



CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA

Community Room

100 Civic Center Drive, Newport Beach, CA 92660

Thursday, February 12, 2026 - 3:00 PM

Finance Committee Members:

Joe Stapleton, Councilmember / Chair

Sara J. Weber, Councilmember

Allen Cashion, Committee Member

William Collopy, Committee Member

William Kenney, Committee Member

Kory Kramer, Committee Member

Staff Members:

Seimone Jurjis, City Manager

Jason Al-Imam, Administrative Services Director/Treasurer

Trevor Power, Acting Deputy Finance Director

Vicky Nguyen, Assistant Management Analyst

NOTICE REGARDING PRESENTATIONS REQUIRING USE OF CITY EQUIPMENT

Any presentation requiring the use of the City of Newport Beach's equipment must be submitted to the Administrative Services Director/Treasurer 24 hours prior to the scheduled Finance Committee meeting.

NOTICE REGARDING PUBLIC PARTICIPATION

Questions and comments may also be submitted in writing for the Finance Committee's consideration by sending them to Jason Al-Imam, Administrative Services Director/Treasurer, at jalimam@newportbeachca.gov. To give the Finance Committee adequate time to review your questions and comments, please submit your written comments by no later than 5 p.m. the day prior to the Finance Committee meeting. All correspondence will be made part of the record.

NOTICE TO THE PUBLIC

The Finance Committee meeting is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that their agenda be posted at least twenty-four (24) hours in advance of each special meeting and that the public be allowed to comment on agenda items before the Committee and items not on the agenda but are within the subject matter jurisdiction of the Finance Committee. The Chair may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

It is the intention of the City of Newport Beach to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the City of Newport Beach will attempt to accommodate you in every reasonable manner. If requested, this agenda will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Please contact the City Clerk's Office at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible at (949) 644-3127 or jalimam@newportbeachca.gov.

I. **CALL MEETING TO ORDER**

II. **ROLL CALL**

III. **PLEDGE OF ALLEGIANCE**

IV. **PUBLIC COMMENTS**

Public comments are invited on agenda and non-agenda items generally considered to be within the subject matter jurisdiction of the Finance Committee. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Finance Committee has the discretion to extend or shorten the speakers' time limit on agenda or non-agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.

V. **CURRENT BUSINESS**

A. **FINANCIAL STATEMENT AUDIT RESULTS AND RELATED COMMUNICATION FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

Summary:

Davis Farr, an independent public accounting firm of licensed public accountants, has completed its audit for the fiscal year ending June 30, 2025. Marc Davis, the audit partner, will meet with the Finance Committee to discuss the results of the audit.

Recommended Action:

Receive and file.

[STAFF REPORT](#)

[ATTACHMENT A](#)

[ATTACHMENT B](#)

[ATTACHMENT C](#)

[PRESENTATION](#)

B. **SECOND QUARTER BUDGET UPDATE**

Summary:

Staff will report on the budget amendments from the prior quarter.

Recommended Action:

Receive and file.

[STAFF REPORT](#)

C. WORK PLAN REVIEW

Summary:

Staff will report on the upcoming Finance Committee items.

Recommended Action:

Receive and file.

[WORK PLAN](#)

VI. ADJOURNMENT



**CITY OF NEWPORT BEACH
FINANCE COMMITTEE
STAFF REPORT**

Agenda Item No. 5A
February 12, 2026

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Administrative Services Department
Jason Al-Imam, Administrative Services Director/Treasurer
949-644-3123, jalimam@newportbeachca.gov

**SUBJECT: FINANCIAL STATEMENT AUDIT RESULTS AND RELATED
COMMUNICATION FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

SUMMARY:

The City is audited annually by an independent auditing firm, presently Davis Farr LLP. The audit process takes several months, beginning after the books are closed (typically in September) and concluding several months later once the financial statements have been prepared. The financial statement audit for the fiscal year ended June 30, 2025 has been completed by Davis Farr LLP, which reflects an “unmodified”, or clean opinion that the City’s financial statements for the fiscal year are presented fairly.

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

The financial statement audit for the fiscal year ended June 30, 2025 has been completed, which reflects an unmodified or “clean” audit opinion, meaning that the financial statements are presented fairly, in all material respects, and in conformity with generally accepted accounting principles.

The auditors reported no significant unusual transactions, no significant difficulties encountered in connection with the performance of the audit, no material corrected and uncorrected misstatements, no disagreements with management, and no other audit findings or issues. In addition, the auditors did not identify any deficiencies in internal control that would need to be communicated to the Committee, nor did they identify any instances of noncompliance or other matters to report.

The Single Audit, a compliance audit of federally assisted grant programs, is still ongoing. While no audit findings are anticipated as a result of the Single Audit, staff will communicate any findings, should they occur, to the Finance Committee at a future meeting.

Representatives of Davis Farr LLP will be present for the Finance Committee meeting and will make a presentation regarding the results of their audit of the City's financial statements. Staff and the auditors will then be available for questions from the Committee and the public. Additionally, should the Committee wish to discuss any matters related to the Fiscal Year 2024-25 Audit with the auditors without staff present, such an opportunity can be afforded at the conclusion of the item.

