liability	332,751	13,864	346,615	—
Due in more than one year:				
Net Pension Liability	84,173,875	1,220,436	85,394,311	9,278,682
Total OPEB Liability	5,052,064	210,503	5,262,567	627,422
Direct borrowings, leases, SBITA, claims, and compensated absences	24,725,222	13,001,844	37,727,066	10,689,899
Total liabilities	138,556,153	17,177,137	155,733,290	22,405,802
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pension plans	931,967	—	931,967	107,565
Deferred amounts related to OPEB	650,708	27,113	677,821	336,797
Deferred amounts related to leases	1,070,287	—	1,070,287	5,103,943
Total deferred inflows of resources	2,652,962	27,113	2,680,075	5,548,305
NET POSITION				
Net investment in capital assets	347,952,327	40,850,099	388,802,426	57,445,071
Restricted:				
South Laguna maintenance	15,399,858	—	15,399,858	—
Street lighting maintenance and projects	6,482,856	—	6,482,856	—
Streets and roads maintenance and projects	3,148,908	—	3,148,908	—
Public safety programs	188,650	—	188,650	—
Affordable housing	1,766,700	—	1,766,700	—
Opioid remediation activities	76,819	—	76,819	—
Assessment district improvements	6,659,729	—	6,659,729	—
Animal shelter activities	1,497,850	—	1,497,850	—
Cultural and environmental stewardship activities	260,000	—	260,000	—
Pollution remediation projects	84,038	—	84,038	—
Unrestricted	46,444,130	12,108,489	58,552,619	6,133,280
Total net position	\$ 429,961,865	\$ 52,958,588	\$ 482,920,453	\$ 63,578,351

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CITY OF LAGUNA BEACH
Statement Of Activities
For The Year Ended June 30, 2025

		Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Expenses				
Functions/Programs:				
Primary government:				
Governmental activities:				
General Government	\$ 26,121,782	\$ 132	\$ 260,000	\$ —
Public safety	62,859,451	4,699,808	1,419,382	—
Community development	9,740,785	6,250,157	309,071	—
Transit and community services	6,587,567	2,323,806	41,193	—
Public works	30,287,121	11,559,658	996,170	3,955,161
Interest on long-term debt	296,717	—	—	—
Total governmental activities	135,893,423	24,833,561	3,025,816	3,955,161
Business-type activities:				
Sewer Service	8,273,044	11,086,076	—	—
Municipal Transit	5,614,599	225,195	2,424,801	—
Total business-type activities	13,887,643	11,311,271	2,424,801	—
Total primary government	\$ 149,781,066	\$ 36,144,832	\$ 5,450,617	\$ 3,955,161
Component Units:				
Water District	\$ 21,342,290	\$ 13,722,666	\$ —	\$ 136,991
General revenues and transfers:				
General revenues:				
Property taxes				
Sales taxes				
Transient occupancy taxes				
Franchise taxes				
Business license taxes				
Business improvement assessments				
Use of money and property				
Miscellaneous				
Gain on sale of capital asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position-beginning, as originally reported				
Change within financial reporting entity				
Restatement - change in accounting principle				
Restatement - correction of error				
Net position-beginning, restated				
Net position-ending				

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component
Governmental Activities	Business-Type Activities	Total	Water District
\$ (25,861,650)	\$ —	\$ (25,861,650)	\$ —
(56,740,261)	—	(56,740,261)	—
(3,181,557)	—	(3,181,557)	—
(4,222,568)	—	(4,222,568)	—
(13,776,132)	—	(13,776,132)	—
(296,717)	—	(296,717)	—
(104,078,885)	—	(104,078,885)	—
—	2,813,032	2,813,032	—
—	(2,964,603)	(2,964,603)	—
—	(151,571)	(151,571)	—
(104,078,885)	(151,571)	(104,230,456)	—
			(7,482,633)
56,447,392	—	56,447,392	4,337,807
7,372,476	—	7,372,476	—
17,315,618	—	17,315,618	—
1,689,087	—	1,689,087	—
1,179,995	—	1,179,995	—
2,784,149	—	2,784,149	—
8,292,269	551,731	8,844,000	714,037
155,518	711,222	866,740	202,791
526,704	—	526,704	—
(3,673,480)	3,673,480	—	—
92,089,728	4,936,433	97,026,161	5,254,635
(11,989,157)	4,784,862	(7,204,295)	(2,227,998)
439,891,213	47,241,552	487,132,765	66,060,730
984,938	(984,938)	—	—
(557,944)	(6,469)	(564,413)	(254,381)
1,632,815	1,923,581	3,556,396	—
441,951,022	48,173,726	490,124,748	65,806,349
\$ 429,961,865	\$ 52,958,588	\$ 482,920,453	\$ 63,578,351

Major Governmental Funds

General Fund

The General fund is used to account for resources which are dedicated to governmental operations of the City, and not required to be accounted for in another fund.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City of Laguna Beach has the following major Capital Projects Fund:

Assessment Districts Fund – The Assessment District Fund is used to account for assessment district utility undergrounding projects which are funded by property owners.

Non-Major Governmental Funds

These funds constitute all other governmental funds that do not meet the qualitative or quantitative criteria to be a major fund, which are the 10% test of assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures for the governmental funds and the 5% test of total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures for the total governmental and enterprise funds combined. These funds include other Special Revenue Funds of the City.

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Governmental Fund Financial Statements

CITY OF LAGUNA BEACH
Balance Sheet
June 30, 2025

	Capital Projects Fund			
	General Fund	Assessment Districts	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 111,327,616	\$ 8,730,019	\$ 13,986,599	\$ 134,044,234
Receivables (net of allowance for uncollectible):				
Taxes	7,406,839	—	52,430	7,459,269
Accounts	987,997	—	604,194	1,592,191
Interest	479,245	—	—	479,245
Intergovernmental	189,027	—	366,023	555,050
Leases	1,157,591	—	—	1,157,591
Prepaid expenses	2,219,900	—	2,388,177	4,608,077
Inventory	100,372	—	—	100,372
Total assets	\$ 123,868,587	\$ 8,730,019	\$ 17,397,423	\$ 149,996,029
LIABILITIES				
Accounts payable	\$ 7,207,092	\$ 1,731,904	\$ 847,005	\$ 9,786,001
Retainage payable	78,364	268,871	213,656	560,891
Accrued liabilities	2,717,065	—	2,764	2,719,829
Deposits	4,638,610	69,515	—	4,708,125
Unearned revenues	89,724	—	—	89,724
Total liabilities	14,730,855	2,070,290	1,063,425	17,864,570
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	287,398	—	440,000	727,398
Leases	1,070,287	—	—	1,070,287
Total deferred inflows of resources	1,357,685	—	440,000	1,797,685
FUND BALANCES (DEFICITS)				
Non-spendable	2,320,272	—	2,388,177	4,708,449
Restricted	15,399,858	6,659,729	13,505,821	35,565,408
Committed	17,201,320	—	—	17,201,320
Assigned	72,874,848	—	—	72,874,848
Unassigned	(16,251)	—	—	(16,251)
Total fund balances (deficits)	107,780,047	6,659,729	15,893,998	130,333,774
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 123,868,587	\$ 8,730,019	\$ 17,397,423	\$ 149,996,029

CITY OF LAGUNA BEACH**Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position
June 30, 2025**

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

Total fund balances - governmental funds		\$ 130,333,774
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		358,143,908
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	\$ 26,129,567	
Deferred outflows-OPEB related	2,341,212	
Deferred inflows-pension related	(931,967)	
Deferred inflows-OPEB related	<u>(650,708)</u>	
Total deferred outflows and inflows related to postemployment benefits		26,888,104
Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.		16,894,058
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Lease financing agreements	(11,240,000)	
Leases and subscription payable	(2,226,687)	
Net pension liability	(84,173,875)	
Total OPEB liability	<u>(5,384,815)</u>	
Total long-term liabilities		<u>(103,025,377)</u>
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>727,398</u>
Net position of governmental activities		<u>\$ 429,961,865</u>

CITY OF LAGUNA BEACH
Statement Of Revenues, Expenditures And Changes In Fund Balances
For The Year Ended June 30, 2025

	Capital Project Fund			
	General Fund	Assessment Districts	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 84,266,667	\$ —	\$ 2,485,805	\$ 86,752,472
License, fees and permits	3,369,833	—	—	3,369,833
Fines and forfeitures	1,252,961	—	—	1,252,961
Investment income (loss), net	8,285,195	290,611	313,009	8,888,815
Rental	735,917	—	—	735,917
Intergovernmental	3,439,239	—	1,930,636	5,369,875
Charges for services	7,496,149	—	—	7,496,149
Parking meters, lots and permits	11,431,086	—	—	11,431,086
Development fees	228,898	—	—	228,898
Other	517,337	—	273,227	790,564
Total revenues	121,023,282	290,611	5,002,677	126,316,570
EXPENDITURES				
Current:				
General Government	19,562,292	—	25,684	19,587,976
Community development	9,118,545	—	—	9,118,545
Public safety	57,402,991	—	—	57,402,991
Public works	15,406,905	6,184,512	1,034,677	22,626,094
Transit and community services	5,760,016	—	—	5,760,016
Capital outlay	13,568,975	—	4,071,279	17,640,254
Debt service:				
Principal retirement	1,057,417	—	—	1,057,417
Interest expense and fiscal charges	296,717	—	—	296,717
Total expenditures	122,173,858	6,184,512	5,131,640	133,490,010
Excess (deficiency) of revenues over (under) expenditures	(1,150,576)	(5,893,901)	(128,963)	(7,173,440)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	—	2,982,327	3,982,327
Transfers out	(7,905,368)	—	(1,050,439)	(8,955,807)
Gain on disposal of capital assets	3,469,439	—	—	3,469,439
Issuance of lease and SBITA liability	2,320,683	—	—	2,320,683
Total other financing sources (uses)	(1,115,246)	—	1,931,888	816,642
Net change in fund balances	(2,265,822)	(5,893,901)	1,802,925	(6,356,798)
Fund balances-beginning, as originally reported	110,812,043	12,553,630	14,091,073	137,456,746
Restatements - correction of error	(766,174)	—	—	(766,174)
Fund balances (deficit)-beginning, restated	110,045,869	12,553,630	14,091,073	136,690,572
Fund balances (deficit)-ending	\$ 107,780,047	\$ 6,659,729	\$ 15,893,998	\$ 130,333,774

CITY OF LAGUNA BEACH**Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of
Governmental Funds To The Statement Of Activities
For The Year Ended June 30, 2025**

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

Net change in fund balances - total governmental funds: \$ (6,356,798)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital outlay	\$ 17,089,497	
Depreciation/amortization expense	<u>(10,021,254)</u>	
Total adjustment		7,068,243

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position.

Loss/(gain) on disposal of capital assets	<u>(3,411,193)</u>	
Total adjustment		(3,411,193)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal payments on subscriptions and leases	1,057,417	
Initiation of new subscriptions and leases	<u>(2,320,683)</u>	
Total adjustment		(1,263,266)

Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities. (1,669,979)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Changes in pension liabilities and related deferred outflows and inflows of resources	(6,593,889)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(489,673)</u>	
Total adjustment		(7,083,562)

Change in net position of governmental activities		<u><u>\$ (11,989,157)</u></u>
--	--	--------------------------------------

Major Enterprise Funds

The Enterprise Funds are used to report activity for which a fee is charged to external users for goods or services. In addition, activities are required to be reported as enterprise funds if the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.

The City of Laguna Beach has the following major Enterprise Funds:

Municipal Transit Fund – The fund is used to account for the operations of the City's transit system. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, and maintenance.

Sewer Service Fund – The fund is used to account for the operations of the City's sewer system. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, and maintenance.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

CITY OF LAGUNA BEACH
Statement Of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities
	Sewer Service	Municipal Transit	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 10,545,852	\$ 1,931,175	\$ 12,477,027	\$ 25,290,932
Receivables (net of uncollectibles):				
Taxes	136,168	114,029	250,197	49,308
Accounts	21,117	836,552	857,669	—
Interest	333,840	—	333,840	—
Intergovernmental	—	8,999	8,999	—
Total current assets	11,036,977	2,890,755	13,927,732	25,340,240
Noncurrent:				
I-Bank installment agreements	1,405,675	—	1,405,675	—
Notes receivable	—	—	—	1,800,145
Property for housing program	—	—	—	797,500
Capital assets, not being depreciated/amortized	4,815,909	196,106	5,012,015	—
Capital assets, being depreciated/amortized, net	48,445,261	949,249	49,394,510	6,622,379
Total noncurrent assets	54,666,845	1,145,355	55,812,200	9,220,024
Total assets	65,703,822	4,036,110	69,739,932	34,560,264
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	244,016	81,339	325,355	—
Deferred amounts related to OPEB	73,163	24,388	97,551	—
Total deferred outflows of resources	317,179	105,727	422,906	—
LIABILITIES				
Current liabilities:				
Accounts payable	958,421	855,829	1,814,250	314,030
Accrued liabilities	37,232	19,630	56,862	49,854
Retainage payable	17,483	—	17,483	—
Interest payable	157,202	11	157,213	—
Compensated absences, due within one year	60,417	867	61,284	2,054,166
Insurance claims payable, due within one year	—	—	—	3,049,186
Lease liabilities, due within one year	—	38,306	38,306	—
Subscription IT liabilities, due within one year	3,970	1,324	5,294	—
I-Bank installment agreements, due within one year	579,798	—	579,798	—
Total OPEB liability, due within one year	10,398	3,466	13,864	—
Total current liabilities	1,824,921	919,433	2,744,354	5,467,236
Noncurrent liabilities:				
Compensated absences	43,665	42,634	86,299	5,084,203
Insurance claims payable	—	—	—	7,114,767
I-Bank installment agreements	12,915,545	—	12,915,545	—
Total OPEB liability	157,877	52,626	210,503	—
Net pension liability	915,327	305,109	1,220,436	—
Total noncurrent liabilities	14,032,414	400,369	14,432,783	12,198,970
Total liabilities	15,857,335	1,319,802	17,177,137	17,666,206
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to OPEB	20,335	6,778	27,113	—
Total deferred inflows of resources	20,335	6,778	27,113	—
NET POSITION				
Net investment in capital assets	39,744,374	1,105,725	40,850,099	6,571,569
Unrestricted	10,398,957	1,709,532	12,108,489	10,322,489
Total net position	\$ 50,143,331	\$ 2,815,257	\$ 52,958,588	\$ 16,894,058

CITY OF LAGUNA BEACH
Statement Of Revenues, Expenses And Changes In Net Position
Proprietary Funds
For The Year Ended June 30, 2025

	Business-Type Activities		Total Enterprise Funds	Governmental Activities
	Sewer Service	Municipal Transit		Internal Service Funds
OPERATING REVENUES				
Passenger revenues	\$ —	\$ 225,195	\$ 225,195	\$ —
Rental	—	—	—	2,535,200
Employee benefits charges	—	—	—	1,322,000
Insurance charges	—	—	—	13,509,609
Planning and zoning fees	11,086,076	—	11,086,076	—
Total operating revenues	11,086,076	225,195	11,311,271	17,366,809
OPERATING EXPENSES				
Personnel services	376,353	343,649	720,002	130,068
Contractual services	3,522,672	3,804,451	7,327,123	—
Materials and supplies	463,673	921,155	1,384,828	159,609
General and administrative	1,896,024	149,685	2,045,709	381,249
Employee benefits	—	—	—	1,788,501
Insurance premiums and claim payments	—	—	—	17,282,040
Depreciation/amortization	1,635,541	392,494	2,028,035	1,158,053
Total operating expenses	7,894,263	5,611,434	13,505,697	20,899,520
Operating income (loss)	3,191,813	(5,386,239)	(2,194,426)	(3,532,711)
NONOPERATING REVENUES (EXPENSES)				
Investment income	536,183	15,548	551,731	7,074
Intergovernmental	—	2,424,801	2,424,801	—
Interest expense and fiscal charges	(378,781)	(3,165)	(381,946)	—
Miscellaneous	—	—	—	47,346
Gain on disposal of capital assets	—	—	—	468,458
Other revenue	710,806	416	711,222	—
Total nonoperating revenues (expenses)	868,208	2,437,600	3,305,808	522,878
Income (loss) before transfers	4,060,021	(2,948,639)	1,111,382	(3,009,833)
Capital contributions	—	—	—	39,854
Transfers in	—	3,673,480	3,673,480	1,300,000
Change in net position	4,060,021	724,841	4,784,862	(1,669,979)
Net position-beginning, as originally stated	44,244,411	2,997,141	47,241,552	17,882,690
Restatements - change within financial reporting entity	(71,308)	(913,630)	(984,938)	984,938
Restatements - change in accounting principle	(12,807)	6,338	(6,469)	(557,944)
Restatements - correction of error	1,923,014	567	1,923,581	254,353
Net position-beginning, as restated	46,083,310	2,090,416	48,173,726	18,564,037
Net position-ending	\$ 50,143,331	\$ 2,815,257	\$ 52,958,588	\$ 16,894,058

CITY OF LAGUNA BEACH
Statement Of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2025

	Business-Type Activities			Governmental Activities
	Sewer Service	Municipal Transit	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 11,093,891	\$ 213,958	\$ 11,307,849	\$ 17,363,459
Payments to suppliers and service providers	(5,858,870)	(4,294,331)	(10,153,201)	(17,218,274)
Payments to employees for salaries and benefits	(3,763,143)	(674,276)	(4,437,419)	(2,721,654)
Other receipts (payments)	—	(3,953)	(3,953)	—
Net cash provided by (used for)				
operating activities	1,471,878	(4,758,602)	(3,286,724)	(2,576,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	—	3,673,480	3,673,480	1,300,000
Principal paid on non-capital debt	(562,812)	—	(562,812)	—
Issuance of notes receivable to housing program	—	—	—	(569,638)
Taxes	2,716	—	2,716	—
Operating grants and contributions	6,805,131	2,424,514	9,229,645	—
Net cash provided by (used for)				
noncapital financing activities	6,245,035	6,097,994	12,343,029	730,362
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	9,191	3,064	12,255	—
Capital contributions	—	—	—	39,854
Acquisition and construction of capital assets	(2,777,792)	—	(2,777,792)	(1,602,391)
Principal paid on capital debt	(13,791)	(307,003)	(320,794)	—
Interest paid on capital debt	(378,781)	(5,131)	(383,912)	—
Proceeds from sales of assets	—	—	—	1,011,120
Net cash provided by (used for)				
capital and related financing activities	(3,161,173)	(309,070)	(3,470,243)	(551,417)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	609,101	4,922	614,023	54,420
Net cash provided by (used for)				
investing activities	609,101	4,922	614,023	54,420
Net increase (decrease) in cash and cash equivalents	5,164,841	1,035,244	6,200,085	(2,343,104)
Cash and cash equivalents-beginning	5,381,011	895,931	6,276,942	27,634,036
Cash and cash equivalents-ending	\$ 10,545,852	\$ 1,931,175	\$ 12,477,027	\$ 25,290,932

CITY OF LAGUNA BEACH
Statement Of Cash Flows (Continued)
Proprietary Funds
For The Year Ended June 30, 2025

RECONCILIATION OF OPERATING INCOME (LOSS)

TO NET CASH PROVIDED BY (USED FOR)

OPERATING ACTIVITIES

Operating income (loss)	\$ 3,191,813	\$ (5,386,239)	\$ (2,194,426)	\$ (3,532,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation/amortization expense	1,635,541	392,494	2,028,035	1,158,053
(Increase) decrease in accounts receivable	7,815	(15,190)	(7,375)	(3,350)
(Increase) decrease in notes and loans receivable	—	—	—	(940,590)
(Increase) decrease in prepaid items	1,603	534	2,137	—
Increase (decrease) in accounts payable	(1,759,911)	425,824	(1,334,087)	49,506
Increase (decrease) in accrued liabilities	(121,569)	4,917	(116,652)	(55,543)
Increase (decrease) in compensated absences	27,649	4,173	31,822	518,754
Increase (decrease) in claims and judgments	—	—	—	229,412
Increase (decrease) in net pension liability	(1,510,570)	(212,606)	(1,723,176)	—
Increase (decrease) in net OPEB liability	(493)	27,491	26,998	—
Total adjustments	(1,719,935)	627,637	(1,092,298)	956,242

Net cash provided by (used for)

operating activities	\$ 1,471,878	\$ (4,758,602)	\$ (3,286,724)	\$ (2,576,469)
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SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL,

AND INVESTING ACTIVITIES

Capital assets acquired through leasing/software arrangements	\$ 9,191	\$ 3,064	\$ 12,255	\$ —
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Fiduciary Fund Financial Statements

CITY OF LAGUNA BEACH
Statement Of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	\$ 809,455
Investments with fiscal agent	1,008,712
Receivables:	
Taxes	<u>24,060</u>
Total assets	<u>1,842,227</u>
LIABILITIES	
Accounts payable	4,080
Deferred revenue	<u>47,403</u>
Total liabilities	<u>51,483</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>1,790,744</u>
Total net position	<u>\$ 1,790,744</u>

CITY OF LAGUNA BEACH
Statement Of Changes In Fiduciary Net Position
Fiduciary Funds
For The Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Special assessments	\$ 1,201,508
Investment income	57,267
Total additions	1,258,775
DEDUCTIONS	
General and administrative	17,285
Debt service	1,118,294
Total deductions	1,135,579
Net increase (decrease) in fiduciary net position	123,196
Net position-beginning	1,667,548
Net position-ending	\$ 1,790,744

Notes To Financial Statements

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Laguna Beach, California have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. The Reporting Entity

The City of Laguna Beach was incorporated in 1927 under the General Laws of the State of California. The City operates under a Council – Manager form of government governed by a five – member council and provides the following services public safety (police, fire, paramedic, and marine safety), highway and streets, parks and recreation, public improvements, planning and zoning and general administrative service.

1. *Discretely Presented Component Unit*

The Laguna Beach County Water District (the District) was incorporated in 1925, under the County Water District Act of the State Water Code, and is the second oldest operating district of its type in California. The District is governed by the publicly elected Laguna Beach City Council members, serving as the District's Board of Directors. In 1998, the Local Agency Formation Commission of the County of Orange, California approved the District's application to become a subsidiary district of the City of Laguna Beach, effective November 1, 2000. The District has a separately issued report that can be obtained from Laguna Beach County Water District, 306 Third Street, Laguna Beach, California, 92652.

The District is considered a component unit because the City Council also serves as its Board of Directors, and the City Council (District's Board of Directors) is considered to be financially accountable. There is no financial benefit or burden relationship between the City and the District, as the City does not have access to District resources, nor is the City legally obligated to assume debt of the District. Further management of the City does not have operating responsibilities for the District. Therefore, the District is presented as a discretely presented component unit.

2. *Blended Component Unit*

The Laguna Beach Financing Authority (Financing Authority) was established pursuant to a Joint Exercise of Powers Agreement dated October 1, 2022, between the City and the California Statewide Communities Development Authority. The purpose of the Authority is to provide the financing necessary for the purchase or construction of various facilities or improvements through the issuance of debt. Although the Financing Authority is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Financing Authority and the management of the City has operational responsibility for the Financing Authority. The activities of the Financing Authority are recorded in the debt service fund. Separate Financial Statements of the Financing Authority are prepared and can be obtained at City Hall.

B. Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government – wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements required to be adopted and implemented by the end of the fiscal year.

1. *Government - Wide Financial Statements*

Government – wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. The effect of interfund activity has been removed from these statements. These statements include separate columns for the governmental and business – type activities of the primary government.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government – wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long – term) economic resources and obligations of the reporting government are reported in the government – wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets liabilities, and deferred inflows/outflows of resources resulting from exchange and exchange – like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government – wide financial statements, rather than reported as an expenditure. Proceeds of long – term debt are recorded as a liability in the government – wide financial statements, rather than as another financing source. Amounts paid to reduce long – term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As discussed earlier, the City also presents the Water District as a discretely presented component unit on the government – wide statements.

2. Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self – balancing accounts that comprise its assets liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government – wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

3. Governmental Funds

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified – accrual basis of accounting. The revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for most of its material revenues including property taxes and uses an availability period of 180 days for grants.

Sales taxes, property taxes, franchise taxes, gas taxes, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period, as defined above. All other revenue items are considered to be measurable and available when cash is received by the government.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

As stated above, in the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect fund balance, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Amounts paid to reduce long-term indebtedness are reported as fund expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. *Proprietary and Fiduciary Funds*

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, the proprietary funds and fiduciary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary and fiduciary funds are presented using the economic resources measurement focus. This means that all assets, liabilities (whether current or noncurrent), and deferred inflows/outflows of resources associated with their activity are included. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Classifications

The City of Laguna Beach reports the following major governmental funds:

1. *General Fund*

This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

2. *Assessment Districts Capital Projects Fund*

This fund is used to account for assessment district utility undergrounding projects which are funded by property owners of the assessment district. Revenues include contributions from property owners restricted for projects within the Assessment District and interest earned on such funds. The City has designated this fund as a major fund.

The City of Laguna Beach reports the following major enterprise funds:

3. *Municipal Transit Fund*

This fund is used to account for the operations of the City's transit system. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, and maintenance. The City has designated this fund as a major fund.

4. *Sewer Service Fund*

This fund is used to account for the operations of the City's sewer services. All activities necessary to provide such service are accounted for in this fund.

The City's fund structure also includes the following fund types:

5. *Special Revenue Funds*

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

6. *Debt Service Fund*

This fund accounts for the servicing of long-term debt.

7. *Internal Service Funds*

The Internal Service Funds are used to account for the City's cost of providing employee benefits and various forms of insurance provided to the City departments, and the cost of maintaining and replacing the City's vehicles.

8. *Custodial Fund*

The Fiduciary fund is used to account for assets held by the City as an agent for improvement district bond holders and property owners.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this system, encumbrances are recorded in the general, special revenue, and capital projects fund store present purchase orders, contracts and other commitments. Encumbrances at year-end are reported with in the restricted, committed, or assigned fund balance depending on the resources that have been identified to fund the applicable encumbrance. The total encumbrances outstanding as of June 30, 2025 were as follows:

General Fund	\$ 6,184,399
Assessment Districts Capital Projects Fund	50,207
Nonmajor Governmental Funds	707,161
Enterprise Funds	2,024,739
Total Encumbrances	<u>\$ 8,966,506</u>

E. Cash and Investments

All cash and investments other than that held by fiscal agents are either held in certificates of deposits in local banks or in a City-wide investment pool. Accordingly, all cash and investments in the proprietary fund types are considered cash and cash equivalents.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains and losses realized upon the liquidation, maturity, or sale of investments.

F. Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

G. Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as non-spendable fund balance by the advancing governmental fund, when reported in the General Fund or with in restricted fund balance for other governmental funds.

H. Inventory

Inventories are valued at cost and are consumed using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

I. Prepays

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 (consumption method).

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Investments with Fiscal Agent

Certain proceeds from the issuance of debt, as well as certain resources set aside for the payment of debt, are classified as investments with fiscal agent because they are held by an agent and their use is limited by applicable debt agreements. These funds are held in custodial funds only.

K. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated acquisition value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include public domain (infrastructure) consisting of certain improvements other than buildings, including storm drains, beach stairways, streets, sidewalks, sewer line relining, sewer lines, and nuisance water diversification units.

Capital assets used in operations are depreciated over their estimated useful lives. The City uses the straight – line method in the government – wide financial statements and the proprietary fund financial statements for depreciating storm drains, beach stairways, streets, sidewalks, sewer line relining, sewer lines, nuisance water diversification units, buildings and improvements, office equipment and machines, furniture and fixtures, equipment, machinery and tools, and automotive equipment. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position.

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight – line method.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight – line method.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The ranges of lives used for depreciation/amortization for each fixed asset class are as follows:

Asset	Years
Storm Drains	40 years
Beach Stairways	30 years
Streets	50 years
Sidewalks	50 years
Sewer Line Relining	40 years
Sewer Lines	50 years
Nuisance Water Diversification Units	30 years
Buildings and Improvements	30 years
Office Equipment and Machines	5 years
Furniture and Fixtures	3 to 8 years
Equipment, Machinery, and Tools	3 to 8 years
Automotive Equipment	2 to 20 years
Right to Use Asset	Shorter of useful life or lease term/subscription term

L. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables. The County is permitted by state law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax value base no more than 2% per year.

M. Compensated Absences

Accumulated unpaid vacation and sick leave amounts are currently funded and recorded as expenditures in the individual funds. These amounts are recorded as employee benefit charges and are accrued when incurred in the Municipal Transit and Sewer Service Enterprise Fund, and the Insurance and Employee Benefits Internal Service Fund. The majority of sick leave is paid out at a rate of one hour for every two hours banked and, therefore, is recorded at 50% of the total leave balance. Vacation accruals have no such limitations and are recorded at 10% of the total leave balance.

N. Lease Liabilities

Lease liabilities represent the City's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

O. Subscription Liabilities

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined only at the government – wide level, proprietary funds, and fiduciary funds and are described below.

Net Investment in Capital Assets – describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets and capital – related payables.

Restricted – describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted – describes the portion of net position which is not restricted as to use.

Q. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government – wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted – net position to have been depleted before unrestricted – net position is applied, however it is at the Council's discretion.

R. Fund Balances

Fund balances are reported in the fund statements in the following classifications:

1. Nonspendable Fund Balance

Nonspendable Fund Balance – This includes amounts that cannot be spent because they are either not spendable in form (such as prepaid amounts and inventory) or legally or contractually required to be maintained intact (such as endowments).

2. Spendable Fund Balances

Restricted Fund Balance – This includes amounts that can be spent only for specific purposes stipulated by legal requirements imposed by other governments, external resource providers, enabling legislation, or creditors. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by the highest level of formal action of the City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action. The constraints are imposed by Resolution of the City Council, the highest level of approval.

Assigned Fund Balance – This includes amounts that are intended to be used for specific purposes as indicated by City Council or by persons to whom City Council has delegated the authority to assign amounts for specific purposes. City Council has not delegated such authority.

Unassigned Fund Balance – This includes the remaining spendable amounts which are not included none of the other classifications. The use of this classification is limited to the General Fund or other governmental funds with a deficit fund balance.

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the City's policy that restricted resources will be applied first, followed by (in order of application) restricted, committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

S. General Fund Balance Policy

It is the policy of the City to maintain a minimum reserve in unassigned fund balance for unforeseen emergencies or catastrophic impacts upon the City, and whenever fiscally possible and financially prudent, to maintain a greater target reserve. The minimum reserve of the General Fund is 10% of General Fund operating expenditures (single fund, not combined General Fund) per the City's municipal code. However, the City Council has established a policy of a higher reserve target of 20%. Total expenditures were \$98,142,962 and the minimum reserve requirement was \$19,628,592. The City's General Fund (single fund, not combined) reported \$16,665,455 in reserves in committed and assigned fund balance as of June 30, 2025.

T. Deficit Fund Balance

The City had the following funds with deficit fund balance as of June 30, 2025:

Fund Name	Fund Type	Deficit
Deposits	General Fund Subfund	\$ 16,251
Insurance and Employee Benefits	Internal Service Fund	\$ 4,896,903

U. Grant and Allocations

The City is a recipient of state and federal grants, which are governed by laws and regulations established by the granting agencies. Costs charged to the respective grant programs are subject to review and adjustment by the granting agencies. Certain requests relating to this funding are pending approval by the funding agency. The amount of disallowed cost, if any, that might be associated with this funding, cannot be reasonably estimated.

V. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experience, changes of assumptions, and differences between actual contributions and proportionate share of contributions and changes in proportion. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to OPEB for differences between expected and actual experience and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with retiree healthcare benefits through the plans.

In addition to liabilities, the statement of net position and governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following item that qualifies for reporting in this category:

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Deferred inflows related to pensions for differences between expected and actual experience, changes of assumptions, and differences between actual contributions and proportionate share of contributions and changes in proportion. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions resulting from the net differences between projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over 5 years.
- Deferred inflows related to OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with retiree healthcare benefits through the plans.
- Deferred inflows related to leases where the City is the lessor, which may be reported in the governmental funds statement of net position. These amounts are recognized on a straight-line basis over the term of the lease.

W. 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 California Public Employees Retirement System (CalPERS) plans and additions to/deductions from the Plan's 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.

X. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Y. New Accounting Pronouncements

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The City has evaluated the impact of this statement and made adjustments as noted in footnote 18.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a state or local government's vulnerabilities due to the variety of risks they face. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The City has evaluated the impact of this statement and determined that no additional disclosures are necessary at this time.

City Of Laguna Beach
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS

A. Cash and Investments

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

Statement of Net Position	
Cash and investments - Governmental Activities	\$ 159,335,166
Cash and investments - Business-type Activities	12,477,027

Statement of Fiduciary Net Position	
Cash and cash equivalents	809,455
Investments with fiscal agent	1,008,712
Total cash and investments	<u>\$ 173,630,360</u>

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

Cash on hand	\$ 10,070
Deposits with financial institutions	34,137,150
Investments	139,483,140
Total cash and investments	<u>\$ 173,630,360</u>

B. 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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity *	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer *
U.S. Treasury obligations	Yes	5 years	None	None
Federal agency securities	Yes	5 years	None	None
Bankers acceptances	Yes	180 days	25%	None
Supranational Securities	Yes	5 years	5%	None
Commercial paper	Yes	270 days	25%	3%
Certificates of deposit (nonnegotiable)	Yes	5 years	None	None
Certificates of deposit (negotiable)	Yes	5 years	25%	None
Medium-term notes	Yes	5 years	25%	3%
Municipal bonds**	Yes	5 years	25%	5%
Money market mutual funds	Yes	N/A	20%	20%
Local Agency Investment Fund	Yes	N/A	None	\$75 million

*Based on state law requirements or investment policy requirement, whichever is more restrictive.

**Includes City of Laguna Beach debt/bonds and may be authorized by City Council in excess of five years.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

C. Investment Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The debt agreements permit the investments held by bond trustee to be invested in investment types that are permitted by California Government Code Section 53601 as directed by the City Treasurer.

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations are provided by the following tables that show the distribution of the City's investments by maturity as of June 30, 2025.

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
Federal Agency Securities	\$ 75,070,499	\$ 52,332,234	\$ 22,738,265	\$ —
Municipal Bonds	2,542,326	2,542,326	—	—
Local Agency Investment Fund	26,691,519	26,691,519	—	—
Medium-Term Notes	7,608,474	2,727,614	2,943,330	1,937,530
Supranational	1,965,490	1,965,490	—	—
City Bonds*	529,000	—	—	529,000
United States Treasury Bill	23,089,840	13,960,480	9,129,360	—
Certificates of Deposit (negotiable)	977,280	251,020	726,260	—
Held by Fiscal Agent:				
Local Agency Investment Fund	310,209	310,209	—	—
Money market mutual funds	698,503	698,503	—	—
Total investments	<u>\$ 139,483,140</u>	<u>\$ 101,479,395</u>	<u>\$ 35,537,215</u>	<u>\$ 2,466,530</u>

*City Council has approved the investment in the debt/bonds of Assessment Districts 13-6, 14-1 and 15-2 in the amount of \$529,000 which have maturities in excess of five years and are nonnegotiable.

E. 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 Standard & Poor's (S&P) actual rating as of year-end for each investment type.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment Type	Total	Minimum Legal Rating	Moody's Rating as of Fiscal Year End				Exempt or Not Rated
			AAA	AA	A	BBB	
Federal Agency Securities	\$ 75,070,499	N/A	\$ —	\$ 75,070,499	\$ —	\$ —	\$ —
Municipal Bonds	2,542,326	A*	498,456	2,043,870	—	—	—
Local Agency Investment Fund	26,691,519	N/A	—	—	—	—	26,691,519
Medium-Term Notes	7,608,474	A	—	3,693,644	2,939,350	975,480	—
Supranational	1,965,490	AA	1,965,490	—	—	—	—
City Bonds*	529,000	N/A	—	—	—	—	529,000
United States Treasury Bill	23,089,840	N/A	—	—	—	—	23,089,840
Certificates of Deposit (negotiable)	977,280	N/A	—	—	—	—	977,280
Held by Fiscal Agent:							
Local Agency Investment Fund	310,209		—	—	—	—	310,209
Money market mutual funds	698,503		698,503	—	—	—	—
Total investments	<u>\$139,483,140</u>		<u>\$ 3,162,449</u>	<u>\$ 80,808,013</u>	<u>\$ 2,939,350</u>	<u>\$ 975,480</u>	<u>\$ 51,597,848</u>

*City of Laguna Beach debt/bonds in the amount of \$529,000 are exempt from the minimum legal rating.

F. Concentration of Credit Risk

Concentration credit risk is the heightened risk of potential loss when investments are concentrated none issuer. The investment policy of the City contains a 3% limitation on the amount that can be invested in anyone issuer of Commercial Paper or Medium-Term Notes and a 5% limitation on the amount that can be invested in anyone issuer of Municipal Bonds. The City has no investments in excess of these limitations.

Investments in anyone issuer (other than external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Amount
United States Treasury	U.S. Treasury obligations	\$ 23,089,840
Federal Home Loan Bank	Federal Agency Securities	45,691,079
Federal Home Loan Mortgage Corporation	Federal Agency Securities	12,815,470
Federal Farm Credit Bank	Federal Agency Securities	10,722,410

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that all investment transactions be conducted on a delivery-versus-payment (DVP) basis. The City's investment policy also requires that an independent, third-party custodian designated by the Treasurer hold all securities. For all executed transactions, the third-party custodian is required to issue a safe keeping receipt to the City that lists the specific instrument, rate, maturity and other information pertinent to the transaction.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The California Government Code and the City's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 10% 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. As of June 30, 2025, all of the City's funds are held in accordance with these provisions.

For investments identified herein as held by the fiscal agent, the City Treasurers elects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

H. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the state of California. The fair value of the City's investment 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 and is limited to the account balance. The California Local Agency Investment Fund is not insured or collateralized. The Fund is subject to regulatory oversight by the state of California Treasurer, although it is not registered with the Securities and Exchange Commission. Deposits and withdrawals to and from LAIF are made on the basis of \$1 and not at fair value. According, under the fair value hierarchy, the investment with LAIF is uncategorized.

I. Fair Value Measurements

The City categorizes its fair value measurement 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 assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets and liabilities through corroboration with market data (the market approach), and Level 3 inputs are significant unobservable inputs. Federal agency securities, municipal bonds, medium term notes, and supranational, classified in Level 2 of the fair value hierarchy, are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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

	Fair Value	Observable Inputs Level 2
Investment Type (Subject to Hierarchy)		
Federal Agency Securities	\$ 75,070,499	\$ 75,070,499
Municipal Bonds	2,542,326	2,542,326
Medium-Term Notes	7,608,474	7,608,474
Supranational	1,965,490	1,965,490
City Bonds	529,000	529,000
United States Treasury Bill	23,089,840	23,089,840
Certificate of Deposit (negotiable)	977,280	977,280
Total Subject to Hierarchy	111,782,909	<u>\$ 111,782,909</u>
Uncategorized (Not Subject to Hierarchy)		
Local Agency Investment Fund	27,001,728	
Money Market Mutual Funds	698,503	
Total Investment Portfolio	<u>\$ 139,483,140</u>	

NOTE 3 - INTERFUND ACTIVITY

Interfund transfers at June 30, 2025 consisted of the following:

Transfer In	Transfer Out		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ —	\$ 1,000,000	\$ 1,000,000
Non-Major Governmental Funds	2,931,888	50,439	2,982,327
Municipal Transit Enterprise Fund	3,673,480	—	3,673,480
Internal Service Funds	1,300,000	—	1,300,000
Total	<u>\$ 7,905,368</u>	<u>\$ 1,050,439</u>	<u>\$ 8,955,807</u>

Transfers were used to:

1. Transfer from the General Fund to various Non-Major Governmental Funds totaling \$2,931,888 to support various City activities and projects. Transfer from the General Fund (Parking) to the Municipal Transit Fund in the amount of \$3,673,480 to cover the balance of operating and capital expenditures not funded from grants or other revenues.
2. Transfer from the General Fund to the Vehicle Replacement Fund in the amount of \$1,000,000 for the repayment of internal loan for sale of 31729 and 31735 Coast Highway. Transfer from the General Fund (Parking) to the Vehicle Replacement Fund in the amount of \$300,000 to fund replacement of transit trolleys.
3. Transfer from the Street Lighting District Fund to the General Fund (Wildfire Mitigation and Fire Safety) in the amount of \$1,000,000 to fund wildfire mitigation and undergrounding.
4. Transfer from the Asset Forfeiture Fund to the State Asset Forfeiture Fund in the amount of \$50,439 to establish a separate State Asset Forfeiture Fund.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 were as follows:

Governmental Activities	Balance June 30, 2024, as Restated	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets, not being depreciated/amortized				
Land	\$ 114,407,234	\$ —	\$ (2,700,001)	\$ 111,707,233
Works of Art	—	—	1,507,913	1,507,913
Construction-in-progress	45,029,639	12,664,615	(10,245,219)	47,449,035
Total capital assets, not being depreciated/amortized	159,436,873	12,664,615	(11,437,307)	160,664,181
Capital assets, being depreciated/amortized				
Buildings and Improvements	84,905,556	—	930,449	85,836,005
Office Equipment and Machinery	5,853,189	—	—	5,853,189
Furniture and Fixtures	2,987,035	—	(1,507,913)	1,479,122
Equipment, Machinery, and Tools	8,620,320	944,832	235,442	9,800,594
Automotive Equipment	17,963,095	1,606,067	(872,418)	18,696,744
Software	—	94,520	—	94,520
Lease Assets				
Building	212,112	—	—	212,112
Office Equipment and Machinery	250,329	914,394	(69,755)	1,094,968
Automotive Equipment	485,394	—	—	485,394
Software as a Service	1,024,434	2,401,730	(15,760)	3,410,404
Infrastructure	256,979,121	69,406	8,238,183	265,286,710
Total capital assets, being depreciated/amortized	379,280,585	6,030,949	6,938,228	392,249,762
Less accumulated depreciation/amortization for				
Buildings	(41,012,604)	(2,338,728)	—	(43,351,332)
Office Equipment and Machinery	(5,513,028)	(131,947)	—	(5,644,975)
Furniture and Fixtures	(827,524)	(72,952)	—	(900,476)
Equipment, Machinery, and Tools	(5,670,560)	(489,681)	129,953	(6,030,288)
Automotive Equipment	(11,786,892)	(1,158,053)	870,580	(12,074,365)
Software	—	(13,419)	—	(13,419)
Lease Assets				
Building	(83,912)	(27,971)	—	(111,883)
Office Equipment and Machinery	(87,687)	(257,558)	69,755	(275,490)
Automotive Equipment	(152,360)	(60,674)	—	(213,034)
Software as a Service	(544,967)	(1,199,334)	15,760	(1,728,541)
Infrastructure	(112,374,863)	(5,428,990)	—	(117,803,853)
Total accumulated depreciation/amortization	(178,054,397)	(11,179,307)	1,086,048	(188,147,656)
Total capital assets, being depreciated/amortized, net	201,226,188	(5,148,358)	8,024,276	204,102,106
Governmental activities capital assets, net	\$ 360,663,061	\$ 7,516,257	\$ (3,413,031)	\$ 364,766,287

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Total Business-Type Activities	Balance June 30, 2024, as Restated	Additions	Deletions/ Transfers	Balance June 30, 2025
Capital assets, not being depreciated/amortized				
Land	\$ 196,106	\$ —	\$ —	\$ 196,106
Construction-in-progress	3,731,174	2,670,564	(1,585,829)	4,815,909
Total capital assets, not being depreciated/amortized	3,927,280	2,670,564	(1,585,829)	5,012,015
Capital assets, being depreciated/amortized				
Buildings and Improvements	1,916,298	—	—	1,916,298
Office Equipment and Machinery	725,014	—	—	725,014
Furniture and Fixtures	38,605	—	—	38,605
Equipment, Machinery, and Tools	1,686,209	74,101	—	1,760,310
Automotive Equipment	—	—	—	—
Sewer Plant and Lines	62,290,056	—	585,825	62,875,881
Lease Assets				
Automotive Equipment	1,232,715	—	(299,543)	933,172
Software as a Service	34,191	44,169	—	78,360
Capacity Rights	40,385,424	—	1,000,004	41,385,428
Total capital assets, being depreciated/amortized	108,308,512	118,270	1,286,286	109,713,068
Less accumulated depreciation/amortization				
Buildings and Improvements	(1,036,365)	(62,866)	—	(1,099,231)
Office Equipment and Machinery	(586,587)	(19,816)	—	(606,403)
Furniture and Fixtures	(31,928)	(1,722)	—	(33,650)
Equipment, Machinery, and Tools	(736,583)	(86,705)	—	(823,288)
Automotive Equipment	—	—	—	—
Sewer Plant and Lines	(27,918,094)	(1,162,910)	—	(29,081,004)
Lease Assets				
Automotive Equipment	(896,541)	(298,848)	299,543	(895,846)
Software as a Service	(18,994)	(35,490)	—	(54,484)
Capacity Rights	(27,364,974)	(359,678)	—	(27,724,652)
Total accumulated depreciation/amortization	(58,590,066)	(2,028,035)	299,543	(60,318,558)
Total capital assets, being depreciated/amortized, net	49,718,446	(1,909,765)	1,585,829	49,394,510
Business-Type Activities Capital Assets, Net	<u>\$ 53,645,726</u>	<u>\$ 760,799</u>	<u>\$ —</u>	<u>\$ 54,406,525</u>

Depreciation and amortization expense was charged to the following functions of governmental activities in the statement of activities:

General government	\$ 2,276,863
Community Development	5,969
Public Safety	666,554
Public Works	6,385,279
Transit and Community Services	686,589
Internal Service Funds	1,158,053
Total	<u>\$ 11,179,307</u>

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to the following functions of business-type activities in the statement of activities:

Municipal Trust	\$ 392,494
Sewer Service	1,635,541
Total	<u>\$ 2,028,035</u>

NOTE 5 - CONSTRUCTION COMMITMENTS

As of June 30, 2025, contract commitments for major capital projects included the following:

Description	Project Contract	Expenditures to Date	Unexpended Balance
AD 2014-2 Woods Cove Undergrounding	\$ 9,247,568	\$ 3,616,201	\$ 5,631,367
Anita St Sewer LS & Beach Access	5,311,250	—	5,311,250
PAED Documents for Laguna Canyon Road Improvements	2,706,412	780,881	1,925,531
Upgrade Computer Aided Dispatch system	1,373,861	137,386	1,236,475
North Coast Interceptor Intertie	3,500,000	2,487,968	1,012,032
Zones 5 & 11A Slurry Rehab	1,538,559	666,881	871,678
Anita St Sewer LS & Beach Access	764,150	—	764,150
Main Beach Park Renovation	1,480,944	864,263	616,681
Fuel Modification	1,386,000	789,043	596,957
AD 2014-2 Woods Cove Undergrounding	827,642	299,305	528,337
Total	<u>\$ 28,136,386</u>	<u>\$ 9,641,928</u>	<u>\$ 18,494,458</u>

NOTE 6 - RISK MANAGEMENT

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 natural disasters.