Prepared by:

/s/ Trevor Power

Trevor Power
Accounting Manager

Submitted by:

/s/ Jason Al-Imam

Jason Al-Imam
Administrative Services Director/
Treasurer

ATTACHMENTS:

Attachment A – Fiscal Year 2024-25 Financial Statement

Attachment B – Required Audit Communications

Attachment C – Report on Internal Control and Other Matters

ATTACHMENT A
FISCAL YEAR 2024-25 FINANCIAL STATEMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**FISCAL YEAR ENDED
JUNE 30, 2025**

City of Newport Beach
California



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

*Prepared by the Administrative Services Department
Jason Al-Imam,
Administrative Services and Finance Director/Treasurer*



The City of Newport Beach was incorporated September 1, 1906
The present City Seal was adopted July 22, 1957

INTRODUCTORY SECTION



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CITY OF NEWPORT BEACH

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION

(Unaudited)

Table of Contents.....	1
Letter of Transmittal	5
GFOA Certificate of Achievement for Excellence in Financial Reporting	19
List of City Officials	20
Organization Chart.....	21

FINANCIAL SECTION

Independent Auditor's Report	25
-------------------------------------------	-----------

Management's Discussion and Analysis	31
---------------------------------------------------	-----------

(Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	51
---------------------------------	----

Statement of Activities.....	52
------------------------------	----

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....	58
--------------------	----

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	61
----------------------------------------------------------------------------------------------------	----

Statement of Revenues, Expenditures and Changes in Fund Balances.....	62
-----------------------------------------------------------------------	----

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	64
--------------------------------------------------------------------------------------------------------------------------------------------------	----

Proprietary Funds:

Statement of Net Position.....	68
--------------------------------	----

Statement of Revenues, Expenses and Changes in Net Position	69
-------------------------------------------------------------------	----

Statement of Cash Flows	70
-------------------------------	----

Fiduciary Funds:

Statement of Fiduciary Net Position	74
-------------------------------------------	----

Statement of Changes in Fiduciary Net Position.....	75
-----------------------------------------------------	----

Notes to the Financial Statements	79
-----------------------------------------	----

Required Supplementary Information

Defined Benefit Plan For Miscellaneous Employees:

Schedule of Changes in the Net Pension Liability and Related Ratios	142
---------------------------------------------------------------------------	-----

Schedule of Contributions	144
---------------------------------	-----

Defined Benefit Plan For Safety Employees:

Schedule of Changes in the Net Pension Liability and Related Ratios	146
---------------------------------------------------------------------------	-----

Schedule of Contributions	148
Post-Employment Health Care Benefits (OPEB):	
Schedule of Changes in the Net OPEB Liability and Related Ratios	150
Schedule of Contributions	152
Budgetary Comparison Statements:	
General Fund	154
Tide and Submerged Land – Operating Fund.....	156
Tide and Submerged Land – Harbor Capital Fund	157
Notes to Required Supplementary Information	158

Supplementary Schedules

Other Governmental Funds:	
Combining Balance Sheet.....	166
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances	173
Budgetary Comparison Schedules:	
State Gas Tax Fund	180
SB1 Gas Tax RMRA Fund	181
Asset Forfeiture Fund	182
OTS DUI Grant Fund	183
Circulation and Transportation Fund	184
Building Excise Tax Fund.....	185
Community Development Block Grant Fund	186
Air Quality Management District Fund	187
Environmental Liability Fund	188
Supplemental Law Enforcement Services Fund	189
Opioid Remediation Fund	190
Contributions Fund.....	191
FIIN Fund	192
Restricted Programs Fund	193
Measure M Fund	194
Oceanfront Encroachment Fund	195
PEG Fees Fund	196
Park Fees Fund.....	197
Internal Service Funds:	
Combining Statement of Net Position	202
Combining Statement of Revenues, Expenses and Changes in Net Position	203
Combining Statement of Cash Flows	204
Custodial Funds:	
Combining Statement of Fiduciary Net Position.....	208
Combining Statement of Changes in Fiduciary Net Position.....	209

STATISTICAL SECTION

(Unaudited)

Financial Trends:	
Net Position by Component	214
Changes in Net Position.....	216

Fund Balances of Governmental Funds.....	218
Changes in Fund Balance of Governmental Funds	220
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	224
Property Tax Rates, Direct and Overlapping Governments	225
Principal Property Taxpayers	226
Property Tax Levies & Collections	227
Debt Capacity:	
Ratios of Outstanding Debt by Type	230
Ratios of General Bonded Debt	232
Schedule of Direct and Overlapping Debt.....	233
Computation of Legal Debt Margin	234
Demographic and Economic Information:	
Demographic and Economic Statistics.....	238
Principal Employers	239
Operating Information:	
Full-Time City Employees by Function.....	243
Operating Indicators by Function	244
Capital Asset Statistics by Function	246
Water Sold by Customer Type	248
Utility Rates	250
Major Water Customers	251

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January 28, 2026

Honorable Mayor, Members of the City Council,
and Residents of the City of Newport Beach, California

The City Charter and California state law require that the City of Newport Beach (City) issue a complete set of financial statements annually and that an independent firm of certified public accountants audit this report in conformance with generally accepted auditing standards (GAAS). The Annual Comprehensive Financial Report (ACFR) of the City of Newport Beach for the year ended June 30, 2025 is hereby submitted.

The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of City management's representations concerning the finances of the City of Newport Beach. Responsibility for the accuracy and completeness of the data presented rests with the City. Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the information presented in this report is complete and accurate in all material respects, and that it is reported in a manner designed to fairly present the financial position and results of operations of the various activities of the City of Newport Beach.

The City of Newport Beach's financial statements have been audited by DavisFarr LLP, a firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Newport Beach for the Fiscal Year (FY) ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Newport Beach's financial statements for the year ended June 30, 2025 are fairly presented in

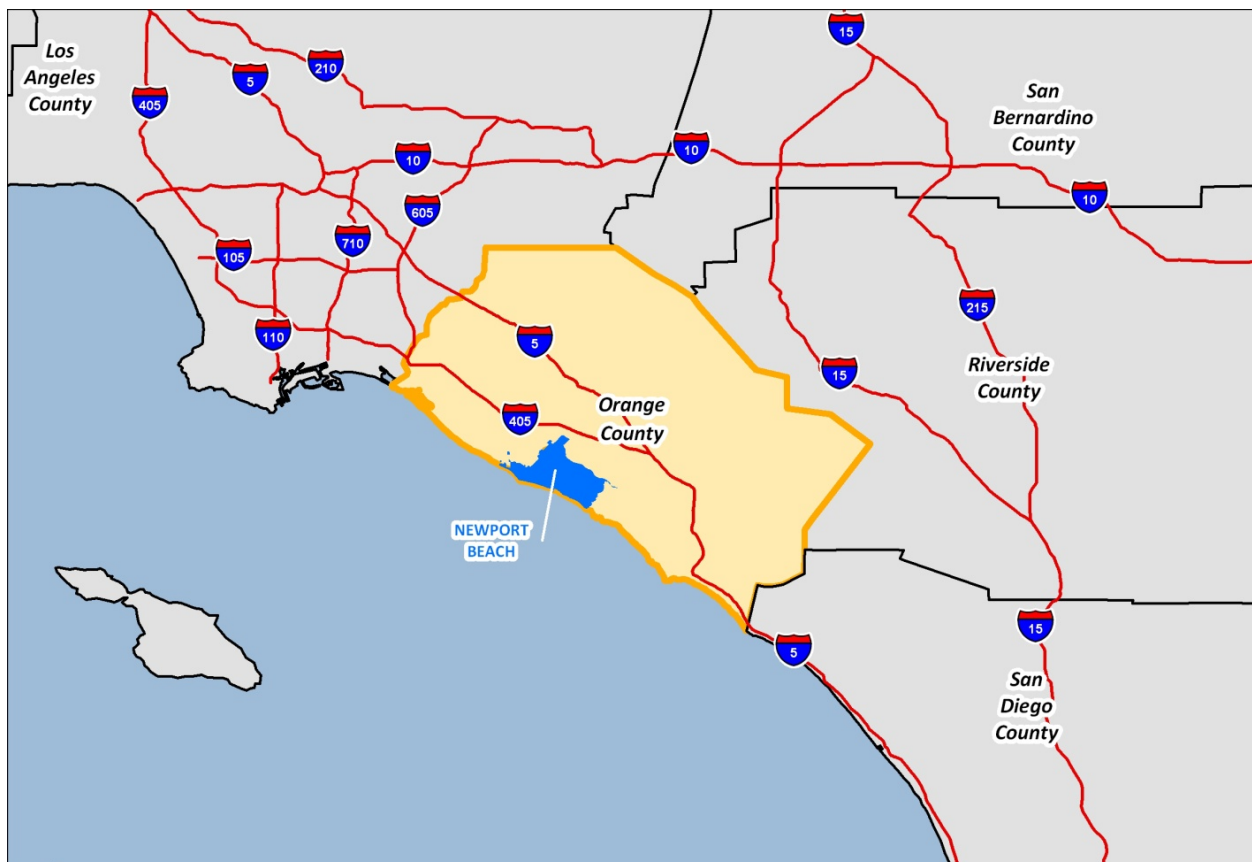
conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A narrative introduction, overview, and analysis accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Newport Beach MD&A can be found immediately following the report of the independent auditors and will provide further information regarding the format and content of this report.