The City retains the risk of loss for general/auto liability claims of up to \$400,000 per occurrence and workers' compensation claims of up to \$300,000 per person per occurrence. Additionally, the City has retained risk of loss for employee PPO dental insurance claims. The City is fully insured for medical claims. The City has established the Insurance and Employee Benefits Internal Service Fund to account for and finance these uninsured risks of loss, and liabilities are accrued when incurred, including estimates for incurred but not reported (IBNR) loss, in this fund. An estimate for incurred but not reported claims for PPO dental coverage has not been accrued because management believes the liability for incurred but not recorded claims would be immaterial to the financial statements.

The City is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 14 member cities in Southern California, which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. The coverage for general and auto liability extends to \$3,000,000 self-insured retention with a \$43,000,000 annual aggregate. The coverage for workers' compensation extends to a limit of \$2,000,000. Member cities' CIPA premiums are based on actuarial reports and underwriting estimates and are calculated based on the member cities' individual experience and exposure for a particular program. Members may be charged assessments if losses exceed the amount of premium collected.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 6 - RISK MANAGEMENT (CONTINUED)

All funds of the City participate in the risk management program and make payments to the Insurance and Employee Benefits Internal Service Fund based on estimates of the amounts needed to pay prior-year and current year claims. A claims liability of \$10,163,953 is reported in the Insurance and Employee Benefits Internal Service Fund, at June 30, 2025. Changes in the Insurance and Employee Benefits Internal Service Fund's claims liability amounts in fiscal years 2025 and 2024 were as follows:

	2025	2024
Beginning of Year Liability	\$ 9,934,541	\$ 9,486,010
Current Year Claims as Changes in Estimates	6,450,571	3,712,278
Claims Payments	(6,221,159)	(3,263,747)
Insurance Claims Payable	<u>\$ 10,163,953</u>	<u>\$ 9,934,541</u>
Current Portion of Claims Payable		
General Liabilities Claims	\$ 683,513	
Workers' Compensation Claims	2,365,673	
Total Current Portion of Claims Payable	<u>\$ 3,049,186</u>	

For the past three fiscal years, claims paid did not exceed the amount of applicable insurance coverage and there have been no significant changes in insurance policies or coverage amounts.

NOTE 7 - IMPROVEMENT DISTRICTS

Bonds issued for improvement districts are liabilities of the property owners and are secured by liens against the assessed property. The City is not liable for repayment and is only acting as an agent to expend the project funds on behalf of the property owners and to collect principal and interest payments from property owners and remit such monies to the bond holders. As of June 30, 2025, special assessment debt outstanding was:

District	Principal Outstanding June 30, 2025
AD 09-1	\$ 2,130,000
AD 13-1	207,318
AD 13-6	105,000
RAD 14-3	85,550
AD 15-2	62,000
AD 13-2	1,360,000
AD 14-1	362,000
AD 14-2	8,820,000
Total	<u>\$ 13,131,868</u>

NOTE 8 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Federal legislation requires that the Section 457 plan assets be held in trust for employees. This change, which was implemented in the 1999 fiscal year, means that employee assets held in Section 457 plans are no longer the property of the City and are no longer subject to claims of the City's general creditors. The City makes no contributions to the plan and has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. At June 30, 2025, the deferred compensation assets are not reflected in the City's financial statements.

B. Defined Contribution Plan

The City has established a defined contribution plan administered through a private administrator known as Public Agency Retirement System ("PARS") for all of its part-time employees, pursuant to the requirements of section 132 of the Social Security Act. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan. The City contributes 3.75%, 4.75%, or 8.5% of employee compensation depending on the employee's classification. The City's contributions for each employee are fully vested immediately. For the year ended June 30, 2025, the City contributed \$213,396 to the plan.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES

The following is a summary of the changes in the principal balance of long-term liabilities for the year ended June 30, 2025:

	Balance June 30, 2024, as Restated*	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
Governmental activities						
Lease Liabilities	\$ 662,560	\$ 810,237	\$ (268,083)	\$ 1,204,714	\$ 274,315	\$ 930,399
SBITA Liabilities	300,861	1,510,446	(789,334)	1,021,973	229,120	792,853
Lease Financing Arrangement	11,240,000	—	—	11,240,000	437,000	10,803,000
Compensated Absences*	6,619,615	518,754	—	7,138,369	2,054,166	5,084,203
Insurance Claims Payable	9,934,541	6,450,571	(6,221,159)	10,163,953	3,049,186	7,114,767
Total governmental activities	<u>28,757,577</u>	<u>9,290,008</u>	<u>(7,278,576)</u>	<u>30,769,009</u>	<u>6,043,787</u>	<u>24,725,222</u>
Business-type activities						
Municipal Transit Fund						
Lease Liabilities	340,710	—	(302,404)	38,306	38,306	—
SBITA Liabilities	2,857	3,064	(4,597)	1,324	1,324	—
Compensated Absences*	39,330	4,171	—	43,501	867	42,634
Total Municipal Transit Fund	<u>382,897</u>	<u>7,235</u>	<u>(307,001)</u>	<u>83,131</u>	<u>40,497</u>	<u>42,634</u>
Sewer Service Fund						
Compensated Absences*	76,433	27,649	—	104,082	60,417	43,665
SBITA Liabilities	8,570	9,191	(13,791)	3,970	3,970	—
Direct Borrowings						
I-Bank Installment Agreement	3,179,913	—	(181,120)	2,998,793	187,278	2,811,515
I-Bank Installment Agreement	3,740,489	—	(194,568)	3,545,921	201,280	3,344,641
I-Bank Installment Agreement	7,137,753	—	(187,124)	6,950,629	191,240	6,759,389
Total Sewer Service Fund	<u>14,143,158</u>	<u>36,840</u>	<u>(576,603)</u>	<u>13,603,395</u>	<u>644,185</u>	<u>12,959,210</u>
Total long-term liabilities	<u>\$ 43,283,632</u>	<u>\$ 9,334,083</u>	<u>\$ (8,162,180)</u>	<u>\$ 44,455,535</u>	<u>\$ 6,728,469</u>	<u>\$ 37,727,066</u>

*Compensated absences changes are presented as net on the additions line, balance as of June 30, 2024 is as restated by GASB 101.

For long-term liabilities, such as insurance claims payable and compensated absences, the general fund, municipal transit enterprise fund, sewer service enterprise fund, and internal service funds have been used in prior years to liquidate such amounts. A description of the City's lease activity is described in Note 10. A description of the City's SBITA liabilities is described in Note 11.

A. Lease Financing Arrangement

In November 2022, the Authority entered into a lease financing arrangement in the amount of \$11,660,000 in order to secure funding for the purchase of property. Proceeds of the lease financing received by the Authority totaled \$11,660,000 and were transferred to the general fund as payment for the right to use the property. The Authority has leased back the property to the City for an amount of \$17,092,755, which will cover future principal and interest debt service payments of the Authority. The finance charge of the lease financing arrangement, including all fees and charges paid to third parties totaled \$160,000.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Interest on the Authority's debt is payable semiannually on July 1 and January 1 at a rate of 3.95%. Principal is payable in annual installments on July 1 ranging from \$420,000 to \$855,000. The debt matures on July 1, 2042. The annual debt service requirement for the lease financing arrangement outstanding as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 437,000	\$ 435,349	\$ 872,349
2027	455,000	417,732	872,732
2028	473,000	399,404	872,404
2029	492,000	380,346	872,346
2030	512,000	360,517	872,517
2031-2035	2,887,000	1,475,937	4,362,937
2036-2040	3,516,000	845,577	4,361,577
2041-2043	2,468,000	148,757	2,616,757
Total	<u>11,240,000</u>	<u>4,463,619</u>	<u>15,703,619</u>

B. I-Bank Installment Sale Agreement

The City entered into a 20-year loan on June 1, 2018 from the I-Bank Installment Sale Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The maximum loan amount is \$4,000,000 and will be utilized for the City's Sewer System Collection and Treatment Facility Rehabilitation and Replacements project. The loan is secured by revenues generated by the Sewer Service Fund and bears interest at a rate of 3.40% per annum, including amounts that have not yet been disbursed. Additionally, there is an annual life due on August 1 of each year equal to 0.30% of the outstanding principal. Repayment of the loan is payable solely from Sewer Service user charges. The revenues are pledged for the total debt service until the year 2038. As of June 30, 2025, \$4,000,000 of the loan proceeds were disbursed under the loan agreement. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1, which commenced on August 1, 2019.

The City is not permitted prepay all or a portion of the outstanding principal until June 1, 2028, which is 10 years after the effective date. After the 10-year period, the prepayment amount is 102%, 101%, and 100% for the tenth year, eleventh year, and remaining years, respectively.

As of June 30, 2025, the outstanding principal amount was \$2,998,793. Total revenue available from the Sewer Service Fund for debt service is \$11,086,076 and total debt service, including interest, was \$286,157.

The annual payment amounts required to retire the Sales Agreement as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 187,278	\$ 98,774	\$ 286,052
2027	193,645	92,299	285,944
2028	200,229	85,604	285,833
2029	207,037	78,680	285,717
2030	214,076	71,521	285,597
2031-2035	1,184,639	241,407	1,426,046
2036-2038	811,889	42,021	853,910
Total	<u>\$ 2,998,793</u>	<u>\$ 710,306</u>	<u>\$ 3,709,099</u>

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

The City entered in to a 20-year loan on June 5, 2019 from the I-Bank Installment Sale Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The maximum loan amount is \$4,456,000 and will be utilized for the City's Coastal Treatment Plan Facility Improvements Project. The loan is secured by revenues generated by the Sewer Service Fund and bears interest at a rate of 3.45% per annum, including amounts that have not yet been disbursed. Additionally, there is an annual fee due on August 1 of each year equal to 0.30% of the outstanding principal. Repayment of the loan is payable solely from Sewer Service user charges. The revenues are pledged for the total debt service until the year 2039. As of June 30, 2025, \$4,456,000 of the loan proceeds were disbursed under the loan agreement. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1, which commenced on August 1, 2020.

The City is not permitted prepay all or a portion of the outstanding principal until June 5, 2029, which is 10 years after the effective date. After the 10-year period, the prepayment amount is 102%, 101%, and 100% for the 10th year, 11th year, and remaining years, respectively.

As of June 30, 2025, the outstanding principal amount was \$3,545,921. Total revenue available from the Sewer Service Fund for debt service is \$11,086,076 and total debt service, including interest, was \$320,259.

The annual payment amounts required to retire the Sales Agreement as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 201,280	\$ 118,862	\$ 320,142
2027	208,224	111,798	320,022
2028	215,408	104,491	319,899
2029	222,840	96,931	319,771
2030	230,528	89,110	319,638
2031-2035	1,277,568	318,466	1,596,034
2036-2039	1,190,073	83,855	1,273,928
Total	<u>\$ 3,545,921</u>	<u>\$ 923,513</u>	<u>\$ 4,469,434</u>

The City entered into a 30-year loan on June 1, 2022 from the I-Bank Installment Sale Agreement with the California Infrastructure and Economic Development Bank (CIEDB). The maximum loan amount is \$7,500,000 and will be utilized for the South Orange County Wastewater Authority Coastal Treatment Plant upgrades. The loan is secured by revenues generated by the Sewer Service Fund and bears interest at a rate of 2.20% per annum, including amounts that have not yet been disbursed. Additionally, there is an annual fee due on August 1 of each year equal to 0.30% of the outstanding principal. Repayment of the loan is payable solely from Sewer Service user charges. The revenues are pledged for the total debt service until the year 2051. As of June 30, 2025, \$6,094,325 of the loan proceeds were disbursed under the loan agreement, and accordingly, a receivable in the amount of \$1,405,675 is recorded in the Sewer Service Enterprise Fund. Interest is due semiannually on February 1 and August 1 and principal is due annually on August 1, which will commence on August 1, 2022.

The City is not permitted prepay all or a portion of the outstanding principal until June 1, 2032, which is 10 years after the effective date.

As of June 30, 2025, the outstanding principal amount was \$6,950,629. Total revenue available from the Sewer Service Fund for debt service is \$11,086,076 and total debt service, including interest, was \$342,095.

The annual payment amounts required to retire the Sales Agreement as of June 30, 2025 are as follows:

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Year Ending June 30,	Principal	Interest	Total
2026	\$ 191,240	\$ 150,810	\$ 342,050
2027	195,447	146,557	342,004
2028	199,747	142,210	341,957
2029	204,141	137,767	341,908
2030	208,632	133,226	341,858
2031-2035	1,114,064	594,449	1,708,513
2036-2040	1,242,122	464,982	1,707,104
2041-2045	1,384,902	320,632	1,705,534
2046-2050	1,544,093	159,690	1,703,783
2051-2052	666,241	14,737	680,978
Total	<u>\$ 6,950,629</u>	<u>\$ 2,265,060</u>	<u>\$ 9,215,689</u>

NOTE 10 - LEASES

A. Lessee Activities

As of June 30, 2025, the City had entered into various lease agreements as the lessee for the use of land, a building, various automotive equipment, and equipment, for terms ranging from four to seven years. The City is required to make principal and interest payments through December 2033. The various lease agreements have an interest rate ranging from 2.33% to 2.99% based on the City's estimated incremental borrowing rate at the inception of the lease or the stated interest rate. As of June 30, 2025, the total combined value of right to use assets, and the related accumulated amortization on right to use assets, was \$2,725,646 and \$1,496,252, respectively. The total combined value of the lease liability was \$1,243,020. The current year amortization and interest expense associated with the right to use assets were \$645,051 and \$21,670.

Remaining principal and interest payments on the leases are as follows:

Governmental Activities			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 274,315	\$ 30,008	\$ 304,323
2027	265,416	22,911	288,327
2028	235,137	16,591	251,728
2029	170,664	10,365	181,029
2030	58,662	6,044	64,706
2031-2034	200,520	9,551	210,071
Totals	<u>\$ 1,204,714</u>	<u>\$ 95,470</u>	<u>\$ 1,300,184</u>
Business Activities			
Year Ending June 30,	Principal	Interest	Total
2026	\$ 38,306	\$ 118	\$ 38,424

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 10 - LEASES (CONTINUED)

B. Lessor Activities

As of June 30, 2025, the City had had 7 active leases. The leases have receipts that range from \$6,648 to \$108,000 and interest rates that range from 0.6820% to 3.0700%. As of June 30, 2025, the total combined value of the lease receivable is \$1,157,591, the total combined value of the short-term lease receivable is \$293,497, and the combined value of the deferred inflow of resources is \$1,070,287.

NOTE 11 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

As of June 30, 2025, the City has entered into various contracts for the use of software subscription services. As of June 30, 2025, the combined value of the subscription liability was \$1,027,267. The City is required to make principal and interest payments through 2034. The SBITA liabilities were valued using a discount rate ranging from 0.33% to 3.23% based on the City's incremental borrowing rate at the inception of the SBITAs. The total combined value of subscription assets, and the related accumulated amortization on subscription assets was \$33,488,764 and \$1,783,025 as of June 30, 2025, respectively. Remaining principal and interest on SBITAs are as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 229,120	\$ 25,292	\$ 254,412
2027	104,732	20,614	125,346
2028	107,455	17,891	125,346
2029	110,249	15,097	125,346
2030	113,116	12,231	125,347
2031-2034	357,301	18,739	376,040
Totals	<u>\$ 1,021,973</u>	<u>\$ 109,864</u>	<u>\$ 1,131,837</u>
Business-type activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	<u>\$ 5,294</u>	<u>\$ 84</u>	<u>\$ 5,378</u>

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT PLAN

A. Plan Description

The City administers a single-employer defined benefit plan which provides medical and dental insurance benefits to eligible retirees and their dependents in accordance with various labor agreements. The City does not pay any of the cost of retiree health benefits however, eligible retirees and their dependents are permitted to participate in the City's medical insurance plan until eligible for Medicare, typically at age 65. Once eligible, coverage under the City plan ceases. The medical plans consist of two Cigna options (HMO and PPO) and the dental benefits are provided through Delta Care HMO and a self-insured Delta Dental PPO.

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Employees who have completed at least three years of service with the City and have coverage immediately prior to retirement are eligible to retire and participate in the City's healthcare plans by paying premiums identical to those charged for the City's active employees. For employees hired on or after July 1, 2013 (January 1, 2014 for Police), the three year service requirement has been increased to ten years. Spouses and eligible dependent children of retirees may also be covered at the retiree's expense. All of the City's Memoranda of Understanding (MOU) specify the ability to elect self-paid retiree medical coverage, and this benefit has been extended to self-paid dental coverage as well.

While the City does not directly contribute toward the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under GASB 75. The inclusion of the retirees increases the City's overall health insurance rates.

The benefits and contribution requirements of the City and plan members are established and may be amended by City Council. The City has not established an irrevocable trust for the purpose of holding assets accumulated for plan benefits and funds the plan on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2024-2045, age-adjusted premium benefits paid by the City totaled \$365,754.

B. Employees Covered

As of the June 30, 2025 measurement date, membership consisted of the following:

Inactive members currently receiving benefits	33
Active members	320
Total	353

C. Total OPEB Liability

The City's total OPEB liability of \$5,609,182 was measured as of June 30, 2025, was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025 using standard update procedures, and is included in the government-wide financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows - OPEB	\$ 2,341,212	\$ 97,551	\$ 2,438,763
Total OPEB Liability	\$ 5,384,815	\$ 224,367	\$ 5,609,182
Deferred Inflows - OPEB	\$ 650,708	\$ 27,113	\$ 677,821

The general fund, municipal transit enterprise fund, and sewer service enterprise fund have been used in prior years to liquidate the total OPEB liability.

D. Actuarial Assumptions and Other Inputs

The total OPEB liability as of the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Valuation Date	Jun 30, 2024
Measurement Date	Jun 30, 2025
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	4.71%
Inflation	2.30%
Projected Salary Increases	2.80%
Healthcare Cost Trend Rates	4.90% for 2024 through 2074; 4.04% for 2075 and later years
Mortality	(1)

(1) Mortality rates were based on the CalPERS mortality rates, in the most recent experience study, for CalPERS members. The actuarial assumptiond used in the July 1, 2022 valuation were based on the results of the most recent applicable experience study and a review of plan experience during the period July 1, 2020 to June 30, 2022.

The discount rate utilized is based on whether the plan assets are projected to be sufficient to make future payments. Since there are no plan assets held in trust, the discount rate was based on a high-quality 20-year tax-exempt general obligation municipal bond yield or index rate. "High quality" is defined as being rated AA or higher (or an equivalent rating). The municipal bond rate utilized was 4.71% and was determined using the Fidelity AA Municipal Bond 20-Year High Grade rate index as of June 30, 2025.

E. Change in Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at June 30, 2024	\$ 5,815,435
Changes recognized for the measurement period:	
Service cost	290,465
Interest on total OPEB liability	235,144
Changes of assumptions	(366,108)
Implicit subsidy credit	(365,754)
Net Changes	(206,253)
Balance at June 30, 2025 (Measurement Date)	\$ 5,609,182

F. Change of Assumptions

The discount rate was raised from 3.97% to 4.71% from June 30, 2024, to June 30, 2025, respectively.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB liability would be fit were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 12 - OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

	1% Decrease (3.71%)	Discount Rate (4.71%)	1% Increase (5.71%)
Total OPEB Liability	<u>\$ 6,111,225</u>	<u>\$ 5,609,182</u>	<u>\$ 5,160,040</u>

H. Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

	1% Decrease (5.50%) Decreasing to 3.04	Healthcare Cost Trend Rates (6.50%) Decreasing to 4.04%	1% Increase (7.50%) Decreasing to 5.04%
Total OPEB Liability	<u>\$ 4,969,249</u>	<u>\$ 5,609,182</u>	<u>\$ 6,372,812</u>

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$882,425. At June 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,084,163	\$ —
Changes of assumptions	354,600	677,821
Total	<u>\$ 2,438,763</u>	<u>\$ 677,821</u>

The above amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ 338,387
2027	251,489
2028	213,773
2029	134,339
2030	178,165
Thereafter	644,789
Total	<u>\$ 1,760,942</u>

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 13 - FUND BALANCES

Fund balances are classified as follows:

	General Fund*	Assessment Districts Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable for:				
Inventories	\$ 100,372	\$ —	\$ —	\$ 100,372
Prepays	2,219,900	—	2,388,177	4,608,077
Total nonspendable	2,320,272	—	2,388,177	4,708,449
Restricted for:				
South Laguna maintenance	15,399,858	—	—	15,399,858
Assessment district improvements	—	6,659,729	—	6,659,729
Street lighting maintenance and projects	—	—	6,482,856	6,482,856
Streets and roads maintenance and projects	—	—	3,148,908	3,148,908
Public safety programs	—	—	188,650	188,650
Affordable housing	—	—	1,766,700	1,766,700
Animal shelter activities	—	—	1,497,850	1,497,850
Cultural and environmental stewardship activities	—	—	260,000	260,000
Pollution remediation projects	—	—	84,038	84,038
Opioid remediation activities	—	—	76,819	76,819
Total restricted	15,399,858	6,659,729	13,505,821	35,565,408
Committed for:				
Drainage improvements	85,497	—	—	85,497
Affordable housing	801,612	—	—	801,612
Parking	1,038	—	—	1,038
Park and recreation facilities	47,058	—	—	47,058
Art in public places	502,809	—	—	502,809
Library operations and improvements	83,680	—	—	83,680
Disaster contingency	7,129,626	—	—	7,129,626
Reserves (10%)	8,550,000	—	—	8,550,000
Total committed	17,201,320	—	—	17,201,320
Assigned for:				
Measure LL programs	1,789,692	—	—	1,789,692
Open space	1,086,044	—	—	1,086,044
Parking	14,733,919	—	—	14,733,919
Transportation infrastructure projects	1,919,989	—	—	1,919,989
Wildfire mitigation and fire safety	4,072,493	—	—	4,072,493
Laguna Beach Marketing and Tourism	1,053,900	—	—	1,053,900
CAD/RMS implementation	948,900	—	—	948,900
Recycling and solid waste programs	1,801,900	—	—	1,801,900
Community development programs	542,150	—	—	542,150
Citywide Classification & Compensation Study	121,800	—	—	121,800
Fire Hazard Mitigation Contracts	331,000	—	—	331,000
EOC Design	225,000	—	—	225,000
Other programs	60,100	—	—	60,100
Other capital improvement projects	36,072,506	—	—	36,072,506
Reserves (10%)	8,115,455	—	—	8,115,455
Total assigned	72,874,848	—	—	72,874,848
Unassigned**	(16,251)	—	—	(16,251)
Total fund balances (deficits)	\$ 107,780,047	\$ 6,659,729	\$ 15,893,998	\$ 130,333,774

*For financial statement reporting the City has included the following sub-funds in the General Fund: General Fund, Parking In-Lieu, Park In-Lieu, Drainage, Housing In-Lieu, Transportation Infrastructure, South Laguna, Deposits, Disaster Contingency, Open Space Parking Authority, Capital Improvement, Measure LL, and Library Impact Fees.

**See footnote 1 for the General Fund Balance Reserve Policy.

NOTE 14 - SEWAGE TREATMENT FACILITIES

In March 1972, the City, five water districts, and one sanitation district entered into a joint exercise of powers agreement to form the Aliso Water Management Agency, which ultimately joined other agencies and created the South Orange County Wastewater Authority (SOCWA), a public corporation. SOCWA currently includes ten member agencies, including the City. SOCWA was formed to develop a total water management program for its members' consolidated service areas. Specifically, SOCWA is to provide for construction, maintenance and operation of a regional wastewater transmission, treatment and disposal system. This system consists of an interceptor system, pumping stations, wastewater treatment plants and an ocean outfall.