PROFILE OF THE CITY

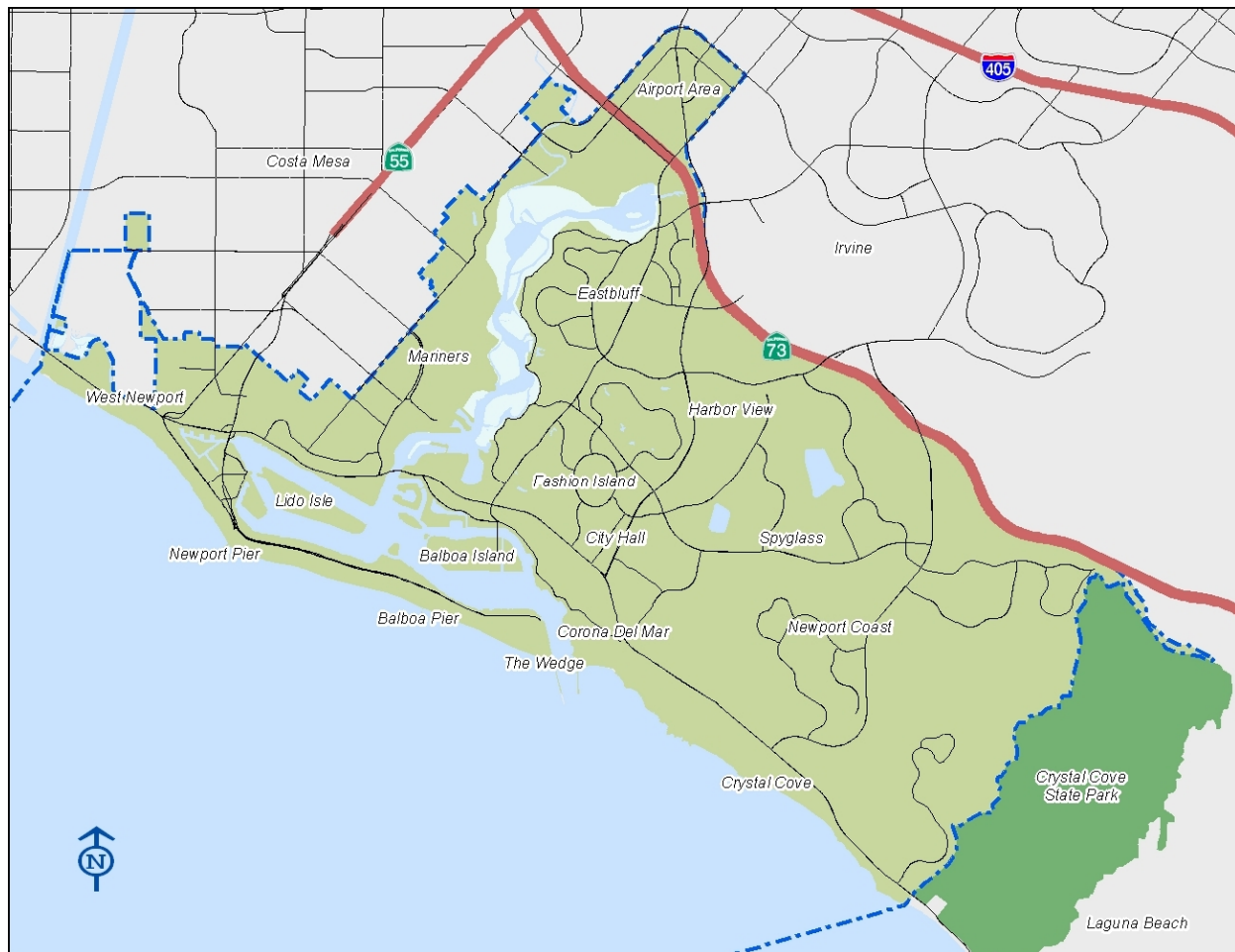
Newport Beach is a community located in the coastal center of Orange County, in the heart of Southern California, with Los Angeles County to the north and San Diego County to the south. There are currently 34 cities within the county. In terms of population, Orange County is the third largest county in California trailing Los Angeles and San Diego. It is the sixth largest county in the nation.

The general vicinity of Newport Beach and Orange County relative to the counties of Los Angeles, San Bernardino, Riverside, and San Diego is illustrated on the map below:



Newport Beach surrounds Newport Bay, well known for its picturesque islands and one of the greatest recreational harbors in the world, accommodating about 4,300 recreational and sports charter boats docked within its 21-square-mile harbor area. The bay area and the ten miles of ocean beach offer outstanding fishing, swimming, surfing, and aquatic sports activities. The City has a permanent population of 82,654, which typically grows to well over 100,000 during the summer months, including 20,000 to 100,000 or more tourists daily. There are fine residential areas, modern shopping facilities, and a quality school system. The University of California, Irvine, is located immediately adjacent to the city, and several other colleges are within a 30-mile radius.

The following map illustrates the communities within Newport Beach; the upper bay, the recreational harbor, and beachfront topography; and the city's location relative to the bordering cities of Costa Mesa to the north, Irvine to the east, and Laguna Beach to the south.



Newport Beach was incorporated on September 1, 1906. The City Charter was originally adopted in 1954 but has been updated and amended over time. The City is governed by seven Council Members, and operates under a Council-Manager form of government. Council Members are elected by district but voted on by the population as a whole, and serve four-year staggered terms. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City Council is responsible for, among

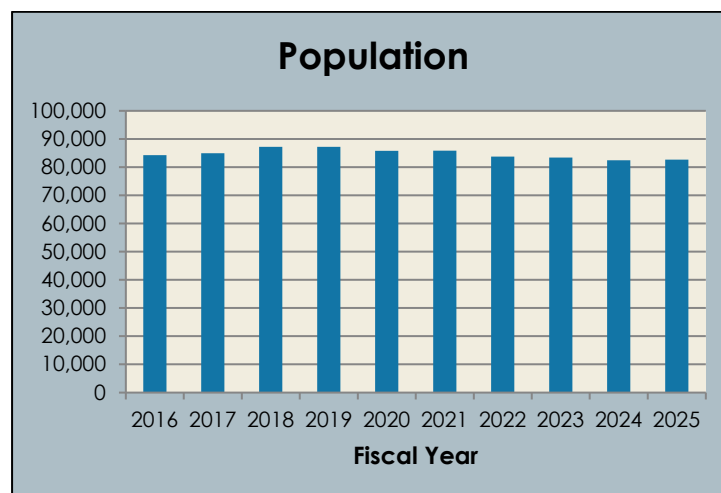
other things, policy-making, passing local ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing heads of departments.

The City of Newport Beach is a full service city providing its residents and visitors with the following functional services: general governance, legal, financial, information technology, and administrative management; police, fire, paramedic, lifeguard, and emergency medical transport services; engineering, construction, and maintenance of public facilities, public streets, beaches, and parks; planning, zoning, and economic development services; building inspection, plan check, and code enforcement services; libraries and cultural and arts services; recreation and senior services; and water, wastewater, and street light utility services. The City provides water and wastewater service to most areas within the city limits, but it does not provide gas, cable television, electricity, or other utility services. Public elementary and secondary education is provided by the Newport-Mesa Unified School District and the Laguna Beach Unified School District.

Component Unit: The City's financial statements present the financial activity of the City of Newport Beach (the primary government) and the Newport Beach Public Facilities Corporation (a component unit of the City). The Corporation is blended into the City's financial statements because of its operational and financial relationship with the City. Even though it is a legally separate organization, City of Newport Beach elected officials are accountable for fiscal matters of the Corporation. Additional information about the Newport Beach Public Facilities Corporation and the reporting entity in general can be found in Note (1a) of the Notes to the Financial Statements.

DEMOGRAPHICS

Reflective of a mature community, vacant land has become increasingly scarce and the city is relatively built-out. Currently at 82,654, the population has been very stable as indicated by the following chart.

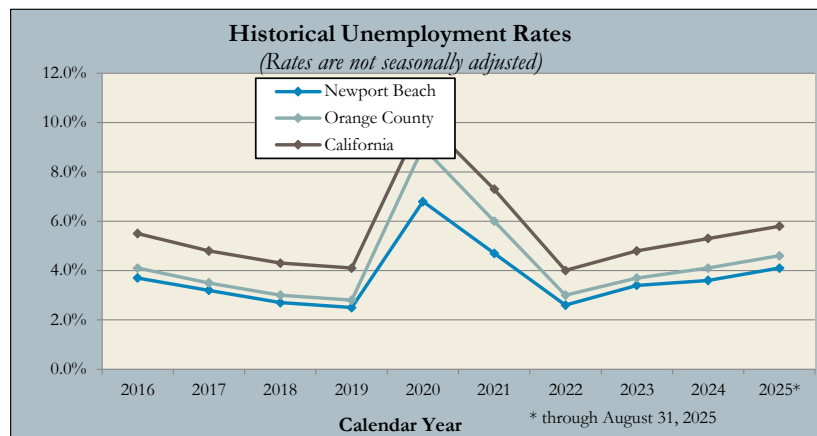


The effective buying income and median household income are generally higher in Newport Beach than in other areas of the State and the U.S. overall. As illustrated by the table below, Newport Beach's median household income is higher than the median household income in the County of Orange and the State of California.

2024 Median Household Income	
City of Newport Beach	\$132,670
Orange County	115,229
California	100,149
USA	81,604

Source: U.S. Census Bureau, 2024

The leading industries here include professional services, scientific services, healthcare, finance, insurance, legal services, and travel and tourism. Unemployment in the City increased to 4.1% as of August 2025 which is consistent with the statewide and national trends. Jobs grew at a slower rate than the previous year due to a slowing economy and more workers joining or re-joining the labor force. However, the City's unemployment rate is still lower compared to the state's 5.8%, and the county's 4.6%, as illustrated in the following chart.



More detailed information concerning the City's demographics and statistics are contained within the Statistical Section of this report.