The governing board is comprised of one member from each participating agency and is responsible for the selection of management and for the budgeting and financial management of the Agency. As of June 30, 2025, (the most recent information available), SOCWA had total assets and deferred outflows of resources of \$159,075,275, total liabilities and deferred inflows or resources of \$40,990,792, and total net position of \$118,084,483. A separate financial report may be obtained from the South Orange County Wastewater Authority, 34156 Del Obispo Street, Dana Point, California 92629.

The City's share of ownership varies by year depending upon the purchased capacities of each subsystem. Each member is responsible for its share of maintenance and operations costs proportional to its purchased capacity which is billed to each member by SOCWA. Sewer service charges are assessed to fund these and other operating costs. The City paid \$2,242,691 and \$1,000,004 for its share of operating and capital costs, respectively, during the fiscal year.

Working in partnership with SOCWA, in prior years the City expanded capacity in certain treatment plants and constructed a pumping station. The City's participation in these projects has been capitalized through sewer plant and lines and capacity rights in the City's sewer funds.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

The City of Laguna Beach participates in the California Public Employees Retirement System (CalPERS), a pension plan available to all qualified employees. The Safety Plan is a cost-sharing multiple employer defined benefit pension plan. The Miscellaneous Plan is an agent multiple employer defined benefit pension plan. A summary of pension amounts for the City's plans at June 30, 2025 is presented below:

	Safety Plan	Miscellaneous Plan	Total
Deferred Outflows - Pensions	\$ 18,321,046	\$ 8,133,876	\$ 26,454,922
Net Pension Liability	(54,883,395)	(30,510,916)	(85,394,311)
Deferred Inflows - Pensions	(931,967)	—	(931,967)
Pension Expense	12,028,372	6,027,898	18,056,270

Pension amounts are reported in the financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows - Pensions	\$ 26,129,567	\$ 325,355	\$ 26,454,922
Net Pension Liability	(84,173,875)	(1,220,436)	(85,394,311)
Deferred Inflows - Pensions	(931,967)	—	(931,967)
Pension Expense	19,929,374	241,116	20,170,490

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans

1. *Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the City's Safety (Police, Fire, and Lifeguard) Employee Pension Plan (Safety Plan), a cost sharing multiple employer defined benefit pension plan, or the City's Miscellaneous Plan, an agent multiple employer defined benefit pension plan, both administered by CalPERS. The CalPERS Safety Plan consists of safety pools (referred to as "risk pools"), which are comprised of individual employer safety rate plans. The risk pools are included within the Public Employees' Retirement Fund C (PERF C). For the Miscellaneous Plan, CalPERS acts as a common investment and administrative agent for its participating member employers, and are included with in Public Employees' Retirement Fund A (PERF A). Benefit provisions under the Plans are established by state statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

2. *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement law.

The Public Employee's Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

The Plans' provisions and benefits in effect at the measurement date June 30, 2024, are summarized as follows:

	Safety - Police		
	Tier 1	Tier 2	Tier 3
Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of eligible compensation	3.0 %	3.0 %	2.7 %
Required employee contribution rates	9.00 %	9.00 %	13.75 %
Required employer contribution rates normal cost rates	27.32 %	24.33 %	13.76 %

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Safety - Fire		
	Tier 1	Tier 2	Tier 3
Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of eligible compensation	3.0 %	3.0 %	2.7 %
Required employee contribution rates	9.00 %	9.00 %	13.75 %
Required employer contribution rates normal cost rate	27.32 %	24.33 %	13.76 %

	Safety - Lifeguard		
	Tier 1	Tier 2	Tier 3
Formula	3.0% @ 55	N/A	2.7% @ 57
Benefit vesting schedule	5 years service	N/A	5 years service
Benefit payments	Monthly for life	N/A	Monthly for life
Retirement age	55	N/A	57
Monthly benefits, as a % of eligible compensation	3.0 %	N/A	2.7 %
Required employee contribution rates	9.00 %	N/A	13.75 %
Required employer contribution rates normal cost rate	24.15 %	N/A	13.54 %

	Tier 1	Tier 2	Tier 3
	Prior to January 1, 2013	On or After January 1, 2013	
Hire Date			
Formula	2.5% @ 55	2.5% @ 62	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	
Retirement age	55	62	
Monthly benefits, as a % of eligible compensation	2.5 %	2.5 %	
Required employee contribution rates	8.00 %	7.75 %	
Required employer contribution rates normal cost rate	12.13 %	12.13 %	

Applies to:

Police Safety employees hired on or before April 2, 2012, Fire Safety employees hired on or before October 3, 2011, and Lifeguard Safety employees hired before January 1, 2013	Police Safety employees hired on or before April 2, 2012, Fire Safety employees hired on or before October 3, 2011, (or laterals from other CalPERS agencies who meet certain requirements)	New CalPERS covered employees hired after January 1, 2013 (mandated by AB 340, the Public Employees Pension Reform Act (PEPRA))
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NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

3. Employees Covered

As of the June 30, 2024, measurement date, the following employees were covered by the benefit term for the Miscellaneous Plan:

	Miscellaneous
Inactive members currently receiving benefits	275
Inactive members entitled to but not yet receiving benefits	250
Active members	210
Total	735

4. Contributions

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

Contributions to the pension plans totaled \$7,720,548 for the Safety Plan and \$5,496,935 for the Miscellaneous Plan.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

1. Proportionate Share of Net Pension Liability-Safety Plan

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the collective net pension liability of the Safety Plan as follows:

	Proportionate Share of Net Pension Liability
Safety Plan	<u>\$ 54,883,395</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The City's proportionate share of the net pension liability was based on a project on of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The City's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2023, and 2024, was as follows:

	Safety
Proportion - June 30, 2023	0.7458 %
Proportion - June 30, 2024	0.7528 %
Change - Increase(Decrease)	0.0070 %

2. Actuarial Assumptions

The total pension liability was based on the following actuarial assumptions:

	Safety		
	Police	Fire	Lifeguard
Valuation Date	Jun 30, 2023	Jun 30, 2023	Jun 30, 2023
Measurement Date	Jun 30, 2024	Jun 30, 2024	Jun 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method		
Actuarial Assumptions			
Discount Rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Salary Increases	(1)	(1)	(1)
Mortality Rate Table	(2)	(2)	(2)
Mortality	(3)	(3)	(3)

(1) Varies by entry age and services.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.30% until Purchasing Power Protection of Allowance Floor on purchasing power applies, 2.30% thereafter.

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	Miscellaneous
Valuation Date	Jun 30, 2023
Measurement Date	Jun 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Mortality	(3)

- (1) Varies by entry age and services.
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.3% until Purchasing Power Protection of Allowance Floor on purchasing power applies, 2.30% thereafter.

3. Long-Term Expected Rate of Return

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The expected real rates of return by asset class are as follows:

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1 - 10 ^(b)
Global Equity - cap-weighted	30.00 %	4.45 %
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 Corporates	10.00 %	1.56 %
High Yield	5.00 %	2.27 %
Emerging Market Debt	5.00 %	2.48 %
Private Debt	5.00 %	3.57 %
Real Estate	15.00 %	3.21 %
Leverage	(5.00)%	(0.59)%
Total	100.00 %	

(a) An expected price inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management Study

4. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

5. Changes in Net Pension Liability Miscellaneous Plan

The City's net pension liability for the Miscellaneous Plan was measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023. A summary of principal assumptions and methods used to determine the net pension liability is shown under the section Actuarial Assumptions within this note.

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The total Net Pension Liability for the City's Miscellaneous Plan, using the measurement date of June 30, 2024, was \$30,510,916. The changes in the Net Pension Liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2023 (Measurement Date)	\$ 146,726,437	\$ 113,884,578	\$ 32,841,859
Changes in the Year			
Service Cost	3,685,262	—	3,685,262
Interest on the Total Pension Liability	10,059,168	—	10,059,168
Differences Between Actual and Expected Experience	1,183,732	—	1,183,732
Net Plan to Plan Resource Movement	—	2,773	(2,773)
Contribution - Employer	—	4,819,761	(4,819,761)
Contribution - Employee	—	1,623,543	(1,623,543)
Net Investment Income	—	10,905,696	(10,905,696)
Administrative Expenses	—	(92,668)	92,668
Benefit Payments, Including Refunds of Employee Contributions	(7,935,524)	(7,935,524)	—
Net Changes	6,992,638	9,323,581	(2,330,943)
Balance at June 30, 2024 (Measurement Date)	<u>\$ 153,719,075</u>	<u>\$ 123,208,159</u>	<u>\$ 30,510,916</u>

6. Pension Expense and Deferred Outflows and Inflows of Resources

Safety Plan

For the year ended June 30, 2025, the City recognized pension expense of \$12,028,372 for the Safety Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,720,548	\$ —
Difference between actual contributions and proportionate share of contributions and changes in proportions	1,125,285	639,877
Change in employer's proportion	991,213	146,459
Net difference between projected and actual earnings on plan investments	2,652,813	—
Changes in assumptions	1,352,214	—
Differences between expected and actual experience	4,478,973	145,631
Total	<u>\$ 18,321,046</u>	<u>\$ 931,967</u>

CITY OF LAGUNA BEACH
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The amount of \$7,720,548, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30:	Amount
2026	\$ 3,947,172
2027	6,488,172
2028	140,860
2029	(907,673)
Total	9,668,531

Miscellaneous Plan

For the year ended June 30, 2025, the City recognized pension expense of \$6,027,898 for the Miscellaneous Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,496,935	\$ —
Differences between expected and actual experience	871,440	—
Net difference between projected and actual earnings on plan investments	1,765,501	—
Total	<u>\$ 8,133,876</u>	<u>\$ —</u>

The amount of \$5,496,935, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Differences between projected and actual investment earnings are amortized on a five-year straight-line basis and all other amounts are amortized over the expected average remaining service, lives of all members that are provided with benefits. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30:	Amount
2026	\$ 377,305
2027	3,353,631
2028	(472,261)
2029	(621,734)
Total	2,636,941

NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease (5.90)%	Current Discount Rate (6.90)%	1% Increase (7.90)%
Safety Plan's Proportionate Share of Collective Net Pension Liability	\$ 83,430,534	\$ 54,883,395	\$ 31,535,850
Miscellaneous Plan's Net Pension Liability	50,262,571	30,510,916	14,202,185

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

9. Payable to the Pension Plan

The City had \$822,841 of outstanding contributions to the Safety and Miscellaneous pension plans required for the year ended June 30, 2025.

NOTE 16 - TRANSPORTATION DEVELOPMENT ACT

In accordance with the requirement of the Transportation Development Act (TDA), the following information is presented.

TDA 50% Limitation	
Total Operating Costs	\$ 5,614,595
Less: Depreciation	(460,362)
Net Operating Costs	5,154,233
50% Limitation	2,577,117
TDA Allocation	\$ 1,433,700
Under (Over) Allocation	\$ 1,143,417

For the year ended June 30, 2025, the City recognized \$1,433,700 of revenues pursuant to the TDA requirements. This amount, along with \$991,101 of other grant revenues, is reflected within Intergovernmental revenues in the Municipal Transit Enterprise Fund.

NOTE 17 - RELATED PARTIES

A. Housing Program to Enhance Emergency Response

In order to enhance the ability of key personnel to respond to emergency situations within the community, the City provides assistance for those employees to reside in close proximity to the response area. The accompanying financial statements reflect the City's purchase of one such property in the amount of \$797,500 and one loan to an employee. The outstanding balance of the loan was \$270,145 for the year ended June 30, 2025. The balance of the loan is reported as part of Notes Receivables in the Vehicle Replacement Internal Service Fund.

City Of Laguna Beach
Notes To Financial Statements
For The Year Ended June 30, 2025

NOTE 17 - RELATED PARTIES(CONTINUED)

B. City Manager Housing Agreement

On August 13, 2024 the City Council approved The City Manager's amendment #1 to the City Manager's Employment agreement extending a loan to the City Manager in the form of a Promissory Note of \$1,530,000 in which interest accrues at the LAIF Quarterly Apportionment Rate as published by the California State Treasurer plus .50%. Monthly interest payments are due on the first of each month beginning October 1, 2024 and all outstanding amounts under the loan are due upon the earlier of within one year of the City Manager's departure from the City and payable upon sale of the City Manager's home or if the City Manager determines not to sell the home due, and payable within one year of the City Manager's departure from the City. At June 30, 2025, the outstanding balance of the was \$1,530,000 and is reported as part of Notes Receivables in the Insurance and Employee Benefits Internal Service Fund for \$940,590 and Vehicle Replacement Internal Service Fund for \$589,410.

NOTE 18 - RESTATEMENTS

During fiscal year 2025, changes to or within the financial reporting entity, an error correction, and the change in accounting principle resulted in adjustments to and restatements of beginning net position and fund balance, as follows:

	June 30, 2024 As Previously Reported	Changes to or within the Reporting Entity	Error Correction	Changes in Accounting Principle	June 30, 2024 As Restated
Government-wide					
Governmental activities	\$ 439,891,213	\$ 984,938	\$ 1,632,815	\$ (557,944)	\$ 441,951,022
Business-type activities	47,241,552	(984,938)	1,923,581	(6,469)	48,173,726
Total government-wide	<u>\$ 487,132,765</u>	<u>\$ —</u>	<u>\$ 3,556,396</u>	<u>\$ (564,413)</u>	<u>\$ 490,124,748</u>
Governmental funds					
Major funds					
General Fund	\$ 110,812,043	\$ —	\$ (766,174)	\$ —	\$ 110,045,869
Assessment Districts	12,553,630	—	—	—	12,553,630
Nonmajor funds	14,091,073	—	—	—	14,091,073
Total governmental funds	<u>\$ 137,456,746</u>	<u>\$ —</u>	<u>\$ (766,174)</u>	<u>\$ —</u>	<u>\$ 136,690,572</u>
Proprietary funds					
Major funds					
Sewer Service	\$ 44,244,411	\$ (71,308)	\$ 1,923,014	\$ (12,807)	\$ 46,083,310
Municipal Transit	2,997,141	(913,630)	567	6,338	2,090,416
Total proprietary funds	<u>\$ 47,241,552</u>	<u>\$ (984,938)</u>	<u>\$ 1,923,581</u>	<u>\$ (6,469)</u>	<u>\$ 48,173,726</u>
Internal service funds					
Insurance and employee benefits	\$ 15,199	\$ —	\$ —	\$ (557,944)	\$ (542,745)
Vehicle replacement fund	17,867,491	984,938	254,353	—	19,106,782
Total internal service funds	<u>\$ 17,882,690</u>	<u>\$ 984,938</u>	<u>\$ 254,353</u>	<u>\$ (557,944)</u>	<u>\$ 18,564,037</u>

NOTE 19 - SUBSEQUENT EVENTS

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

Required Supplementary Information

CITY OF LAGUNA BEACH
Schedules Of Proportionate Share Of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

Reporting Date ¹ as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability
<u>Safety Plan</u>					
2025	0.7528%	\$ 54,883,395	\$ 15,600,558	351.8%	76.66%
2024	0.7458%	55,748,455	14,724,579	378.6%	74.87%
2023	0.7472%	51,344,026	13,769,103	372.9%	72.54%
2022	0.7059%	24,774,703	12,449,028	199.0%	77.73%
2021	0.6526%	43,480,563	12,906,341	336.9%	74.43%
2020	0.6287%	39,247,379	12,246,434	320.5%	75.26%
2019	0.6522%	36,684,879	11,419,674	321.2%	75.26%
2018	0.6243%	37,303,403	10,671,505	349.6%	73.31%
2017	0.6468%	33,497,317	9,912,852	337.9%	74.06%
2016	0.6492%	26,748,099	9,480,126	282.1%	78.4%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: None

Changes of Assumptions: None

¹ The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

CITY OF LAGUNA BEACH
Schedule Of Plan Contributions
As of June 30, for the Last Ten Fiscal Years

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
<u>Miscellaneous Agent, Multiple-Employer Pension Plan</u>					
2025	\$ 5,496,935	\$ 5,496,935	\$ —	\$ 22,584,444	24.3%
2024	4,847,035	4,847,035	—	20,379,805	23.8%
2023	4,552,455	4,552,455	—	17,527,334	26.0%
2022	4,271,997	4,271,997	—	15,311,611	27.9%
2021	3,905,847	3,905,847	—	15,473,063	25.2%
2020	3,565,431	3,565,431	—	14,762,620	24.2%
2019	3,217,470	3,907,470	(690,000)	14,419,732	27.1%
2018	2,767,304	3,767,304	(1,000,000)	12,558,017	30.0%
2017	2,665,941	3,865,941	(1,200,000)	13,297,509	29.1%
2016	2,337,304	3,737,304	(1,400,000)	12,379,800	30.2%
<u>Safety Cost-Sharing, Multiple-Employer Pension Plan</u>					
2025	\$ 7,720,548	\$ 7,720,548	\$ —	\$ 16,702,035	46.2%
2024	6,820,414	6,820,414	—	15,600,558	43.7%
2023	6,287,267	6,287,267	—	14,724,579	42.7%
2022	5,798,019	5,798,019	—	13,769,103	42.1%
2021	5,338,630	5,338,630	—	12,449,028	42.9%
2020	5,013,694	5,013,694	—	12,906,341	38.8%
2019	4,386,904	5,107,904	(721,000)	12,246,434	41.7%
2018	3,597,721	4,639,721	(1,042,000)	11,419,674	40.6%
2017	3,244,259	4,445,511	(1,201,252)	10,671,505	41.7%
2016	1,575,636	4,132,300	(2,556,664)	9,912,852	41.7%

CITY OF LAGUNA BEACH
Schedule Of Changes In Total Pension Liability And Related Ratios
Miscellaneous Plan
As of June 30, for the Last Ten Fiscal Years

	2025	2024	2023	2022
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
TOTAL PENSION LIABILITY				
Service cost	\$ 3,685,262	\$ 3,179,003	\$ 2,968,921	\$ 2,826,929
Interest on total pension liability	10,059,168	9,606,469	9,223,908	9,006,005
Changes of benefit terms	—	172,608	—	—
Changes of assumptions	—	—	4,094,768	—
Difference between expected and actual experience	1,183,732	246,857	(1,607,276)	(1,051,010)
Benefit payments, including refunds of employee contributions	(7,935,524)	(7,387,421)	(6,958,539)	(6,380,886)
Net change in total pension liability	6,992,638	5,817,516	7,721,782	4,401,038
Total pension liability-beginning	146,726,437	140,908,921	133,187,139	128,786,101
Total pension liability-ending (a)	153,719,075	146,726,437	140,908,921	133,187,139
PLAN FIDUCIARY NET POSITION				
Contributions-employer	4,819,761	4,572,455	4,272,660	3,905,728
Contributions-employee	1,623,543	1,340,545	1,235,119	1,165,079
Net investment income	10,905,696	6,695,310	(8,988,181)	22,268,683
Benefit payments, including refunds of employee contributions	(7,935,524)	(7,387,421)	(6,958,539)	(6,380,886)
Net plan to plan resource movement	2,773	1,269	2,598	154
Administrative expense	(92,668)	(79,964)	(74,288)	(98,288)
Net change in fiduciary net position	9,323,581	5,142,194	(10,510,631)	20,860,470
Plan fiduciary net position-beginning	113,884,578	108,742,384	119,253,015	98,392,545
Plan fiduciary net position-ending (b)	123,208,159	113,884,578	108,742,384	119,253,015
Net pension liability/(asset) (a) - (b)	\$ 30,510,916	\$ 32,841,859	\$ 32,166,537	\$ 13,934,124
Plan fiduciary net position as a percentage of the total pension liability	80.2%	77.6%	77.2%	89.5%
Covered-employee payroll	\$ 20,379,805	\$ 17,527,334	\$ 15,311,611	\$ 15,473,063
Plan net pension liability/(asset) as a percentage of covered-employee payroll	149.7%	187.0%	210.1%	90.1%

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

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

Changes of Assumptions: None in 2020-2022. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2018, the discount rate was reduced from 7.65% to 7.15%. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2015, amounts reported were based on the 7.50% discount rate.

2021	2020	2019	2018	2017	2016
6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 2,691,515	\$ 2,730,589	\$ 2,510,806	\$ 2,418,551	\$ 2,020,384	\$ 1,936,830
8,699,994	8,297,037	7,862,058	7,557,389	7,292,385	6,979,652
—	—	—	—	—	—
—	—	(690,837)	6,050,977	—	(1,636,454)
376,773	1,028,702	118,415	(323,188)	(439,090)	61,932
(5,875,794)	(5,622,361)	(5,233,328)	(5,143,766)	(4,590,588)	(4,271,862)
5,892,488	6,433,967	4,567,114	10,559,963	4,283,091	3,070,098
122,893,613	116,459,646	111,892,532	101,332,569	97,049,478	93,979,380
128,786,101	122,893,613	116,459,646	111,892,532	101,332,569	97,049,478
3,565,155	3,916,164	3,774,012	3,865,941	3,733,571	3,457,700
1,135,925	1,259,992	1,091,222	1,011,086	1,051,923	943,694
4,696,099	5,900,000	7,082,777	8,459,926	405,106	1,666,511
(5,875,794)	(5,622,361)	(5,233,328)	(5,143,766)	(4,590,588)	(4,271,862)
—	—	—	—	—	—
(133,934)	(63,743)	(376,408)	(111,020)	(45,489)	(84,037)
3,387,451	5,390,052	6,338,275	8,082,167	554,523	1,712,006
95,005,094	89,615,042	83,276,767	75,194,600	74,640,077	72,928,071
98,392,545	95,005,094	89,615,042	83,276,767	75,194,600	74,640,077
\$ 30,393,556	\$ 27,888,519	\$ 26,844,604	\$ 28,615,765	\$ 26,137,969	\$ 22,409,401
76.4%	77.3%	76.9%	74.4%	74.2%	76.9%
\$ 14,548,732	\$ 14,781,511	\$ 13,802,462	\$ 13,297,509	\$ 12,379,800	\$ 11,499,996
208.9%	188.7%	194.5%	215.2%	211.1%	194.9%

CITY OF LAGUNA BEACH
Schedule of Changes in Total OPEB Liability and Related Ratios
As Of June 30, For The Last Ten Fiscal Years¹

	2025	2024	2023	2022
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
TOTAL OPEB LIABILITY				
Service cost	\$ 290,465	\$ 233,452	\$ 226,653	\$ 212,278
Interest on total pension liability	235,144	156,382	152,258	78,800
Changes of assumptions	(366,108)	(137,870)	143,260	(482,124)
Difference between expected and actual experience	—	1,949,792	383,765	—
Benefit payments, including refunds of employee contributions	(365,754)	(408,454)	(413,506)	(340,693)
Net change in total OPEB liability	(206,253)	1,793,302	492,430	(531,739)
Total OPEB liability-beginning	5,815,435	4,022,133	3,529,703	4,061,442
Total OPEB liability-ending (a)	\$ 5,609,182	\$ 5,815,435	\$ 4,022,133	\$ 3,529,703
Covered-employee payroll	\$ 35,980,363	\$ 36,997,408	\$ 33,364,200	\$ 30,734,420
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	15.6%	15.7%	12.1%	11.5%

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

Benefit Changes: None

Changes of Assumptions: None

¹ Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only eight years are shown.

2021	2020	2019	2018
6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 189,348	\$ 132,120	\$ 121,627	\$ 72,904
97,113	91,200	93,555	72,208
539,085	197,388	169,739	—
418,569	—	549,200	—
(305,136)	(158,527)	(133,701)	(158,500)
938,979	262,181	800,420	(13,388)
3,122,463	2,860,282	2,059,862	2,073,250
\$ 4,061,442	\$ 3,122,463	\$ 2,860,282	2,059,862
\$ 30,826,492	\$ 32,214,300	\$ 31,151,981	\$ 29,131,464
13.2%	9.7%	9.2%	7.1%

CITY OF LAGUNA BEACH
Notes To Required Supplementary Information
For The Year Ended June 30, 2025

NOTE 1: BUDGET INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds except for the Cultural & Environmental Stewardship nonmajor fund and the following General Fund sub-funds: Parking In-Lieu, Drainage, and Deposits. Appropriations lapse at fiscal year-end, except for encumbered amounts and capital expenditures which are re-appropriated in the next year's budget until such time as the project is completed or terminated.