LOCAL ECONOMY

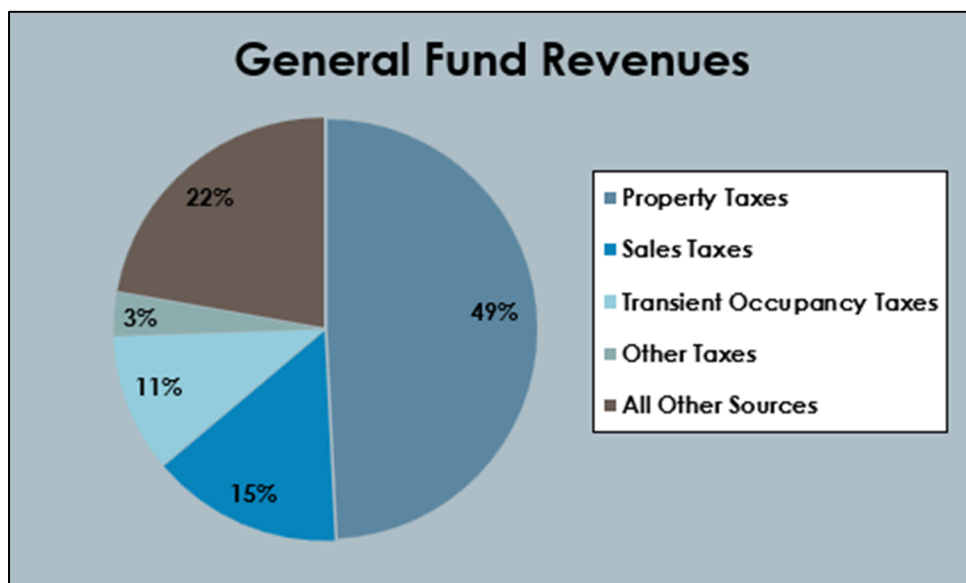
The economic outlook in Newport Beach remains strong, largely due to continued growth in property values, which has driven the median price of detached single-family homes to over \$4 million. Despite elevated interest rates resulting in high borrowing costs and slower home sales, property tax revenue—the City's largest source of revenue—remains strong and stable.

Sales tax and transient occupancy tax (TOT) revenue, the City's second and third largest revenue sources, respectively, are directly influenced by consumer behavior. A significant portion of the City's tax revenue depends on luxury markets, such as automobile dealerships, fine dining, and luxury hotels, making it sensitive to economic headwinds like high interest rates and shifts in consumer preferences. Nonetheless, growth in sales tax and TOT revenue is projected, though at a slower pace than in previous years.

TOP THREE REVENUE SOURCES

Most General Fund revenue categories performed at or higher than their budgeted levels for the fiscal year due to more favorable economic conditions than anticipated when the budget was developed in April 2024. Actual revenues were \$10.4 million or 3.4% higher than final anticipated estimates, and \$17.1 million or 5.8% higher than previous fiscal year. As discussed in more detail below, the primary positive variances were in property tax and transient occupancy taxes.

The top three individual revenue sources, Property Taxes, Sales Taxes and Transient Occupancy Taxes, represent 74.5% of all General Fund revenues. Tax revenues in total, including business licenses, franchise fees, and other taxes represent 77.8% of all General Fund revenues, while only 22.2% is generated from other revenue sources.



Property Taxes

Unlike many cities, property taxes, not sales taxes, are the number one source of revenue for the City of Newport Beach, representing almost half (49.2%) of all General Fund revenues. Due to the limited supply of scenic coastal property and the unique access to Newport Bay, the Newport Beach community has developed into affluent residential neighborhoods and high-end commercial districts. Consistent and vigorous demand for coastal property has allowed the City to enjoy long-term growth trends with its number one revenue source. Property tax revenues for Fiscal Year 2024-25 came in \$8.1 million

or 5.5% higher than the prior year due to an increase in assessed property values related to the annual inflation adjustment that is allowed under Proposition 13 and due to changes in ownership and price appreciation.

Detached single-family residential property values increased 2.4% in 2025, as illustrated in the following table. Home sales rebounded slightly from the previous year even though interest rates increased slightly. Newport Beach's estimated median price for a detached single-family residence is currently \$4.3 million, which far exceeds the countywide estimated median value of \$1.3 million. Higher assessed values are projected to continue due to strong demand, which is expected to support continued growth in future property tax revenues.

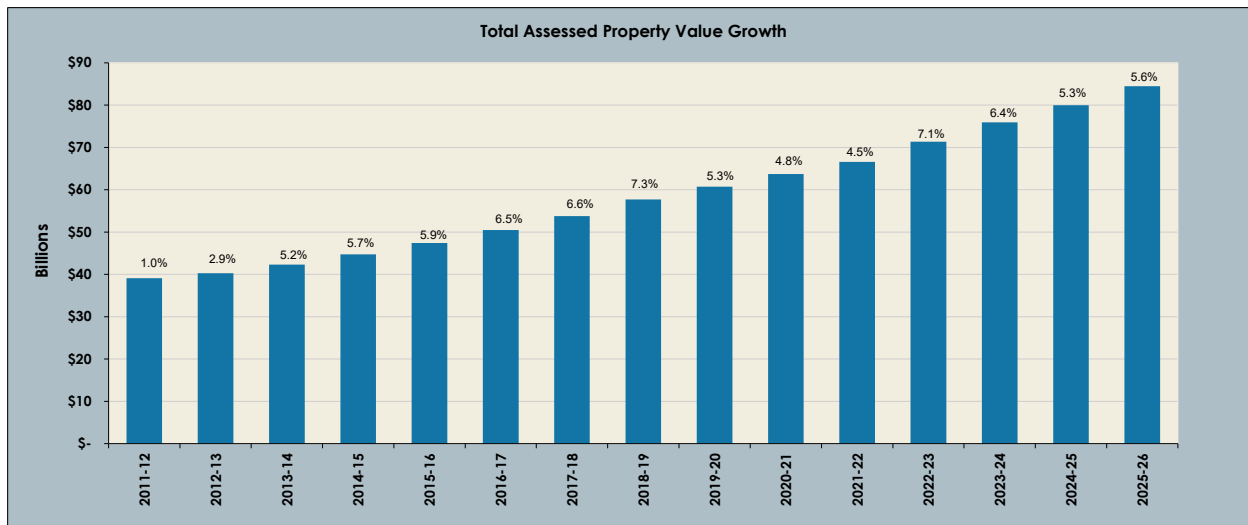
CITY OF NEWPORT BEACH Detached Single Family Residential Full Value Sales Median Price			
Calendar Year	Sales	Median Price	Median % Change
2016	1,064	\$ 2,150,000	8.86%
2017	1,113	\$ 2,400,000	11.63%
2018	952	\$ 2,517,000	4.88%
2019	949	\$ 2,435,000	-3.26%
2020	1,135	\$ 2,595,000	6.57%
2021	1,406	\$ 3,200,000	23.31%
2022	830	\$ 3,750,000	17.19%
2023	687	\$ 3,845,000	2.53%
2024	707	\$ 4,200,000	9.23%
2025*	538	\$ 4,300,000	2.38%

Source: HdL Coren & Cone

*Data through September 2025

After Californians passed Proposition 13 in 1978, assessed property value is reassessed to market value only when the property changes ownership. Otherwise, the assessed value (AV) grows by no more than two percent per year. This practice creates a constant lag and buffer between assessed and market values, effectively insulating the tax base from more market volatility.

The City has experienced positive AV growth during each of the past 30 years (see chart below with the past 15 years of AV growth demonstrated). While property tax growth rates fell sharply during the Great Recession and many other cities experienced decreases in their AV during 2008 through 2011, the assessed value never declined and has risen steadily since.



Value changes in Newport Beach show continued appreciation in property values in Fiscal Year 2024-25. Over the past 10 years, assessed valuation increased an average of 6.0% per year and 5.3% over a twenty-year period. Newport Beach’s assessed property values increased 5.3%, with a local assessed value of \$80.0 billion for Fiscal Year 2024-25.

Sales Tax

The second largest funding source for the General Fund is sales tax revenue, making up about 14.7% of General Fund revenues. The City’s sales tax base is largely generated from three industry categories – autos and transportation, general consumer goods, and restaurants/hotels. Most of these industries are also heavily impacted by tourism.

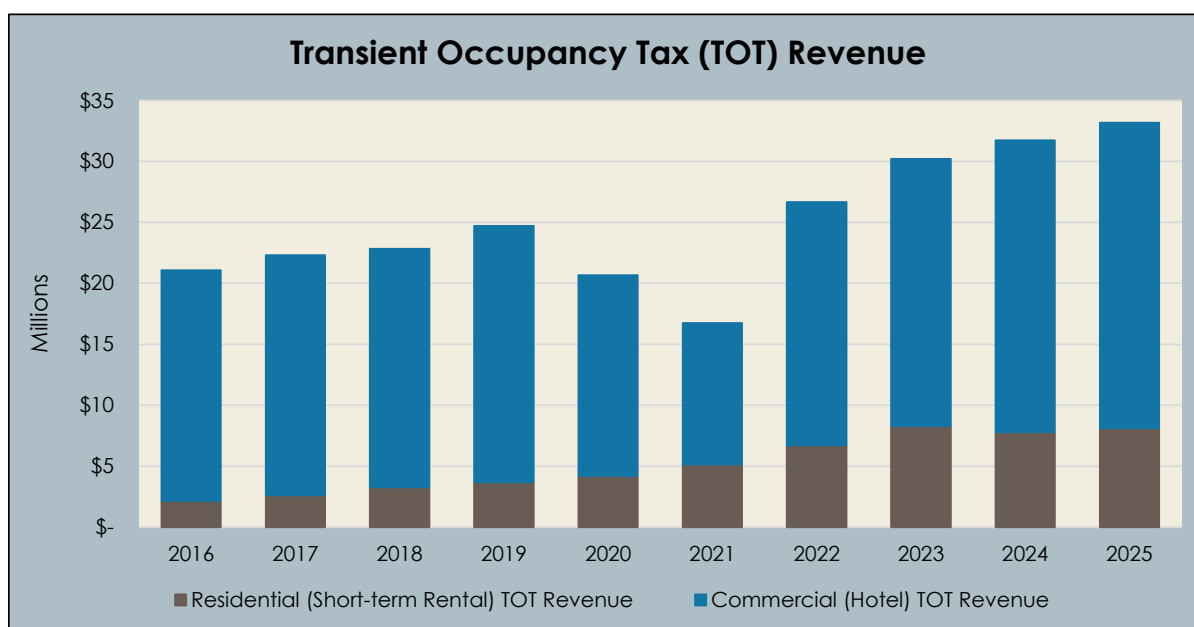
Sales tax revenue was up 5.7% during the current fiscal year, diverging from broader regional and statewide patterns in which overall sales tax revenue growth declined across much of the State of California. Consistent with state results, sales from autos and transportation (the city’s largest source of sales tax revenue) were down in the current year as higher interest rates continued to limit the demand for new vehicles. Additionally, the continued temporary closure of a luxury automobile dealership for most of the year while undergoing a construction renovation project had a negative impact on local auto sales. However, a 9.1% increase in sales from general consumer goods and a 9.4% increase in sales from restaurant/hotels, along with solid contributions from Business & industry, more than made up for the decline in autos and transportation. The positive result despite a downturn in the City’s largest source of sales tax revenue underscores the City’s resilient local economy and strong visitor based spending, distinguishing its performance from the wider regional and statewide downturn