The City is required to adopt an annual budget on or before June 30 of each year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget through a vote of a majority of the Council during the fiscal year. The City Manager may transfer funds from one objector purpose to another within the same department, excluding capital outlay. Actual expenditures may not exceed budgeted appropriations at the department level within the General Fund and at the fund level for special revenue, and capital projects funds therefore, the legal level of budgetary control is at the department level for the General Fund and the fund level for special revenue and capital projects funds.

Budget information is presented for the general and certain special revenue and capital project fund types. Budgeted revenue amounts represent the original budget modified by Council authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Supplemental appropriations include carryover appropriations from the prior year. Supplemental budgetary appropriations of \$32,956,781 were made in the General Fund.

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

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
General Fund			
General Government			
Police protection	\$ 24,535,550	\$ 24,829,026	\$ (293,476)
Principal Retirement	—	1,057,417	(1,057,417)

**Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General Fund**

CITY OF LAGUNA BEACH

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual

General Fund

For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes				
Property taxes	\$ 53,109,000	\$ 54,432,000	\$ 54,006,979	\$ (425,021)
Sales and use taxes	7,690,000	6,972,000	7,372,476	400,476
Business improvement assessment	—	—	2,784,149	2,784,149
Transient occupancy taxes	25,375,500	21,625,500	17,233,981	(4,391,519)
Franchise taxes	1,330,000	1,330,000	1,689,087	359,087
Business license taxes	1,100,000	1,100,000	1,179,995	79,995
Total taxes	88,604,500	85,459,500	84,266,667	(1,192,833)
License, fees and permits				
Construction permits	2,641,000	2,641,000	3,257,915	616,915
Other	110,000	110,000	111,918	1,918
Total licenses, fees and permits	2,751,000	2,751,000	3,369,833	618,833
Fines and forfeitures	906,000	906,000	1,252,961	346,961
Investment income (loss), net	3,660,000	4,035,000	8,285,195	4,250,195
Rental	504,500	504,500	735,917	231,417
Intergovernmental	1,980,000	3,754,450	3,439,239	(315,211)
Charges for services				
Planning and zoning fees	3,163,500	3,163,500	2,367,773	(795,727)
Building department fees	713,000	713,000	406,085	(306,915)
Refuse service charges	—	—	45,194	45,194
Parks and recreation fees	1,411,000	1,456,000	1,475,610	19,610
Other	2,134,400	2,015,500	3,201,487	1,185,987
Total charges for services	7,421,900	7,348,000	7,496,149	148,149
Parking meters, lots, and permits	11,003,001	11,003,001	11,431,086	428,085
Development tax	100,000	100,000	228,898	128,898
Other				
Reimbursed expenditures	488,000	449,996	399,261	(50,735)
Miscellaneous	844,900	421,000	118,076	(302,924)
Total other	1,332,900	870,996	517,337	(353,659)
Total revenues	118,263,801	116,732,447	121,023,282	4,290,835

CITY OF LAGUNA BEACH

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual (Continued)

General Fund

For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Current:				
General government				
City Council	130,100	342,224	124,983	217,241
City Manager	6,893,900	13,874,450	11,608,579	2,265,871
City Clerk	550,500	588,264	568,424	19,840
City Treasurer	303,500	303,500	259,879	43,621
City Attorney	1,500,000	2,000,000	2,393,679	(393,679)
Administrative services	5,694,200	6,017,136	4,606,748	1,410,388
Total general government	15,072,200	23,125,574	19,562,292	3,563,282
Public safety				
Police protection	23,260,700	24,535,550	24,829,026	(293,476)
Fire protection	27,098,600	31,205,400	28,232,061	2,973,339
Marine safety	4,414,700	4,439,700	4,341,904	97,796
Total public safety	54,774,000	60,180,650	57,402,991	2,777,659
Community development	10,035,200	10,811,149	9,118,545	1,692,604
Public works	17,085,100	21,433,420	15,406,905	6,026,515
Transit and community services	9,924,600	8,050,150	5,760,016	2,290,134
Capital outlay	12,554,076	53,944,575	13,568,975	40,375,600
Debt service:				
Principal retirement	—	—	1,057,417	(1,057,417)
Interest and fiscal charges	880,600	880,600	296,717	583,883
Total expenditures	120,325,776	178,426,118	122,173,858	56,252,260
Excess (deficiency) of revenues over (under) expenditures	(2,061,975)	(61,693,671)	(1,150,576)	60,543,095
OTHER FINANCING SOURCES (USES)				
Transfers in	611,600	7,271,780	1,000,000	(6,271,780)
Transfers out	(4,715,500)	(14,177,148)	(7,905,368)	6,271,780
Gain on disposal of capital assets	1,000	3,551,000	3,469,439	(81,561)
Debt issuance proceeds	—	—	2,320,683	2,320,683
Total other financing sources (uses)	(4,102,900)	(3,354,368)	(1,115,246)	2,239,122
Net change in fund balance	\$ (6,164,875)	\$ (65,048,039)	(2,265,822)	\$ 62,782,217
Fund balance-beginning, as restated			110,045,869	
Fund balance-ending			\$ 107,780,047	

Supplementary Information

General Fund

The General Fund is used to account for all financial sources except those required to be accounted for in another fund. The following funds conform to this definition:

General Fund

This fund is the main operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Measure LL Fund

This fund is used to account for the additional transient occupancy taxes received when residents approved Ballot Measure LL in November 2016, which increased the City's transient occupancy tax rate from 10% to 12%.

Open Space Fund

This fund is used to account for funds set aside by the City Council for the purposes of acquiring or preserving Open Space within the City.

Capital Improvement Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and bond proceeds). This fund is primarily funded by transfers from other City funds.

Parking Authority Fund

This fund is used to account for the accumulation of those costs related to providing and maintaining public parking and subsidizing public transit in the City. These costs are currently funded by parking revenues.

Parking In-Lieu Fund

This fund is used to account for the parking in-lieu certification development fees collected in accordance with Laguna Beach Municipal Code Section 25.52.006 (E) to fund central or common parking facilities and/or improving public transit.

Park In-Lieu Fund

This fund is used to account for the park and recreation in-lieu development fees collected under Ordinance No 1352 to fund park and recreation facilities.

Art In-Lieu Fund

This fund is used to account for the proceeds of art in-lieu development fees collected under Ordinance No. 1119, which requires certain development projects either provide artwork or pay an in-lieu fee that will be used to provide sites for and works of art in public places.

Drainage Fund

This fund is used to account for the proceeds collected under Ordinance No. 1027, which requires certain development projects to pay a fee to provide for improving and expanding drainage facilities located within the City.

Housing In-Lieu Fund

This fund is used to account for proceeds of housing in-lieu development fees collected under Laguna Beach Municipal Code Section 25.96.070 to fund expenditures directly related to the production or preservation of affordable housing in the City.

Library Impact Fee Fund

The City Council adopted Ordinance No. 1351 in 1999 (Laguna Beach Municipal Code Chapter 25.85 to provide for acquiring, building, improving, maintaining, and operating public libraries located within the City, including, but not limited to the purchase of books, reference materials, equipment, furnishings, and other necessary supplies. The demand and need for such facilities and services results directly from the increase in density in the City by the development of land that was previously vacant or by the construction of additional residential units on land that is already developed.

Transportation Infrastructure Fund

This fund is used to account for financial resources to be used for the acquisition or construction of transportation infrastructure related projects. This fund is primarily funded by transfers from other City funds.

South Laguna Fund

This fund is used to account for the accumulation of those costs related to maintaining the beaches located in the South Laguna area that were acquired from the County of Orange on March 1, maintaining public parking and subsidizing public transit in the City. These costs are currently funded by parking revenues located at the beaches and a one-time payment received from the County of Orange of \$22,000,000.

Deposits Fund

This fund is used to hold developer and miscellaneous deposits associated with private development projects that will be reimbursed by benefitted parties.

Disaster Contingency Fund

This fund is used to account for funds set aside by the City Council through the adoption of Resolution No. 05.107 to fund the repair of public facilities and the emergency protection of public and private property and lives during natural or manmade disasters. This fund is primarily funded by transfers from other City funds.

Wildfire Mitigation and Safety Fund

This fund is used to account for funds set aside by the City Council to fund wildfire mitigation and fire safety initiatives. This fund is primarily funded by transfers from other City funds.

CITY OF LAGUNA BEACH
Combining Balance Sheet By Sub - Fund
General Fund
June 30, 2025

	General Fund	Measure LL	Open Space	Capital Improvement
ASSETS				
Cash and investments	\$ 23,243,193	\$ 1,199,054	\$ 1,097,594	\$ 35,660,173
Receivables (net of allowance for uncollectible):				
Taxes	5,146,901	755,351	—	1,504,587
Accounts	685,086	—	—	243,464
Interest	479,245	—	—	—
Intergovernmental	154,060	—	—	—
Leases	1,079,365	—	—	—
Prepaid expenses	104,065	338,620	—	—
Inventory	100,372	—	—	—
Total assets	\$ 30,992,287	\$ 2,293,025	\$ 1,097,594	\$ 37,408,224
LIABILITIES				
Accounts payable	\$ 5,001,008	\$ 135,563	\$ 11,550	\$ 1,171,552
Retainage payable	—	—	—	78,364
Accrued liabilities	2,435,733	24,596	—	1,929
Deposits	366,084	—	—	—
Unearned revenue	75,000	—	—	—
Total liabilities	7,877,825	160,159	11,550	1,251,845
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	164,004	4,554	—	83,873
Leases	995,816	—	—	—
Total deferred inflows of resources	1,159,820	4,554	—	83,873
FUND BALANCES (DEFICITS)				
Non-spendable	204,437	338,620	—	—
Restricted	—	—	—	—
Committed	8,550,000	—	—	—
Assigned	13,200,205	1,789,692	1,086,044	36,072,506
Unassigned	—	—	—	—
Total fund balances (deficits)	21,954,642	2,128,312	1,086,044	36,072,506
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 30,992,287	\$ 2,293,025	\$ 1,097,594	\$ 37,408,224

CITY OF LAGUNA BEACH
Combining Balance Sheet By Sub - Fund (Continued)
General Fund
June 30, 2025

	Parking Authority	Parking In-Lieu	Park In-Lieu	Art In-Lieu
ASSETS				
Cash and investments	\$ 15,213,172	\$ 1,038	\$ 47,058	\$ 504,809
Receivables (net of allowance for uncollectible):				
Taxes	—	—	—	—
Accounts	59,447	—	—	—
Interest	—	—	—	—
Intergovernmental	—	—	—	—
Leases	—	—	—	—
Prepaid expenses	—	—	—	—
Inventory	—	—	—	—
Total assets	\$ 15,272,619	\$ 1,038	\$ 47,058	\$ 504,809
LIABILITIES				
Accounts payable	\$ 475,401	\$ —	\$ —	\$ 2,000
Retainage payable	—	—	—	—
Accrued liabilities	63,299	—	—	—
Deposits	—	—	—	—
Unearned revenue	—	—	—	—
Total liabilities	538,700	—	—	2,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	—	—	—	—
Leases	—	—	—	—
Total deferred inflows of resources	—	—	—	—
FUND BALANCES (DEFICITS)				
Non-spendable	—	—	—	—
Restricted	—	—	—	—
Committed	—	1,038	47,058	502,809
Assigned	14,733,919	—	—	—
Unassigned	—	—	—	—
Total fund balances (deficits)	14,733,919	1,038	47,058	502,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 15,272,619	\$ 1,038	\$ 47,058	\$ 504,809

CITY OF LAGUNA BEACH
Combining Balance Sheet By Sub - Fund (Continued)
General Fund
June 30, 2025

	<u>Drainage</u>	<u>Housing In-Lieu</u>	<u>Transportation Infrastructure</u>	<u>South Laguna</u>
ASSETS				
Cash and investments	\$ 85,497	\$ 801,612	\$ 1,919,989	\$ 15,633,327
Receivables (net of allowance for uncollectible):				
Taxes	—	—	—	—
Accounts	—	—	—	—
Interest	—	—	—	—
Intergovernmental	—	—	—	—
Leases	—	—	—	78,226
Prepaid expenses	—	—	—	—
Inventory	—	—	—	—
Total assets	\$ 85,497	\$ 801,612	\$ 1,919,989	\$ 15,711,553
LIABILITIES				
Accounts payable	\$ —	\$ —	\$ —	\$ 151,187
Retainage payable	—	—	—	—
Accrued liabilities	—	—	—	86,037
Deposits	—	—	—	—
Unearned revenue	—	—	—	—
Total liabilities	—	—	—	237,224
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	—	—	—	—
Leases	—	—	—	74,471
Total deferred inflows of resources	—	—	—	74,471
FUND BALANCES (DEFICITS)				
Non-spendable	—	—	—	—
Restricted	—	—	—	15,399,858
Committed	85,497	801,612	—	—
Assigned	—	—	1,919,989	—
Unassigned	—	—	—	—
Total fund balances (deficits)	85,497	801,612	1,919,989	15,399,858
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 85,497	\$ 801,612	\$ 1,919,989	\$ 15,711,553

CITY OF LAGUNA BEACH
Combining Balance Sheet By Sub - Fund (Continued)
General Fund
June 30, 2025

	Deposits	Disaster Contingency	Wildfire Mitigation and Fire Safety (WMFS)
ASSETS			
Cash and investments	\$ 4,503,320	\$ 7,129,626	\$ 4,204,474
Receivables (net of allowance for uncollectible):			
Taxes	—	—	—
Accounts	—	—	—
Interest	—	—	—
Intergovernmental	—	—	34,967
Leases	—	—	—
Prepaid expenses	—	—	1,777,215
Inventory	—	—	—
Total assets	\$ 4,503,320	\$ 7,129,626	\$ 6,016,656
LIABILITIES			
Accounts payable	\$ 129,699	\$ —	\$ 129,132
Retainage payable	—	—	—
Accrued liabilities	102,622	—	2,849
Deposits	4,272,526	—	—
Unearned revenue	14,724	—	—
Total liabilities	4,519,571	—	131,981
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	—	—	34,967
Leases	—	—	—
Total deferred inflows of resources	—	—	34,967
FUND BALANCES (DEFICITS)			
Non-spendable	—	—	1,777,215
Restricted	—	—	—
Committed	—	7,129,626	—
Assigned	—	—	4,072,493
Unassigned	(16,251)	—	—
Total fund balances (deficits)	(16,251)	7,129,626	5,849,708
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,503,320	\$ 7,129,626	\$ 6,016,656

CITY OF LAGUNA BEACH
Combining Balance Sheet By Sub - Fund (Continued)
General Fund
June 30, 2025

	Library Improvement District	Total General Fund
ASSETS		
Cash and investments	\$ 83,680	\$ 111,327,616
Receivables (net of allowance for uncollectible):		
Taxes	—	7,406,839
Accounts	—	987,997
Interest	—	479,245
Intergovernmental	—	189,027
Leases	—	1,157,591
Prepaid expenses	—	2,219,900
Inventory	—	100,372
Total assets	\$ 83,680	\$ 123,868,587
LIABILITIES		
Accounts payable	\$ —	\$ 7,207,092
Retainage payable	—	78,364
Accrued liabilities	—	2,717,065
Deposits	—	4,638,610
Unearned revenue	—	89,724
Total liabilities	—	14,730,855
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues	—	287,398
Leases	—	1,070,287
Total deferred inflows of resources	—	1,357,685
FUND BALANCES (DEFICITS)		
Non-spendable	—	2,320,272
Restricted	—	15,399,858
Committed	83,680	17,201,320
Assigned	—	72,874,848
Unassigned	—	(16,251)
Total fund balances (deficits)	83,680	107,780,047
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 83,680	\$ 123,868,587

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances By Sub - Fund
General Fund
For The Year Ended June 30, 2025

	General Fund	Measure LL	Open Space	Capital Improvement
REVENUES				
Taxes	\$ 73,729,955	\$ 2,887,093	\$ —	\$ 7,649,619
License, fees, and permits	3,369,833	—	—	—
Fines and forfeitures	3,472	—	—	1,249,489
Investment income (loss), net	7,493,460	43,778	—	1,981
Rental	466,949	—	—	—
Intergovernmental	1,900,412	—	—	1,538,827
Charges for services	7,492,036	—	—	2,605
Parking meters, lots and permits	—	—	—	—
Development fees	—	—	—	124,395
Other	477,668	—	—	—
Total revenues	94,933,785	2,930,871	—	10,566,916
EXPENDITURES				
Current:				
General Government	19,310,441	227,539	—	—
Community development	9,118,545	—	—	—
Public safety	49,439,773	2,647,404	—	—
Public works	13,580,166	349,065	—	3,639
Transit and community services	2,497,285	—	—	—
Capital outlay	2,842,618	69,773	79,465	7,907,978
Debt service:				
Principal retirement	1,057,417	—	—	—
Interest expense and fiscal charges	296,717	—	—	—
Total expenditures	98,142,962	3,293,781	79,465	7,911,617
Excess (deficiency) of revenues over (under) expenditures	(3,209,177)	(362,910)	(79,465)	2,655,299
OTHER FINANCING SOURCES (USES)				
Transfers in	3,387,500	—	—	2,636,600
Transfers out	(5,715,568)	—	—	(3,726,500)
Gain on disposal of capital assets	3,469,439	—	—	—
Debt issuance proceeds	2,320,683	—	—	—
Total other financing sources (uses)	3,462,054	—	—	(1,089,900)
Net change in fund balances	252,877	(362,910)	(79,465)	1,565,399
Fund balances-beginning, as originally stated	22,555,765	2,491,222	1,165,509	35,273,281
Restatements - change in reporting entity	(854,000)	—	—	—
Restatements - correction of error	—	—	—	(766,174)
Fund balances-beginning, as restated	21,701,765	2,491,222	1,165,509	34,507,107
Fund balances (deficit)-ending	\$ 21,954,642	\$ 2,128,312	\$ 1,086,044	\$ 36,072,506

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances By Sub - Fund
(Continued)
General Fund
For The Year Ended June 30, 2025

	Parking Authority	Parking In-Lieu	Park In-Lieu	Art In-Lieu
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
License, fees, and permits	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income (loss), net	—	28	2,887	12,827
Rental	216,290	—	—	—
Intergovernmental	—	—	—	—
Charges for services	—	—	—	—
Parking meters, lots and permits	10,650,293	—	—	—
Development fees	—	—	—	104,503
Other	39,669	—	—	—
Total revenues	10,906,252	28	2,887	117,330
EXPENDITURES				
Current:				
General Government	—	—	—	24,312
Community development	—	—	—	—
Public safety	1,958,101	—	—	—
Public works	489,557	—	—	—
Transit and community services	3,178,179	—	—	—
Capital outlay	2,003,863	—	—	—
Debt service:				
Principal retirement	—	—	—	—
Interest expense and fiscal charges	—	—	—	—
Total expenditures	7,629,700	—	—	24,312
Excess (deficiency) of revenues over (under) expenditures	3,276,552	28	2,887	93,018
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	14,000
Transfers out	(4,498,480)	—	(86,600)	—
Gain on disposal of capital assets	—	—	—	—
Debt issuance proceeds	—	—	—	—
Total other financing sources (uses)	(4,498,480)	—	(86,600)	14,000
Net change in fund balances	(1,221,928)	28	(83,713)	107,018
Fund balances-beginning, as originally stated	15,955,847	1,010	130,771	395,791
Restatements - change in reporting entity	—	—	—	—
Restatements - correction of error	—	—	—	—
Fund balances-beginning, as restated	15,955,847	1,010	130,771	395,791
Fund balances (deficit)-ending	\$ 14,733,919	\$ 1,038	\$ 47,058	\$ 502,809

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances By Sub - Fund
(Continued)
General Fund
For The Year Ended June 30, 2025

	Drainage	Housing In-Lieu	Transportation Infrastructure	South Laguna
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
License, fees, and permits	—	—	—	—
Fines and forfeitures	—	—	—	—
Investment income (loss), net	2,306	21,622	51,788	462,209
Rental	—	—	—	52,678
Intergovernmental	—	—	—	—
Charges for services	—	—	—	—
Parking meters, lots and permits	—	—	—	780,793
Development fees	—	—	—	—
Other	—	—	—	—
Total revenues	2,306	21,622	51,788	1,295,680
EXPENDITURES				
Current:				
General Government	—	—	—	—
Community development	—	—	—	—
Public safety	—	—	—	2,735,754
Public works	—	—	—	919,869
Transit and community services	—	—	—	84,552
Capital outlay	—	—	—	665,278
Debt service:				
Principal retirement	—	—	—	—
Interest expense and fiscal charges	—	—	—	—
Total expenditures	—	—	—	4,405,453
Excess (deficiency) of revenues over (under) expenditures	2,306	21,622	51,788	(3,109,773)
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Gain on disposal of capital assets	—	—	—	—
Debt issuance proceeds	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	2,306	21,622	51,788	(3,109,773)
Fund balances-beginning, as originally stated	83,191	779,990	1,868,201	18,509,631
Restatements - change in reporting entity	—	—	—	—
Restatements - correction of error	—	—	—	—
Fund balances-beginning, as restated	83,191	779,990	1,868,201	18,509,631
Fund balances (deficit)-ending	\$ 85,497	\$ 801,612	\$ 1,919,989	\$ 15,399,858

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances By Sub - Fund
(Continued)
General Fund
For The Year Ended June 30, 2025

	Deposits	Disaster Contingency	Wildfire Mitigation and Fire Safety (WMFS)
REVENUES			
Taxes	\$ —	\$ —	\$ —
License, fees, and permits	—	—	—
Fines and forfeitures	—	—	—
Investment income (loss), net	—	192,309	—
Rental	—	—	—
Intergovernmental	—	—	—
Charges for services	1,508	—	—
Parking meters, lots and permits	—	—	—
Development fees	—	—	—
Other	—	—	—
Total revenues	1,508	192,309	—
EXPENDITURES			
Current:			
General Government	—	—	—
Community development	—	—	—
Public safety	—	—	621,959
Public works	—	—	64,609
Transit and community services	—	—	—
Capital outlay	—	—	—
Debt service:			
Principal retirement	—	—	—
Interest expense and fiscal charges	—	—	—
Total expenditures	—	—	686,568
Excess (deficiency) of revenues over (under) expenditures	1,508	192,309	(686,568)
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	1,000,000
Transfers out	—	—	—
Gain on disposal of capital assets	—	—	—
Debt issuance proceeds	—	—	—
Total other financing sources (uses)	—	—	1,000,000
Net change in fund balances	1,508	192,309	313,432
Fund balances-beginning, as originally stated	(17,759)	6,937,317	4,682,276
Restatements - change in reporting entity	—	—	854,000
Restatements - correction of error	—	—	—
Fund balances-beginning, as restated	(17,759)	6,937,317	5,536,276
Fund balances (deficit)-ending	\$ (16,251)	\$ 7,129,626	\$ 5,849,708

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances By Sub - Fund
(Continued)
General Fund
For The Year Ended June 30, 2025

	Library Improvement District	Eliminations	Total General Fund
REVENUES			
Taxes	\$ —	\$ —	\$ 84,266,667
License, fees, and permits	—	—	3,369,833
Fines and forfeitures	—	—	1,252,961
Investment income (loss), net	—	—	8,285,195
Rental	—	—	735,917
Intergovernmental	—	—	3,439,239
Charges for services	—	—	7,496,149
Parking meters, lots and permits	—	—	11,431,086
Development fees	—	—	228,898
Other	—	—	517,337
Total revenues	—	—	121,023,282
EXPENDITURES			
Current:			
General Government	—	—	19,562,292
Community development	—	—	9,118,545
Public safety	—	—	57,402,991
Public works	—	—	15,406,905
Transit and community services	—	—	5,760,016
Capital outlay	—	—	13,568,975
Debt service:			
Principal retirement	—	—	1,057,417
Interest expense and fiscal charges	—	—	296,717
Total expenditures	—	—	122,173,858
Excess (deficiency) of revenues over (under) expenditures	—	—	(1,150,576)
OTHER FINANCING SOURCES (USES)			
Transfers in	83,680	(6,121,780)	1,000,000
Transfers out	—	6,121,780	(7,905,368)
Gain on disposal of capital assets	—	—	3,469,439
Debt issuance proceeds	—	—	2,320,683
Total other financing sources (uses)	83,680	—	(1,115,246)
Net change in fund balances	83,680	—	(2,265,822)
Fund balances-beginning, as originally stated	—	—	110,812,043
Restatements - change in reporting entity	—	—	—
Restatements - correction of error	—	—	(766,174)
Fund balances-beginning, as restated	—	—	110,045,869
Fund balances (deficit)-ending	\$ 83,680	\$ —	\$ 107,780,047

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Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
General Sub Fund
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				
Property taxes	\$ 52,459,000	\$ 53,782,000	\$ 53,289,542	\$ (492,458)
Sales and use taxes	7,690,000	6,972,000	7,372,476	400,476
Business improvement assessments	—	—	2,784,149	2,784,149
Transient occupancy taxes	14,426,000	11,226,000	7,414,706	(3,811,294)
Franchise taxes	1,330,000	1,330,000	1,689,087	359,087
Business license taxes	1,100,000	1,100,000	1,179,995	79,995
Total taxes	77,005,000	74,410,000	73,729,955	(680,045)
License, fees and permits				
Construction permits	2,641,000	2,641,000	3,257,915	616,915
Other	110,000	110,000	111,918	1,918
Total licenses, fees and permits	2,751,000	2,751,000	3,369,833	618,833
Fines and forfeitures	11,000	11,000	3,472	(7,528)
Investment income (loss), net	2,800,000	3,175,000	7,493,460	4,318,460
Rental	504,500	504,500	466,949	(37,551)
Intergovernmental	1,980,000	2,660,200	1,900,412	(759,788)
Charges for services				
Planning and zoning fees	3,163,500	3,163,500	2,367,773	(795,727)
Building department fees	713,000	713,000	406,085	(306,915)
Refuse service charges	—	—	45,194	45,194
Parks and recreation fees	1,411,000	1,456,000	1,475,610	19,610
Other	2,133,400	2,014,500	3,197,374	1,182,874
Total charges for services	7,420,900	7,347,000	7,492,036	145,036
Parking meters, lots, and permits	1,000	1,000	—	(1,000)
Other				
Reimbursed expenditures	488,000	488,000	359,592	(128,408)
Miscellaneous	794,900	371,000	118,076	(252,924)
Total other	1,282,900	859,000	477,668	(381,332)
Total revenues	93,756,300	91,718,700	94,933,785	3,215,085

CITY OF LAGUNA BEACH

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual (Continued)

General Sub Fund

For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Current:				
General government				
City Council	\$ 130,100	\$ 342,224	\$ 124,983	\$ 217,241
City Manager	6,893,900	13,874,450	11,608,579	2,265,871
City Clerk	550,500	588,264	568,424	19,840
City Treasurer	303,500	303,500	259,879	43,621
City Attorney	1,500,000	2,000,000	2,393,679	(393,679)
Administrative services	5,308,500	5,500,936	4,354,897	1,146,039
Total general government	14,686,500	22,609,374	19,310,441	3,298,933
Public safety				
Police protection	23,260,700	24,535,550	24,829,026	(293,476)
Fire protection	18,807,600	20,059,400	20,268,843	(209,443)
Marine safety	4,414,700	4,439,700	4,341,904	97,796
Total public safety	46,483,000	49,034,650	49,439,773	(405,123)
Community development	10,034,200	10,810,149	9,118,545	1,691,604
Public works	14,912,200	16,075,000	13,580,166	2,494,834
Transit and community services	6,385,400	4,121,050	2,497,285	1,623,765
Capital outlay	1,236,000	1,351,536	2,842,618	(1,491,082)
Debt service:				
Principal retirement	—	—	1,057,417	(1,057,417)
Interest and fiscal charges	880,600	880,600	296,717	583,883
Total expenditures	94,617,900	104,882,359	98,142,962	6,739,397
Excess (deficiency) of revenues over (under) expenditures	(861,600)	(13,163,659)	(3,209,177)	9,954,482
OTHER FINANCING SOURCES (USES)				
Transfers in	525,000	3,387,500	3,387,500	—
Transfers out	—	(5,715,568)	(5,715,568)	—
Gain on disposal of capital assets	1,000	3,551,000	3,469,439	(81,561)
Debt issuance proceeds	—	—	2,320,683	2,320,683
Total other financing sources (uses)	526,000	1,222,932	3,462,054	2,239,122
Net change in fund balance	\$ (335,600)	\$ (11,940,727)	252,877	\$ 12,193,604
Fund balance-beginning, as restated			21,701,765	
Fund balance-ending			\$ 21,954,642	

City Of Laguna Beach
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Measure LL
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 3,610,000	\$ 3,060,000	\$ 2,887,093	\$ (172,907)
Investment income (loss), net	50,000	50,000	43,778	(6,222)
Total revenues	3,660,000	3,110,000	2,930,871	(179,129)
EXPENDITURES:				
Current:				
General Government	385,700	385,700	227,539	158,161
Public safety	3,057,500	3,278,800	2,647,404	631,396
Public works	422,700	422,700	349,065	73,635
Capital outlay	—	117,376	69,773	47,603
Total expenditures	3,865,900	4,204,576	3,293,781	910,795
Excess (deficiency) of revenues				
over (under) expenditures	(205,900)	(1,094,576)	(362,910)	731,666
Net change in fund balance	\$ (205,900)	\$ (1,094,576)	(362,910)	\$ 731,666
Fund balance-beginning			2,491,222	
Fund balance-ending			\$ 2,128,312	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Open Space
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Capital outlay	\$ 20,000	\$ 167,152	\$ 79,465	\$ 87,687
Total expenditures	20,000	167,152	79,465	87,687
Net change in fund balance	<u>\$ (20,000)</u>	<u>\$ (167,152)</u>	(79,465)	<u>\$ 87,687</u>
Fund balance-beginning			<u>1,165,509</u>	
Fund balance-ending			<u>\$ 1,086,044</u>	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Capital Improvement
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Property taxes	\$ 650,000	\$ 650,000	\$ 717,437	\$ 67,437
Fines and penalties	895,000	895,000	1,249,489	354,489
Transient lodging taxes	7,339,500	7,339,500	6,932,182	(407,318)
Investment income (loss), net	—	—	1,981	1,981
Development fees	100,000	100,000	124,395	24,395
Intergovernmental	—	—	1,538,827	1,538,827
Charges for services	1,000	1,000	2,605	1,605
Total revenues	8,985,500	8,985,500	10,566,916	1,581,416
EXPENDITURES				
Current:				
Public works	—	42,700	3,639	39,061
Capital outlay	8,358,076	42,382,145	7,907,978	34,474,167
Total expenditures	8,358,076	42,424,845	7,911,617	34,513,228
Excess (deficiency) of revenues over (under) expenditures	627,424	(33,439,345)	2,655,299	36,094,644
OTHER FINANCING SOURCES (USES)				
Transfers in	86,600	2,636,600	2,636,600	—
Transfers out	(700,000)	(3,726,500)	(3,726,500)	—
Total other financing sources (uses)	(613,400)	(1,089,900)	(1,089,900)	—
Net change in fund balance	\$ 14,024	\$ (34,529,245)	1,565,399	\$ 36,094,644
Fund balance-beginning, as restated			34,507,107	
Fund balance-ending			\$ 36,072,506	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Parking Authority
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Rental	\$ —	\$ —	\$ 216,290	\$ 216,290
Parking meters, lots and permits	10,302,001	10,302,001	10,650,293	348,292
Other	—	38,004	39,669	1,665
Total revenues	10,302,001	10,340,005	10,906,252	566,247
EXPENDITURES				
Current:				
Community development	1,000	1,000	—	1,000
Public safety	2,360,000	2,360,000	1,958,101	401,899
Public works	805,300	805,300	489,557	315,743
Transit and community services	3,431,500	3,780,500	3,178,179	602,321
Capital outlay	2,400,000	8,337,370	2,003,863	6,333,507
Total expenditures	8,997,800	15,284,170	7,629,700	7,654,470
Excess (deficiency) of revenues over (under) expenditures	1,304,201	(4,944,165)	3,276,552	8,220,717
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,928,900)	(4,498,480)	(4,498,480)	—
Total other financing sources (uses)	(3,928,900)	(4,498,480)	(4,498,480)	—
Net change in fund balance	\$ (2,624,699)	\$ (9,442,645)	(1,221,928)	\$ 8,220,717
Fund balance-beginning			15,955,847	
Fund balance-ending			\$ 14,733,919	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Park In-lieu
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ —	\$ —	\$ 2,887	\$ 2,887
Total revenues	<u>—</u>	<u>—</u>	<u>2,887</u>	<u>2,887</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(86,600)</u>	<u>(86,600)</u>	<u>(86,600)</u>	<u>—</u>
Total other financing sources (uses)	<u>(86,600)</u>	<u>(86,600)</u>	<u>(86,600)</u>	<u>—</u>
Net change in fund balance	<u>\$ (86,600)</u>	<u>\$ (86,600)</u>	<u>(83,713)</u>	<u>\$ 2,887</u>
Fund balance-beginning			<u>130,771</u>	
Fund balance-ending			<u>\$ 47,058</u>	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Art In-lieu
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment income (loss), net	\$ —	\$ —	\$ 12,827	\$ 12,827
Development fees	—	—	104,503	104,503
Total revenues	—	—	117,330	117,330
EXPENDITURES				
Current:				
General Government	—	130,500	24,312	106,188
Transit and community services	—	17,000	—	17,000
Capital outlay	—	10,800	—	10,800
Total expenditures	—	158,300	24,312	133,988
Excess (deficiency) of revenues over (under) expenditures	—	(158,300)	93,018	251,318
OTHER FINANCING SOURCES (USES)				
Transfers in	—	14,000	14,000	—
Total other financing sources (uses)	—	14,000	14,000	—
Net change in fund balance	\$ —	\$ (144,300)	107,018	\$ 251,318
Fund balance-beginning			395,791	
Fund balance-ending			\$ 502,809	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Housing In-lieu
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ —	\$ —	\$ 21,622	\$ 21,622
Total revenues	<u>—</u>	<u>—</u>	<u>21,622</u>	<u>21,622</u>
EXPENDITURES				
Current:				
Transit and community services	—	23,900	—	23,900
Total expenditures	<u>—</u>	<u>23,900</u>	<u>—</u>	<u>23,900</u>
Net change in fund balance	<u>\$ —</u>	<u>\$ (23,900)</u>	<u>21,622</u>	<u>\$ 45,522</u>
Fund balance-beginning			<u>779,990</u>	
Fund balance-ending			<u>\$ 801,612</u>	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Transportation Infrastructure
For The Year Ended June 30, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income (loss), net	\$ 10,000	\$ 10,000	\$ 51,788	\$ 41,788
Total revenues	10,000	10,000	51,788	41,788
 Net change in fund balance	 \$ 10,000	 \$ 10,000	 51,788	 \$ 41,788
 Fund balance-beginning			 1,868,201	
 Fund balance-ending			 \$ 1,919,989	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
South Laguna
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ 700,000	\$ 700,000	\$ 462,209	\$ (237,791)
Rental	—	—	52,678	52,678
Parking meters, lots and permits	700,000	700,000	780,793	80,793
Total revenues	1,400,000	1,400,000	1,295,680	(104,320)
EXPENDITURES				
Current:				
Public safety	2,873,500	2,873,500	2,735,754	137,746
Public works	944,900	944,900	919,869	25,031
Transit and community services	107,700	107,700	84,552	23,148
Capital outlay	540,000	1,330,196	665,278	664,918
Total expenditures	4,466,100	5,256,296	4,405,453	850,843
Net change in fund balance	\$ (3,066,100)	\$ (3,856,296)	(3,109,773)	\$ 746,523
Fund balance-beginning			18,509,631	
Fund balance-ending			\$ 15,399,858	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Disaster Contingency
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ 100,000	\$ 100,000	\$ 192,309	\$ 92,309
Total revenues	100,000	100,000	192,309	92,309
Net change in fund balance	\$ 100,000	\$ 100,000	192,309	\$ 92,309
Fund balance-beginning			6,937,317	
Fund balance-ending			\$ 7,129,626	

CITY OF LAGUNA BEACH

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual

Wildfire Mitigation And Fire Safety

For The Year Ended June 30, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ —	\$ 1,094,250	\$ —	\$ (1,094,250)
Total revenues	<u>—</u>	<u>1,094,250</u>	<u>—</u>	<u>(1,094,250)</u>
EXPENDITURES				
Current:				
Public safety	158,800	2,633,700	621,959	2,011,741
Public works	900,000	3,142,820	64,609	3,078,211
Capital outlay	—	248,000	—	248,000
Total expenditures	<u>1,058,800</u>	<u>6,024,520</u>	<u>686,568</u>	<u>5,337,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,058,800)</u>	<u>(4,930,270)</u>	<u>(686,568)</u>	<u>4,243,702</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	—
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>—</u>
Net change in fund balance	<u>\$ (58,800)</u>	<u>\$ (3,930,270)</u>	<u>313,432</u>	<u>\$ 4,243,702</u>
Fund balance-beginning, as restated			5,536,276	
Fund balance-ending			<u>\$ 5,849,708</u>	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Library Impact Fees
For The Year Ended June 30, 2025

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ —	\$ 83,680	\$ 83,680	\$ —
Total other financing sources (uses)	—	83,680	83,680	—
Net change in fund balance	<u>\$ —</u>	<u>\$ 83,680</u>	83,680	<u>\$ —</u>
Fund balance-beginning			—	
Fund balance-ending			<u>\$ 83,680</u>	

Major Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City of Laguna Beach has the following Capital Project Fund

Assessment District

The fund is used to account for assessment district utility undergrounding projects which are funded by property owners.

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Assessment Districts
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ —	\$ —	\$ 290,611	\$ 290,611
Total revenues	—	—	290,611	290,611
EXPENDITURES				
Current:				
Public works	—	29,814,652	6,184,512	23,630,140
Total expenditures	—	29,814,652	6,184,512	23,630,140
Net change in fund balance	\$ —	\$ (29,814,652)	(5,893,901)	\$ 23,920,751
Fund balance-beginning			12,553,630	
Fund balance-ending			\$ 6,659,729	

Non-Major Governmental Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt services or capital projects.

The City of Laguna Beach has the following nonmajor Special Revenue Funds:

Gas Tax Fund

This fund is used to account for the restricted gasoline tax revenues and Measure M2 sales taxes which are used for maintenance and improvements of City streets.

Street Lighting District Fund

This fund is used to account for restricted revenue and expenditures associated with maintenance and use of the City's street lighting system.

Federal Asset Forfeiture Fund

This fund is used to account for restricted money received under federal programs distributing property confiscated from illegal activities.

State Asset Forfeiture Fund

This fund is used to account for restricted money received under state programs distributing property confiscated from illegal activities.

Housing Fund

This fund is used to account for revenue and expenditures committed to affordable housing programs.

National Opioid Settlement Fund

This fund is used to account for the City's allocated share of multistate settlement agreements with opioid manufacturers, distributors, and pharmacies that resolved lawsuits alleging their role in the opioid crisis, which must be used for opioid abatement activities.

AQMD Fund

This fund is used to account for funds generated by AB 2766, received from the state (passed through South Coast Air Quality Management District, which added a surcharge to vehicle registration fees. The fees are used for mobile source emission reduction projects.

Animal Shelter Donations Fund

This fund is used to account for donations received that are donor-restricted to fund Animal Shelter activities.

Cultural Environmental Stewardship Fund

This fund is used to account for contributions from Visit Laguna Beach pursuant to Amendment No. 1, dated June 10, 2025, which requires the contributions from Visit Laguna Beach are recorded in a separate fund to be used exclusively for City improvements and services that support "Cultural and Environmental Stewardship" as outlined in the 2025 Laguna Beach Tourism Marketing District (LBTMD) Management District Plan.

CITY OF LAGUNA BEACH
Combining Balance Sheet
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds			
	Gas Tax	Street Lighting District	Federal Asset Forfeiture	State Asset Forfeiture
ASSETS				
Cash and investments	\$ 3,793,152	\$ 6,597,336	\$ 138,211	\$ 50,439
Receivables (net of allowance for uncollectible):				
Taxes	—	25,484	—	—
Accounts	104,194	—	—	—
Intergovernmental	366,023	—	—	—
Prepaid expenses	—	2,388,177	—	—
Total assets	\$ 4,263,369	\$ 9,010,997	\$ 138,211	\$ 50,439
LIABILITIES				
Accounts payable	\$ 761,248	\$ 76,757	\$ —	\$ —
Retainage payable	153,213	60,443	—	—
Accrued liabilities	—	2,764	—	—
Total liabilities	914,461	139,964	—	—
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Unavailable Revenues	200,000	—	—	—
Total deferred inflows of resources	200,000	—	—	—
FUND BALANCES				
Non-spendable	—	2,388,177	—	—
Restricted	3,148,908	6,482,856	138,211	50,439
Total fund balances	3,148,908	8,871,033	138,211	50,439
Total liabilities, deferred inflows, and fund balances	\$ 4,263,369	\$ 9,010,997	\$ 138,211	\$ 50,439

CITY OF LAGUNA BEACH
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds			
	Housing Fund	National Opioid Settlement	AQMD	Animal Shelter Donations
ASSETS				
Cash and investments	\$ 1,748,754	\$ 76,819	\$ 84,038	\$ 1,497,850
Receivables (net of allowance for uncollectible):				
Taxes	26,946	—	—	—
Accounts	—	—	—	—
Intergovernmental	—	—	—	—
Prepaid expenses	—	—	—	—
Total assets	\$ 1,775,700	\$ 76,819	\$ 84,038	\$ 1,497,850
LIABILITIES				
Accounts payable	\$ 9,000	\$ —	\$ —	\$ —
Retainage payable	—	—	—	—
Accrued liabilities	—	—	—	—
Total liabilities	9,000	—	—	—
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Unavailable Revenues	—	—	—	—
Total deferred inflows of resources	—	—	—	—
FUND BALANCES				
Non-spendable	—	—	—	—
Restricted	1,766,700	76,819	84,038	1,497,850
Total fund balances	1,766,700	76,819	84,038	1,497,850
Total liabilities, deferred inflows, and fund balances	\$ 1,775,700	\$ 76,819	\$ 84,038	\$ 1,497,850

CITY OF LAGUNA BEACH
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds	
	Cultural & Environmental Stewardship Fund	Total Nonmajor Funds
ASSETS		
Cash and investments	\$ —	\$ 13,986,599
Receivables (net of allowance for uncollectible):		
Taxes	—	52,430
Accounts	500,000	604,194
Intergovernmental	—	366,023
Prepaid expenses	—	2,388,177
Total assets	\$ 500,000	\$ 17,397,423
LIABILITIES		
Accounts payable	\$ —	\$ 847,005
Retainage payable	—	213,656
Accrued liabilities	—	2,764
Total liabilities	—	1,063,425
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Unavailable Revenues	240,000	440,000
Total deferred inflows of resources	240,000	440,000
FUND BALANCES		
Non-spendable	—	2,388,177
Restricted	260,000	13,505,821
Total fund balances	260,000	15,893,998
Total liabilities, deferred inflows, and fund balances	\$ 500,000	\$ 17,397,423

CITY OF LAGUNA BEACH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds			
	Gas Tax	Street Lighting District	Federal Asset Forfeiture	State Asset Forfeiture
REVENUES				
Taxes	\$ —	\$ 2,404,168	\$ —	\$ —
Investment income (loss), net	117,955	190,015	5,039	—
Intergovernmental	1,867,414	—	6,308	—
Other	13,227	—	—	—
Total revenues	1,998,596	2,594,183	11,347	—
EXPENDITURES				
Current:				
General Government	—	—	—	—
Public works	—	1,034,677	—	—
Capital outlay	3,343,603	727,676	—	—
Total expenditures	3,343,603	1,762,353	—	—
Excess (deficiency) of revenues over (under) expenditures	(1,345,007)	831,830	11,347	—
OTHER FINANCING SOURCES (USES)				
Transfers in	850,000	—	—	50,439
Transfers out	—	(1,000,000)	(50,439)	—
Total other financing sources (uses)	850,000	(1,000,000)	(50,439)	50,439
Net change in fund balances	(495,007)	(168,170)	(39,092)	50,439
Fund balances-beginning	3,643,915	9,039,203	177,303	—
Fund balances-ending	\$ 3,148,908	\$ 8,871,033	\$ 138,211	\$ 50,439

CITY OF LAGUNA BEACH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds			
	Housing Fund	National Opioid Settlement	AQMD	Animal Shelter Donations
REVENUES				
Taxes	\$ 81,637	\$ —	\$ —	\$ —
Investment income (loss), net	—	—	—	—
Intergovernmental	—	56,914	—	—
Other	—	—	—	—
Total revenues	81,637	56,914	—	—
EXPENDITURES				
Current:				
General Government	25,684	—	—	—
Public works	—	—	—	—
Capital outlay	—	—	—	—
Total expenditures	25,684	—	—	—
Excess (deficiency) of revenues over (under) expenditures	55,953	56,914	—	—
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	—	84,038	1,497,850
Transfers out	—	—	—	—
Total other financing sources (uses)	500,000	—	84,038	1,497,850
Net change in fund balances	555,953	56,914	84,038	1,497,850
Fund balances-beginning	1,210,747	19,905	—	—
Fund balances-ending	\$ 1,766,700	\$ 76,819	\$ 84,038	\$ 1,497,850

CITY OF LAGUNA BEACH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2025

	Special Revenue Funds	
	Cultural & Environmental Stewardship Fund	Total Nonmajor Funds
REVENUES		
Taxes	\$ —	\$ 2,485,805
Investment income (loss), net	—	313,009
Intergovernmental	—	1,930,636
Other	260,000	273,227
Total revenues	260,000	5,002,677
EXPENDITURES		
Current:		
General Government	—	25,684
Public works	—	1,034,677
Capital outlay	—	4,071,279
Total expenditures	—	5,131,640
Excess (deficiency) of revenues over (under) expenditures	260,000	(128,963)
OTHER FINANCING SOURCES (USES)		
Transfers in	—	2,982,327
Transfers out	—	(1,050,439)
Total other financing sources (uses)	—	1,931,888
Net change in fund balances	260,000	1,802,925
Fund balances-beginning	—	14,091,073
Fund balances-ending	\$ 260,000	\$ 15,893,998

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

CITY OF LAGUNA BEACH

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual

Gas Tax

For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Investment income (loss), net	\$ 10,000	\$ 10,000	\$ 117,955	\$ 107,955
Intergovernmental	1,287,600	1,287,600	1,867,414	579,814
Other	—	—	13,227	13,227
Total revenues	1,297,600	1,297,600	1,998,596	700,996
EXPENDITURES				
Capital outlay	2,500,000	6,511,322	3,343,603	3,167,719
Total expenditures	2,500,000	6,511,322	3,343,603	3,167,719
Excess (deficiency) of revenues over (under) expenditures	(1,202,400)	(5,213,722)	(1,345,007)	3,868,715
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	850,000	850,000	—
Total other financing sources (uses)	700,000	850,000	850,000	—
Net change in fund balance	\$ (502,400)	\$ (4,363,722)	(495,007)	\$ 3,868,715
Fund balance-beginning			3,643,915	
Fund balance-ending			\$ 3,148,908	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Street Lighting District
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes	\$ 2,294,000	\$ 2,294,000	\$ 2,404,168	\$ 110,168
Investment income (loss), net	50,000	50,000	190,015	140,015
Total revenues	2,344,000	2,344,000	2,594,183	250,183
EXPENDITURES				
Current:				
Public works	1,085,100	1,110,100	1,034,677	75,423
Capital outlay	6,000	6,372,833	727,676	5,645,157
Total expenditures	1,091,100	7,482,933	1,762,353	5,720,580
Excess (deficiency) of revenues over (under) expenditures	1,252,900	(5,138,933)	831,830	5,970,763
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	—
Total other financing sources (uses)	(1,000,000)	(1,000,000)	(1,000,000)	—
Net change in fund balance	\$ 252,900	\$ (6,138,933)	(168,170)	\$ 5,970,763
Fund balance-beginning			9,039,203	
Fund balance-ending			\$ 8,871,033	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Federal Asset Forfeiture
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Investment income (loss), net	\$ —	\$ —	\$ 5,039	\$ 5,039
Intergovernmental	—	—	6,308	6,308
Total revenues	—	—	11,347	11,347
EXPENDITURES				
Capital outlay	—	82,398	—	82,398
Total expenditures	—	82,398	—	82,398
Excess (deficiency) of revenues over (under) expenditures	—	(82,398)	11,347	93,745
OTHER FINANCING SOURCES (USES)				
Transfers out	—	(50,439)	(50,439)	—
Total other financing sources (uses)	—	(50,439)	(50,439)	—
Net change in fund balance	\$ —	\$ (132,837)	(39,092)	\$ 93,745
Fund balance-beginning			177,303	
Fund balance-ending			\$ 138,211	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
State Asset Forfeiture
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Capital outlay	\$ —	\$ 50,439	\$ —	\$ 50,439
Total expenditures	—	50,439	—	50,439
OTHER FINANCING SOURCES (USES)				
Transfers in	—	50,439	50,439	—
Total other financing sources (uses)	—	50,439	50,439	—
Net change in fund balance	\$ —	\$ —	50,439	\$ 50,439
Fund balance-beginning			—	
Fund balance-ending			\$ 50,439	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Housing Fund
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	\$ 80,000	\$ 80,000	\$ 81,637	\$ 1,637
Total revenues	80,000	80,000	81,637	1,637
EXPENDITURES				
Current:				
General Government	—	288,000	25,684	262,316
Community development	—	16,100	—	16,100
Total expenditures	—	304,100	25,684	278,416
Excess (deficiency) of revenues				
over (under) expenditures	80,000	(224,100)	55,953	280,053
OTHER FINANCING SOURCES (USES)				
Transfers in	—	500,000	500,000	—
Total other financing sources (uses)	—	500,000	500,000	—
Net change in fund balance	\$ 80,000	\$ 275,900	555,953	\$ 280,053
Fund balance-beginning			1,210,747	
Fund balance-ending			\$ 1,766,700	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
National Opioid Settlement
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Intergovernmental	—	55,000	56,914	1,914
Total revenues	—	55,000	56,914	1,914
EXPENDITURES				
Current:				
Public safety	—	55,000	—	55,000
Total expenditures	—	55,000	—	55,000
Total other financing sources (uses)	—	—	—	—
Net change in fund balance	\$ —	\$ —	56,914	\$ 56,914
Fund balance-beginning			19,905	
Fund balance-ending			\$ 76,819	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
AQMD
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	—	84,038	84,038	—
Total other financing sources (uses)	—	84,038	84,038	—
Net change in fund balance	\$ —	\$ 84,038	84,038	\$ —
Fund balance-beginning			—	
Fund balance-ending			\$ 84,038	

CITY OF LAGUNA BEACH
Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget And Actual
Animal Shelter Donations
For The Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES				
Current:				
Community development	\$ —	\$ 1,497,850	\$ —	\$ 1,497,850
Total expenditures	—	1,497,850	—	1,497,850
Excess (deficiency) of revenues				
over (under) expenditures	—	(1,497,850)	—	1,497,850
OTHER FINANCING SOURCES (USES)				
Transfers in	—	1,497,850	1,497,850	—
Total other financing sources (uses)	—	1,497,850	1,497,850	—
Net change in fund balance	\$ —	\$ —	1,497,850	\$ 1,497,850
Fund balance-beginning			—	
Fund balance-ending			\$ 1,497,850	

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of a government to other departments or agencies on a cost reimbursement basis.

The City of Laguna Beach has the following Internal Service Funds:

Insurance and Employee Benefits Fund

This fund is used to account for the cost of providing employee benefits and various forms of insurance (general liability, workers' compensation, and all other forms of employee group insurance) provided to the various City departments.

Vehicle Replacement Fund

This fund was created to acquire vehicles and other significant equipment for rental to the operating departments.

CITY OF LAGUNA BEACH
Combining Statement Of Net Position
Internal Service Funds
June 30, 2025

	Insurance and Employee Benefits	Vehicle Replacement	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 10,931,095	\$ 14,359,837	\$ 25,290,932
Receivables (net of uncollectibles):			
Accounts	49,308	—	49,308
Total current assets	10,980,403	14,359,837	25,340,240
Noncurrent:			
Notes receivable	940,590	859,555	1,800,145
Property for housing program	797,500	—	797,500
Capital assets, net of depreciation	—	6,622,379	6,622,379
Total noncurrent assets	1,738,090	7,481,934	9,220,024
Total assets	12,718,493	21,841,771	34,560,264
LIABILITIES			
Current liabilities:			
Accounts payable	263,220	50,810	314,030
Accrued liabilities	49,854	—	49,854
Compensated absences, due within one year	2,054,166	—	2,054,166
Insurance claims payable, due within one year	3,049,186	—	3,049,186
Total current liabilities	5,416,426	50,810	5,467,236
Noncurrent liabilities:			
Compensated absences	5,084,203	—	5,084,203
Insurance claims payable	7,114,767	—	7,114,767
Total noncurrent liabilities	12,198,970	—	12,198,970
Total liabilities	17,615,396	50,810	17,666,206
NET POSITION			
Net investment in capital assets	—	6,571,569	6,571,569
Unrestricted	(4,896,903)	15,219,392	10,322,489
Total net position	\$ (4,896,903)	\$ 21,790,961	\$ 16,894,058

CITY OF LAGUNA BEACH
Combining Statement Of Revenues, Expenses And Changes In Net Position
Internal Service Funds
For The Year Ended June 30, 2025

	Insurance and Employee Benefits	Vehicle Replacement	Total Internal Service Funds
OPERATING REVENUES			
Rental	\$ —	\$ 2,535,200	\$ 2,535,200
Employee benefits charges	1,322,000	—	1,322,000
Insurance charges	13,509,609	—	13,509,609
Total operating revenues	14,831,609	2,535,200	17,366,809
OPERATING EXPENSES			
General and administrative	381,249	—	381,249
Personnel services	130,068	—	130,068
Employee benefits	1,788,501	—	1,788,501
Materials and supplies	—	159,609	159,609
Insurance premiums and claim payments	17,282,040	—	17,282,040
Depreciation	—	1,158,053	1,158,053
Total operating expenses	19,581,858	1,317,662	20,899,520
Operating income (loss)	(4,750,249)	1,217,538	(3,532,711)
NONOPERATING REVENUES (EXPENSES)			
Investment income	—	7,074	7,074
Miscellaneous	—	47,346	47,346
Gain on disposal of capital assets	396,091	72,367	468,458
Total nonoperating revenues (expenses)	396,091	126,787	522,878
Income (loss) before transfers and capital contributions	(4,354,158)	1,344,325	(3,009,833)
Capital contributions	—	39,854	39,854
Transfers in	—	1,300,000	1,300,000
Change in net position	(4,354,158)	2,684,179	(1,669,979)
Net position-beginning, as restated	(542,745)	19,106,782	18,564,037
Net position-ending	\$ (4,896,903)	\$ 21,790,961	\$ 16,894,058

CITY OF LAGUNA BEACH
Combining Statement Of Cash Flows
Internal Service Funds
For The Year Ended June 30, 2025

	Insurance and Employee Benefits	Vehicle Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 14,828,259	\$ 2,535,200	\$ 17,363,459
Payments to suppliers and service providers	(17,005,360)	(212,914)	(17,218,274)
Payments to employees for salaries and benefits	(2,721,654)	—	(2,721,654)
Net cash provided by (used for) operating activities	(4,898,755)	2,322,286	(2,576,469)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	—	1,300,000	1,300,000
Issuance of notes receivable to housing program	—	(569,638)	(569,638)
Net cash provided by (used for) noncapital financing activities	—	730,362	730,362
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital grants and contributions	—	39,854	39,854
Acquisition and construction of capital assets	—	(1,602,391)	(1,602,391)
Proceeds from sales of assets	940,591	70,529	1,011,120
Net cash provided by (used for) capital and related financing activities	940,591	(1,492,008)	(551,417)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	—	54,420	54,420
Net cash provided by (used for) investing activities	—	54,420	54,420
Net increase (decrease) in cash and cash equivalents	(3,958,164)	1,615,060	(2,343,104)
Cash and cash equivalents-beginning	14,889,259	12,744,777	27,634,036
Cash and cash equivalents-ending	\$ 10,931,095	\$ 14,359,837	\$ 25,290,932
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ (4,750,249)	\$ 1,217,538	\$ (3,532,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/amortization expense	—	1,158,053	1,158,053
(Increase) decrease in accounts receivable	(3,350)	—	(3,350)
(Increase) decrease in notes and loans receivable	(940,590)	—	(940,590)
Increase (decrease) in accounts payable	102,811	(53,305)	49,506
Increase (decrease) in accrued liabilities	(55,543)	—	(55,543)
Increase (decrease) in compensated absences	518,754	—	518,754
Increase (decrease) in claims and judgments	229,412	—	229,412
Total adjustments	(148,506)	1,104,748	956,242
Net cash provided by (used for) operating activities	\$ (4,898,755)	\$ 2,322,286	\$ (2,576,469)

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STATISTICAL SECTION

Financial Trends

This section of the City of Laguna Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules contain trend information illustrating how the City's financial performance and well-being has changed over time:

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balance of Governmental Funds

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant year.

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

	Fiscal Years				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 299,735,000	\$ 279,232,956	\$ 295,985,393	\$ 298,698,689	\$ 300,791,758
Restricted	15,943,397	12,576,083	12,897,272	15,221,830	17,340,349
Unrestricted	27,254,391	35,076,956	35,892,931	39,877,633	32,188,810
Total governmental activities	<u>\$ 342,932,788</u>	<u>\$ 326,885,995</u>	<u>\$ 344,775,596</u>	<u>\$ 353,798,152</u>	<u>\$ 350,320,917</u>
Business-type activities:					
Net investment in capital assets	\$ 45,461,137	\$ 39,751,055	\$ 41,056,246	\$ 41,503,006	\$ 42,514,260
Unrestricted	2,377,065	1,312,520	133,248	1,846,897	1,313,632
Total business type activities	<u>\$ 47,838,202</u>	<u>\$ 41,063,575</u>	<u>\$ 41,189,494</u>	<u>\$ 43,349,903</u>	<u>\$ 43,827,892</u>
Primary Government:					
Net investment in capital assets	\$ 345,196,137	\$ 318,984,011	337,041,639	340,201,695	343,306,018
Restricted	15,943,397	12,576,083	12,897,272	15,221,830	17,340,349
Unrestricted	29,631,456	36,389,476	36,026,179	41,724,530	33,502,442
Total business type activities	<u>\$ 390,770,990</u>	<u>\$ 367,949,570</u>	<u>\$ 385,965,090</u>	<u>\$ 397,148,055</u>	<u>\$ 394,148,809</u>

Data Source: City Records

Fiscal Years				
2021	2022	2023	2024	2025
\$ 295,876,139	\$ 297,263,979	\$ 336,932,949	\$ 345,007,199	\$ 347,952,327
19,030,697	16,998,298	20,178,555	46,025,111	35,565,408
38,401,845	59,426,603	71,135,527	48,858,903	46,444,130
<u>\$ 353,308,681</u>	<u>\$ 373,688,880</u>	<u>\$ 428,247,031</u>	<u>\$ 439,891,213</u>	<u>\$ 429,961,865</u>
\$ 43,975,072	\$ 44,684,684	\$ 43,166,824	\$ 38,711,545	\$ 40,850,099
(375,007)	(535,026)	3,351,498	8,530,007	12,108,489
<u>\$ 43,600,065</u>	<u>\$ 44,149,658</u>	<u>\$ 46,518,322</u>	<u>\$ 47,241,552</u>	<u>\$ 52,958,588</u>
339,851,211	341,948,663	380,099,773	383,718,744	388,802,426
19,030,697	16,998,298	20,178,555	46,025,111	35,565,408
38,026,838	58,891,577	74,487,025	57,388,910	58,552,619
<u>\$ 396,908,746</u>	<u>\$ 417,838,538</u>	<u>\$ 474,765,353</u>	<u>\$ 487,132,765</u>	<u>\$ 482,920,453</u>

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

	2016	2017	Fiscal Years 2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 4,961,384	\$ 6,155,221	\$ 5,999,777	\$ 6,835,988	\$ 6,733,936
Public Safety	31,639,192	31,929,625	34,698,566	38,130,078	42,331,532
Community development	5,098,251	5,066,791	5,638,445	6,112,595	6,724,466
Transit and community services	5,481,466	5,461,800	5,838,148	5,984,453	6,173,404
Public works	20,779,294	26,449,618	25,566,306	24,793,130	25,733,663
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	67,959,587	75,063,055	77,741,242	81,856,244	87,697,001
Business-type activities:					
Municipal transit	2,976,677	3,137,062	3,703,612	3,576,268	3,752,088
Sewer Service	5,963,003	6,720,112	8,381,044	8,542,329	8,785,885
Total business-type activities expenses	8,939,680	9,857,174	12,084,656	12,118,597	12,537,973
Total primary government expenses	\$ 76,899,267	\$ 84,920,229	\$ 89,825,898	\$ 93,974,841	\$ 100,234,974
Program revenues:					
Governmental activities:					
Charges for Services:					
General Government	\$ 1,002,599	\$ 1,104,868	\$ 1,095,550	\$ 1,239,001	\$ 1,161,133
Public safety	1,679,812	1,448,493	1,643,406	1,591,639	1,503,156
Community development	3,773,050	4,033,486	3,620,227	3,622,776	3,000,391
Transit and community services	3,641,643	3,559,566	4,544,920	4,265,798	3,375,378
Public works	8,622,598	9,936,897	9,169,286	10,179,675	8,035,749
Operating Grants and Contributions	1,849,916	1,823,585	2,154,138	2,092,295	2,688,591
Capital Grants and Contributions	8,212,560	4,894,568	14,384,725	519,193	571,667
Total governmental activities program revenues	28,782,178	26,801,463	36,612,252	23,510,377	20,336,065
Business-type activities					
Charges for Services:					
Municipal Transit	313,458	302,683	288,339	265,158	253,977
Sewer service	7,400,257	7,699,521	8,050,631	8,388,932	8,626,052
Operating Grants and Contributions	2,332,192	1,711,517	2,579,238	2,587,941	2,649,540
Total business-type activities program revenues	10,045,907	9,713,721	10,918,208	11,242,031	11,529,569
Total primary government program revenues	38,828,085	36,515,184	47,530,460	34,752,408	31,865,634
Net revenues (expenses):					
Governmental activities	(39,177,409)	(48,261,592)	(41,128,990)	(58,345,867)	(67,360,936)
Business-type activities	1,106,227	(143,453)	(1,166,448)	(876,566)	(1,008,404)
Total net revenues (expenses)	\$ (38,071,182)	\$ (48,405,045)	\$ (42,295,438)	\$ (59,222,433)	\$ (68,369,340)

Data Source: City Records

2021	2022	Fiscal Years 2023	2024	2025
\$ 8,820,634	\$ 6,669,846	\$ 12,585,989	\$ 22,554,357	\$ 26,121,782
44,415,494	37,893,206	44,938,912	55,561,477	62,859,451
6,528,400	6,949,308	7,852,297	8,979,913	9,740,785
3,979,828	3,918,520	6,596,624	6,207,051	6,587,567
29,837,540	25,805,189	25,618,260	23,138,159	30,287,121
-	5,104	20,185	191,412	296,717
93,581,896	81,241,173	97,612,267	116,632,369	135,893,423
1,620,696	4,076,023	4,996,037	5,587,631	5,614,599
8,911,039	9,122,113	8,635,589	9,419,346	8,273,044
10,531,735	13,198,136	13,631,626	15,006,977	13,887,643
\$ 104,113,631	\$ 94,439,309	\$ 111,243,893	\$ 131,639,346	\$ 149,781,066
\$ 1,271,664	\$ 1,182,906	\$ 1,109,522	\$ 1,284,532	\$ 132
1,401,587	1,279,427	2,414,873	2,992,108	4,699,808
3,807,099	6,740,911	8,830,579	10,524,917	6,250,157
3,635,895	5,503,736	5,235,988	5,475,987	2,323,806
10,137,266	9,175,623	9,265,985	17,523,538	11,559,658
4,869,731	6,155,540	7,841,558	3,059,811	3,025,816
2,736,838	6,276	1,884	449,999	3,955,161
27,860,080	30,044,419	34,700,389	41,310,892	31,814,538
10,669	146,608	135,733	202,842	225,195
9,037,083	9,619,063	10,118,172	10,710,778	11,086,076
776,116	3,154,434	2,832,216	2,490,894	2,424,801
9,823,868	12,920,105	13,086,121	13,404,514	13,736,072
37,683,948	42,964,524	47,786,510	54,715,406	45,550,610
(65,721,816)	(51,196,754)	(62,911,878)	(75,321,477)	(104,078,885)
(707,867)	(278,031)	(545,505)	(1,602,463)	(151,571)
\$ (66,429,683)	\$ (51,474,785)	\$ (63,457,383)	\$ (76,923,940)	\$ (104,230,456)

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

	2016	2017	Fiscal Years 2018	2019	2020
General Revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 34,100,038	\$ 36,391,079	\$ 38,727,313	\$ 40,678,746	\$ 42,385,283
Sales Tax	5,345,953	6,000,084	6,124,970	6,581,928	5,583,948
Sales tax in-lieu	1,029,002	-	-	-	-
Transient occupancy taxes	10,754,654	12,670,071	14,708,047	14,649,273	11,939,790
Other taxes	1,372,912	1,418,582	1,360,102	1,316,999	1,315,766
Investment Income	1,259,063	35,817	308,576	3,841,077	3,146,238
Other general revenue	1,059,699	964,459	576,925	798,075	497,166
Contributed land	-	-	-	-	-
Gain on sale of assets	31,283	338,126	126,977	99,675	50,024
Transfers	(1,045,298)	(1,449,674)	(1,303,635)	(597,350)	(1,034,514)
Total governmental activities	<u>\$ 53,907,306</u>	<u>\$ 56,368,544</u>	<u>\$ 60,629,275</u>	<u>\$ 67,368,423</u>	<u>\$ 63,883,701</u>
Business-type activities					
Investment Income	\$ 36,734	\$ 18,087	\$ 17,193	\$ 14,099	\$ 218,267
Other general revenue	97	21,895	74,577	2,413,672	41,933
Gain or loss on sale of assets	-	-	15,138	11,854	191,679
Transfers	1,045,298	1,449,674	1,303,635	597,350	1,034,514
Total Business-type activities	<u>\$ 1,082,129</u>	<u>\$ 1,489,656</u>	<u>\$ 1,410,543</u>	<u>\$ 3,036,975</u>	<u>\$ 1,486,393</u>
Total Primary government	<u>\$ 54,989,435</u>	<u>\$ 57,858,200</u>	<u>\$ 62,039,818</u>	<u>\$ 70,405,398</u>	<u>\$ 65,370,094</u>
Changes in net position					
Governmental activities	\$ 14,729,897	\$ 8,106,952	\$ 19,500,285	\$ 9,022,556	\$ (3,477,235)
Business-type activities	2,188,356	1,346,203	244,095	2,160,409	477,989
Total primary government	<u>\$ 16,918,253</u>	<u>\$ 9,453,155</u>	<u>\$ 19,744,380</u>	<u>\$ 11,182,965</u>	<u>\$ (2,999,246)</u>

Data Source: City Records

		Fiscal Years			
2021	2022	2023	2024	2025	
\$ 45,319,666	\$ 46,925,672	\$ 50,888,000	\$ 53,773,652	\$ 56,447,392	
6,023,953	7,980,085	7,912,044	7,614,183	7,372,476	
-	-	-	-	-	
15,252,045	21,111,332	19,854,317	17,484,920	17,315,618	
1,440,672	1,299,318	1,339,774	1,641,533	5,653,231	
162,840	(6,944,519)	(560,953)	7,231,240	8,292,269	
539,907	473,495	24,745,143	1,246,827	155,518	
-	-	15,152,512	-	-	
7,980	907,836	40,389	-	526,074	
-	(185,549)	(1,376,792)	(2,026,696)	(3,673,480)	
<u>\$ 68,747,063</u>	<u>\$ 71,567,670</u>	<u>\$ 117,994,434</u>	<u>\$ 86,965,659</u>	<u>\$ 92,089,098</u>	
\$ 32,221	\$ 27,690	\$ 398,399	\$ 113,847	\$ 551,731	
447,819	551,209	502,013	185,150	711,222	
-	-	3,300	-	-	
-	185,549	1,376,792	2,026,696	3,673,480	
<u>\$ 480,040</u>	<u>\$ 764,448</u>	<u>\$ 2,280,504</u>	<u>\$ 2,325,693</u>	<u>\$ 4,936,433</u>	
<u>\$ 69,227,103</u>	<u>\$ 72,332,118</u>	<u>\$ 120,274,938</u>	<u>\$ 89,291,352</u>	<u>\$ 97,025,531</u>	
\$ 3,025,247	\$ 20,370,916	\$ 55,082,556	\$ 11,644,182	\$ (11,989,787)	
(227,827)	486,417	1,734,999	723,230	4,784,862	
<u>\$ 2,797,420</u>	<u>\$ 20,857,333</u>	<u>\$ 56,817,555</u>	<u>\$ 12,367,412</u>	<u>\$ (7,204,925)</u>	

City of Laguna Beach
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years				
	2016	2017	2018	2019	2020
General Fund:					
Nondisposable	\$ 115,607	\$ 51,539	\$ 1,490,158	\$ 2,496,535	\$ 4,271,059
Restricted	2,566,305	2,176,142	1,681,766	2,052,731	2,036,770
Committed	350,106	192,825	885,622	1,008,990	881,350
Assigned	36,008,155	40,163,871	38,308,560	36,410,273	38,537,450
Unassigned	18,240,858	20,942,863	21,282,064	27,530,330	23,406,015
Total general fund	<u>\$ 57,281,031</u>	<u>\$ 63,527,240</u>	<u>\$ 63,648,170</u>	<u>\$ 69,498,859</u>	<u>\$ 69,132,644</u>
All other governmental funds:					
Nondisposable	\$ -	\$ -	\$ 598,904	\$ 2,330,719	\$ 2,388,177
Restricted	13,377,092	10,399,151	10,616,602	10,838,380	10,527,225
Committed	6,153,059	6,209,559	6,320,696	6,440,498	6,571,876
Unassigned	-	-	-	-	(275,872)
Total all other governmental funds	<u>\$ 19,530,151</u>	<u>\$ 16,608,710</u>	<u>\$ 17,536,202</u>	<u>\$ 19,609,597</u>	<u>\$ 19,211,406</u>

Data Source: City Records

The City implemented GASB 54 in Fiscal Year 2010-2011

Fiscal Years				
2021	2022	2023	2024	2025
\$ 4,234,245	\$ 4,575,511	\$ 4,136,885	\$ 3,107,422	\$ 2,320,272
4,485,770	2,497,883	3,171,375	21,768,585	15,399,858
8,125,178	9,901,676	10,084,404	18,359,246	17,201,320
43,909,845	56,695,495	75,974,344	61,866,840	72,874,848
26,195,065	24,769,503	22,362,715	5,709,950	(16,251)
<u>\$ 86,950,103</u>	<u>\$ 98,440,068</u>	<u>\$ 115,729,723</u>	<u>\$ 110,812,043</u>	<u>\$ 107,780,047</u>
\$ 2,388,177	\$ 2,388,177	\$ 2,388,177	\$ 2,388,177	\$ 2,388,177
9,768,573	9,564,277	12,523,333	24,256,526	20,165,550
-	-	-	-	-
-	-	-	-	-
<u>\$ 12,156,750</u>	<u>\$ 11,952,454</u>	<u>\$ 14,911,510</u>	<u>\$ 26,644,703</u>	<u>\$ 22,553,727</u>

City of Laguna Beach
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years				
	2016	2017	2018	2019	2020
Revenues:					
Taxes and special assessments	\$ 53,422,115	\$ 57,209,543	\$ 61,759,702	\$ 64,132,553	\$ 61,825,816
License and permits	1,500,393	1,580,348	1,563,386	1,401,562	1,192,344
Fines and penalties	1,168,255	1,001,556	1,056,801	959,270	937,560
Investment income	1,256,302	35,817	302,357	3,840,142	3,346,784
Rental income	481,114	463,868	457,540	425,517	448,319
Intergovernmental	2,118,995	1,785,855	2,508,832	2,781,991	2,617,533
Charges for services	8,177,621	8,508,729	8,711,740	8,648,899	7,375,023
Parking meters, lots and permits	6,739,529	7,857,684	6,994,805	8,065,075	5,908,986
Development tax	185,949	310,117	178,875	263,291	153,783
Contributions from property owners	7,281,713	167,566	32,723	30,000	522,848
Other	957,974	644,607	618,968	844,320	491,842
Total Revenue	<u>\$ 83,289,960</u>	<u>\$ 79,565,690</u>	<u>\$ 84,185,729</u>	<u>\$ 91,392,620</u>	<u>\$ 84,820,838</u>
Expenditures					
Current:					
General government	\$ 5,330,478	\$ 5,851,668	\$ 5,795,153	\$ 6,425,030	\$ 6,129,597
Community development	5,041,256	5,065,752	5,598,168	5,884,065	6,245,015
Public safety	30,647,342	30,351,932	34,592,292	35,904,287	37,746,979
Public works	12,839,368	14,049,840	16,005,447	16,154,021	15,804,282
Transit and community services	4,889,196	4,770,513	5,305,605	5,309,727	5,376,302
Capital outlay	7,172,705	13,495,671	13,351,622	12,387,251	12,869,915
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>\$ 65,920,345</u>	<u>\$ 73,585,376</u>	<u>\$ 80,648,287</u>	<u>\$ 82,064,381</u>	<u>\$ 84,172,090</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 17,369,615	\$ 5,980,314	\$ 3,537,442	\$ 9,328,239	\$ 648,748
Other financing sources (uses):					
Transfer in	\$ 120,000	\$ 1,744,140	\$ 2,113,000	\$ 1,659,158	\$ 1,123,500
Transfer out	(2,071,298)	(4,989,570)	(4,602,020)	(3,063,313)	(2,536,654)
Proceeds from debt issuance	-	584,993	-	-	-
Subscriptions	-	-	-	-	-
Sales of land and equipment	11,023	4,891	-	-	-
Total other financing sources (uses)	<u>(1,940,275)</u>	<u>(2,655,546)</u>	<u>(2,489,020)</u>	<u>(1,404,155)</u>	<u>(1,413,154)</u>
Net change in fund balances	<u>\$ 15,429,340</u>	<u>\$ 3,324,768</u>	<u>\$ 1,048,422</u>	<u>\$ 7,924,084</u>	<u>\$ (764,406)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Data Source: City Records

Fiscal Years				
2021	2022	2023	2024	2025
\$ 69,133,106	\$ 78,344,746	\$ 80,948,026	\$ 81,423,930	\$ 86,752,472
1,468,109	1,756,854	2,826,974	3,756,331	3,369,833
963,325	852,245	937,908	866,935	1,252,961
285,554	(6,852,633)	(409,791)	7,471,674	8,888,815
224,649	509,400	493,254	802,677	735,917
7,461,982	5,163,397	7,473,897	3,259,961	5,369,875
8,610,465	10,147,275	12,044,994	13,555,745	7,496,149
7,695,559	9,248,571	9,355,963	9,865,316	11,431,086
210,061	543,014	139,310	261,185	228,898
	-	700,000	-	-
415,662	2,550,297	24,381,010	662,485	790,564
<u>\$ 96,468,472</u>	<u>\$ 102,263,166</u>	<u>\$ 138,891,545</u>	<u>\$ 121,926,239</u>	<u>\$ 126,316,570</u>
\$ 8,423,726	\$ 8,263,231	\$ 8,915,025	\$ 15,473,432	\$ 19,587,976
6,343,820	6,871,566	7,774,107	8,979,913	9,118,545
40,198,725	40,650,348	45,229,037	52,464,744	57,402,991
18,559,030	19,619,827	19,910,402	22,166,770	22,626,094
3,295,223	3,294,018	5,971,105	6,207,051	5,760,016
8,107,131	10,267,813	44,594,087	17,733,653	17,640,254
-	60,518	440,195	964,011	1,057,417
-	5,104	20,185	26,425	296,717
<u>\$ 84,927,655</u>	<u>\$ 89,032,425</u>	<u>\$ 132,854,143</u>	<u>\$ 124,015,999</u>	<u>\$ 133,490,010</u>
\$ 11,540,817	\$ 13,230,741	\$ 6,037,402	\$ (2,089,760)	\$ (7,173,440)
\$ 1,173,500	\$ 2,806,500	\$ 21,055,037	\$ 2,098,118	\$ 3,982,327
(1,914,031)	(3,869,984)	(20,169,427)	(6,309,726)	(8,955,807)
-	-	11,660,000	13,116,881	3,469,439
-	-	895,588	-	2,320,683
-	-	-	-	-
<u>(740,531)</u>	<u>(1,063,484)</u>	<u>13,441,198</u>	<u>8,905,273</u>	<u>816,642</u>
<u>\$ 10,800,286</u>	<u>\$ 12,167,257</u>	<u>\$ 19,478,600</u>	<u>\$ 6,815,513</u>	<u>\$ (6,356,798)</u>
0.0%	0.1%	0.5%	0.9%	1.2%

Revenue Capacity

This section of the City of Laguna Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules present factor affecting the City's ability to generate its own revenue and its most significant local revenue source, the property tax:

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant year.

CITY OF LAGUNA BEACH
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured		Unsecured		Taxable Assessed Value	Total Direct Tax Rate
2016	\$	12,610,347,675	\$	90,557,688	\$ 12,700,905,363	1.518%
2017		13,479,921,599		102,361,950	13,582,283,549	1.647%
2018		14,298,272,576		111,731,729	14,410,004,305	1.607%
2019		15,137,859,516		118,829,430	15,256,688,946	1.450%
2020		15,826,807,669		134,563,131	15,961,370,800	1.343%
2021		16,616,689,613		98,129,952	16,714,819,565	1.407%
2022		17,247,579,495		108,116,223	17,355,695,718	1.574%
2023		18,497,292,210		118,580,829	18,615,873,039	1.785%
2024		19,980,657,511		157,473,384	20,138,130,895	1.637%
2025		20,996,984,984		138,556,152	21,135,541,136	1.515%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited the property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Orange County Assessor, MuniServices, LLC / Neumo

Source: FY2024 and prior years, City of Laguna Beach -- ACFR Report Publication

CITY OF LAGUNA BEACH
Direct and Overlapping Property Tax Rates (1)
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Years				
	2016	2017	2018	2019	2020
City Direct Rates:					
City basic rate	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
Total City Direct Rate	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
Overlapping Rates:					
Unified School District Bonds	0.0140	0.0137	0.0129	0.0129	0.0127
South Coast Water District	0.0067	0.0021	-	-	-
Metro Water District	0.0035	0.0035	0.0035	0.0035	0.0035
Total Direct and overlapping Rate	\$ 1.02411	\$ 1.01928	\$ 1.01637	\$ 1.01635	\$ 1.01616

NOTE:

- (1) Tax rates are for tax rate area 05-015. This area encompasses a majority of the total areas of the City. There are a total of 48 tax rate areas in the City with tax rates from 1.03979 to 1.04883
- (2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of other debt obligations.

Source: County Auditor/Controller data, MuniServices, LLC / Neumo
Source: 2013-14 and prior, previously published ACFR Reports
Rates are not adjusted for ERAF
TRA 005-015 is represented.

Fiscal Years				
2021	2022	2023	2024	2025
\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000	\$ 1.0000
0.0101	0.0102	0.0097	0.0088	0.0088
-	-	-	-	-
0.0035	0.0035	0.0035	0.0035	0.0070
\$ 1.01362	\$ 1.01368	\$ 1.01321	\$ 1.01233	\$ 1.01576

CITY OF LAGUNA BEACH
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Assessed		Percent of Total City Taxable Assessed Value	Taxable Assessed		Percent of Total City Taxable Assessed Value
	Value	Rank		Value	Rank	
Fertitta MLB Owner LLC	\$ 651,712,615	1	3.08%			
ICRE Laguna Club LLC	146,206,264	2	0.69%	\$ 124,282,119	2	0.98%
2585 Holdings LLC	72,828,000	3	0.34%			
Hometown Laguna Terrace LLC	67,087,518	4	0.32%	57,136,690	3	0.45%
Aliso Creek Center LLC	61,758,829	5	0.29%			
Gross, Sue J Tr The Lion	56,523,193	6	0.27%			
Laguna Cove LLC	52,226,370	7	0.25%			
HCI Laguna Owner LP	51,368,992	8	0.24%			
Mission Hospital Regional Medical Center	45,431,989	9	0.21%	40,502,414	4	0.32%
Dream Vista LLC	44,888,970	10	0.21%			
SHR MLB LLC				172,625,849	1	1.36%
Warpinski Joseph				36,464,285	5	0.29%
IconicViews Company LLC				33,659,340	6	0.27%
Serenita LLC				32,144,591	7	0.25%
Allen Russell G				31,457,692	8	0.25%
Crystal Cove Cliffs LLC				30,896,635	9	0.24%
Scandia Reality Group LLP				28,752,561	10	0.23%
	<u>\$ 1,250,032,740</u>		<u>5.91%</u>	<u>\$ 587,922,176</u>		<u>4.63%</u>

Source: Orange County Assessor data, MuniServices, LLC / Neumo

CITY OF LAGUNA BEACH
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collection to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2016	\$ 27,900,487	\$ 27,711,235	99.32%	\$ 189,252	\$ 27,900,487	100%
2017	30,033,469	29,609,936	98.59%	423,533	30,033,469	100%
2018	31,851,921	31,494,680	98.88%	357,241	31,851,921	100%
2019	33,892,536	33,355,336	98.41%	537,200	33,892,536	100%
2020	35,447,181	34,968,629	98.65%	478,553	35,447,181	100%
2021	37,292,568	36,921,667	99.01%	370,901	37,292,568	100%
2022	38,556,080	38,038,658	98.66%	517,422	38,556,080	100%
2023	41,519,233	40,986,079	98.72%	533,154	41,519,233	100%
2024	44,699,767	44,059,288	98.57%	640,478	44,699,767	100%
2025	46,931,295	45,709,290	97.40%	1,222,005	46,931,295	100%

Source: Orange County Auditor Controller's Office, MuniServices, LLC / Neumo
Source: FY2024 and prior years, City of Laguna Beach -- ACFR Report Publication

Debt Capacity

This section of the City of Laguna Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules exhibit the City's levels of outstanding debt over time, to help readers assess the affordability of the current level of outstanding debt, and the City's ability to issue additional debt:

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Debt
- Pledged Revenue Coverage
- Legal Debt Margin Information

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant year.

CITY OF LAGUNA BEACH
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities				Government	Percentage of Personal Income	Debt per Capita
	Leases	SBITA	Lease Financing Arrangement	Total Governmental Activities	I-Bank Installment Agreement	Leases	SBITA	Total Business-type Activities			
2016	\$ -	\$ -	\$ -	\$ -	\$ 3,531,805	\$ -	\$ -	\$ 3,531,805	\$ 3,531,805	0.19%	150
2017	-	-	-	-	3,130,810	-	-	3,130,810	3,130,810	0.16%	133
2018	-	-	-	-	6,718,867	-	-	6,718,867	6,718,867	0.32%	288
2019	-	-	-	-	10,751,678	-	-	10,751,678	10,751,678	0.49%	460
2020	-	-	-	-	10,163,699	-	-	10,163,699	10,163,699	0.46%	455
2021	-	-	-	-	9,388,760	-	-	9,388,760	9,388,760	0.39%	417
2022	766,519	-	-	766,519	16,090,380	888,047	-	16,978,427	17,744,946	0.64%	782
2023	639,509	598,163	11,660,000	12,897,672	15,088,688	599,351	22,512	15,710,551	28,608,223	0.89%	1,275
2024	662,560	300,861	11,240,000	12,203,421	14,058,155	340,710	11,427	14,410,292	26,613,713	0.74%	1,186
2025	1,204,713	1,021,973	11,240,000	13,466,686	13,495,344	38,306	5,294	13,533,650	27,000,336	0.69%	1,186

Data Source: City Records

CITY OF LAGUNA BEACH
Direct and Overlapping Debt
June 30, 2025

CITY OF LAGUNA BEACH

2024-25 Assessed Valuation: \$21,162,615,880

	Total Debt <u>6/30/2025</u>	<u>% Applicable (1)</u>	City's share of <u>Debt 6/30/2025</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$17,155,000	0.520%	\$89,206
Capistrano Unified School District School Facilities Improvement District No. 1	3,327,455	0.009	299
Laguna Beach Unified School District	7,690,000	73.529	5,654,380
City of Laguna Beach 1915 Act Bonds	13,151,867	100.000	13,151,867
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$18,895,752
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$429,065,000	2.610%	\$11,198,897
Orange County Board of Education Certificates of Participation	9,120,000	2.610	238,032
Capistrano Unified School District Certificates of Participation	17,290,000	0.006	1,037
City of Laguna Beach	11,240,000	100.00	11,240,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$22,677,966
TOTAL DIRECT DEBT			\$11,240,000
TOTAL OVERLAPPING DEBT			\$30,333,418
COMBINED TOTAL DEBT			\$41,573,418 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.09%
Total Direct Debt (\$11,240,000)	0.05%
Combined Total Debt	0.20%

Source: MuniServices, LLC / Neumo
California Municipal Statistics, Inc.

CITY OF LAGUNA BEACH
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	I-Bank Installment Agreement						Coverage
	Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2016	\$ 7,400,257	\$ 4,467,494	\$ 2,932,763	\$ 390,339	\$ 101,746	595.99%	
2017	7,699,521	4,888,192	2,811,329	400,996	90,945	571.48%	
2018	8,050,631	6,644,252	1,406,379	411,943	79,848	285.97%	
2019	8,388,932	6,315,367	2,073,565	423,189	157,227	357.25%	
2020	8,955,639	6,637,186	2,318,454	587,979	190,133	297.96%	
2021	9,530,242	6,509,854	3,020,387	774,940	422,250	252.29%	
2022	10,411,318	7,523,271	2,888,047	949,315	358,260	220.87%	
2023	10,118,172	6,493,013	3,625,159	1,001,693	316,847	274.94%	
2024	10,710,778	7,736,828	2,973,950	1,030,533	434,779	202.96%	
2025	11,086,076	6,258,722	4,827,354	562,810	385,701	508.94%	

Data Source: City Records

CITY OF LAGUNA BEACH
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Years				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 12,700,905,363	\$ 13,582,283,549	\$ 14,410,004,305	\$ 15,256,688,946	\$ 15,961,370,800
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,175,226,341	3,395,570,887	3,602,501,076	3,814,172,237	3,990,342,700
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	476,283,951	509,335,633	540,375,161	572,125,835	598,551,405
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 476,283,951</u>	<u>\$ 509,335,633</u>	<u>\$ 540,375,161</u>	<u>\$ 572,125,835</u>	<u>\$ 598,551,405</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Data Source: Orange County Assessor data, MuniServices, LLC (Assessed Value)

Fiscal Years				
2021	2022	2023	2024	2025
\$ 16,714,819,565	\$ 17,355,695,718	\$ 18,615,873,039	\$ 20,138,130,895	\$ 21,135,541,136
25%	25%	25%	25%	25%
4,178,704,891	4,338,923,930	4,653,968,260	5,034,532,724	5,283,885,284
15%	15%	15%	15%	15%
626,805,734	650,838,589	698,095,239	755,179,909	792,582,793
-	-	-	-	-
<u>\$ 626,805,734</u>	<u>\$ 650,838,589</u>	<u>\$ 698,095,239</u>	<u>\$ 755,179,909</u>	<u>\$ 792,582,793</u>
0.0%	0.0%	0.0%	0.0%	0.0%

Demographic and Economic Information

This section of the City of Laguna Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules depict demographic and economic indicators to assist the reader in understanding the socio-economic, environment in which the City's financial activities take place:

- Demographic and Economic statistics
- Principal Employers

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant year.

CITY OF LAGUNA BEACH
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Income (2)	Unemployment Rates (3)
2016	23,617	\$ 1,904,728,527	\$ 80,651	3.4%
2017	23,505	1,986,939,233	84,533	3.0%
2018	23,309	2,095,738,529	89,911	3.0%
2019	23,358	2,215,201,245	94,837	2.2%
2020	22,343	2,203,830,404	98,636	12.0%
2021	22,495	2,394,973,815	106,467	6.8%
2022	22,706	2,776,722,871	122,290	2.1%
2023	22,445	3,201,538,191	142,639	3.0%
2024	22,449	3,582,417,257	159,580	3.1%
2025	22,763	3,916,539,182	172,057	3.1%

Source: MuniServices, LLC / Neumo

Source: FY2024 and prior years, City of Laguna Beach -- ACFR Report Publication

1.) Population Projections are provided by the California Department of Finance.

2.) Income Data is provided by the U.S. Census Bureau.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department

CITY OF LAGUNA BEACH
Principal Employers
Current Year and Nine Years Ago

Business Name	2024-25		2015-16	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Montage Laguna Beach Hotel	621	5.26%	730	5.75%
Laguna Beach School District	365	3.09%	350	2.76%
Providence Mission Hospital, Laguna Beach*	340	2.88%	2,500	19.69%
City of Laguna Beach	331	2.81%	260	2.05%
Surf & Sand Resort	248	2.10%	240	1.89%
Laguna College of Art & Design	224	1.90%	241	1.90%
Las Brisas Restaurant	162	1.37%	186	1.46%
Anneliese Schools	114	0.97%		
Pavilions	94	0.80%		
Mozambique Restaurant	87	0.74%	95	0.75%
Pacific Edge Hotel & Restaurants			198	1.56%
Hotel Laguna			123	0.97%
Total Top 10 Employers	2,586	21.92%	4,923	38.76%
Total City Labor Force (1)	11,800		12,700	

Source: MuniServices, LLC /Neumo

Source: FY2015-16, City of Laguna Beach -- ACFR Report Publication

(1) Total City Labor Force provided by EDD Labor Force Data.

Note:

Results based on direct correspondence with city's local businesses.

* Laguna Beach campus only.

Operating Information

This section of the City of Laguna Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules present information on the City's operations and resources including service and infrastructure data to facilitate the readers understanding of how financial statement information relates to the services the City provides and the activities it performs:

- Capital Asset Statistics by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant year.

CITY OF LAGUNA BEACH
Full-time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Years			
	2016	2017	2018	2019
General Government	18.73	18.73	20.23	20.23
Public Safety	136.00	136.00	149.00	150.00
Public Works	54.60	54.60	57.00	57.00
Community Development	30.00	30.00	32.00	32.00
Recreational and Cultural (1)	6.00	6.00	6.00	6.00
Water Quality	15.00	15.00	15.00	15.00
Transit & Community Services (2)				
Total	<u>260.33</u>	<u>260.33</u>	<u>279.23</u>	<u>280.23</u>

Note:

(1) Full time positions in Recreational were transferred to Public Works and Marine Safety

(2) Newly created Department of Transit & Community Services in 2023

Data Souce: City Records

	Fiscal Years				
2020	2021	2022	2023	2024	2025
22.68	22.68	25.68	33.68	34.68	37.68
150.00	151.00	150.00	180.00	184.00	184.00
58.00	60.00	59.00	53.00	70.00	70.00
35.00	33.00	37.00	44.00	44.00	42.00
7.00	2.00 ⁽¹⁾	2.00	2.00	2.00	2.00
16.00	17.00	17.00	16.00	-	-
			10.00 ⁽²⁾	13.00	13.00
<u>288.68</u>	<u>285.68</u>	<u>290.68</u>	<u>338.68</u>	<u>347.68</u>	<u>348.68</u>

CITY OF LAGUNA BEACH
Operating Indicators
Last Ten Fiscal Years

	2016	2017
Police		
Physical Arrests	2,125	2,113
Citations	3,794	3,372
Parking Citations	34,017	30,557
Fire Protection:		
Number of Calls Answered	N/A	3,562
Number of Inspections	N/A	982
Sewer - Public Works		
Number of Service Connections	8,504	8,504
Daily Average Treatment in MGD (million gallons per day)	2	2
Maximum daily capacity of treatment plant in MGD*	4	4

Data Souce: City Records

*Treated by SOCWA, a JPA of the City of Laguna Beach

N/A - Not currently available.

Fiscal Years							
2018	2019	2020	2021	2022	2023	2024	2025
2,102	2,133	1,710	1,236	1,111	920	906	899
6,716	4,153	3,463	3,018	2,776	1,875	6,189	8,948
26,275	28,989	24,675	27,667	22,250	30,193	22,420	26,578
3,325	3,554	3,712	3,713	3,821	3,913	4,053	4,133
1,155	1,587	562	1,842	1,375	678	950	1,459
8,504	8,504	8,504	8,504	8,504	8,504	8,504	8,504
2	2	2	2	2	2	2	2
4	4	4	4	4	4	4	4

CITY OF LAGUNA BEACH
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Years				
	2016	2017	2018	2019	2020
Police					
Stations	1	1	1	1	1
Fire:					
Fire Stations	4	4	4	4	4
Public Works					
Streets (miles)	93	93	93	93	93
Streetlights	1,241	1,241	1,241	1,241	1,241
Culture and Recreation					
Community Centers	3	3	3	3	3
Parks	17	17	17	17	17
Park Acreage	47	47	47	47	47
Tennis & Pickleball Courts	12	12	12	12	12
Sewer - Public Works					
Miles of sanitary sewers	95	95	95	95	95
Miles of storm drains	78	78	78	78	78

Data Souce: City Records

Fiscal Years				
2021	2022	2023	2024	2025
1	1	1	1	1
4	4	4	4	4
93	93	93	93	93
1,241	1,241	1,241	1,243	1,248
3	3	3	3	3
17	17	17	17	18
47	47	47	47	99
12	12	12	12	18
95	95	95	95	95
78	78	78	79	79