Sales tax revenue is projected to increase by 3.0% next fiscal year, largely due to the expected rebound of automobiles and transportation sector as the aforementioned luxury automobile dealership will be open for the entire fiscal year. In addition, sales from restaurants and hotels are projected to rise by 2.1% next year as restaurants are working

hard to limit menu price increases while also promoting deals and value menus to retain consumers.

Transient Occupancy Tax (TOT)

The City distinguishes its transient occupancy taxpayers in two broad property type categories, commercial (hotel) and residential (short-term lodging) property. Historically, TOT accrues to the City at a rate of 10% of room charges with 18% of the collection from both commercial and residential activity going to the local destination marketing organization (Visit Newport Beach) to promote Newport Beach as a tourist destination. Beginning January 2025, as the result of a new agreement, Visit Newport Beach's share of hotel TOT increased to 23% while its share of residential TOT was eliminated. The commercial category is composed of approximately 21 hotels and resorts and accounts for approximately 76% of TOT revenues. The residential category is made up of approximately 1,550 vacation rentals representing 24% of TOT revenue. TOT revenue from short-term residential stays has more than doubled over the past five years, while hotel TOT revenue has increased by only 7% over the same five-year period.



In the current fiscal year, TOT revenue from short-term residential stays increased by 4%, while hotel TOT revenue increased by 5%. Growth was stronger in the first part of the fiscal year, but moderated in the final quarter, consistent with broader trends of leveling demand in California's lodging market. Ongoing hotel renovations and new development projects indicated continued investment in the local lodging sector, which is expected to increase capacity and improve guest offerings.

LONG TERM FINANCIAL PLANNING

The City continues to be in excellent financial health due to its strong underlying tax base, disciplined fiscal decisions, and stable governance. Conservative budgeting and sound

financial policies have resulted in a trend of General Fund operating surpluses and strong reserve levels. The City annually completes a Long-Range Financial Forecast covering the next 20 years pursuant to City Council Policy F-3 – Budget Adoption and Administration. That forecast shows positive General Fund results in each of the next 20 years and does not indicate any long-term financial trends of concern. The City's long-term financial planning has been guided by its strong financial policies, prudent budgeting decisions, and proactive planning in such critical areas as facilities replacement and pensions. These policies are regularly evaluated and updated as conditions and needs change.

Financial Policies

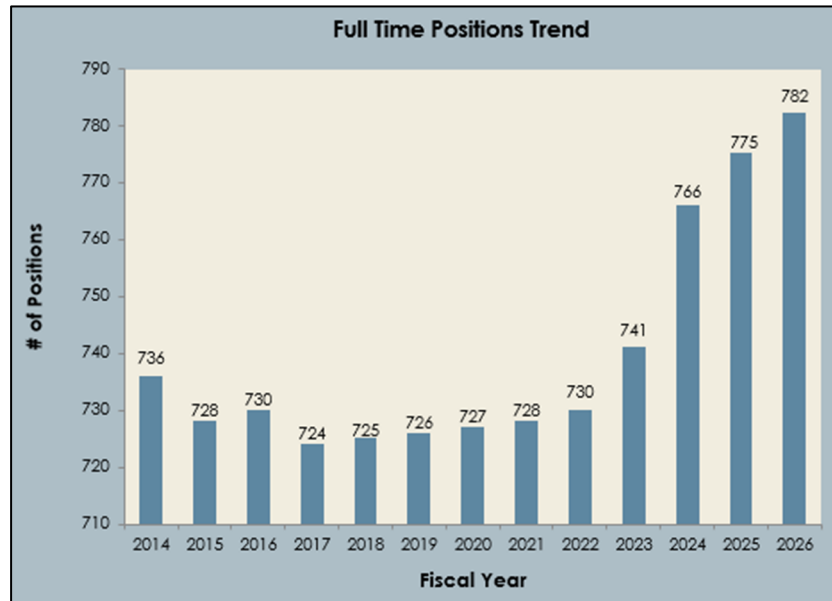
The City Council has adopted prudent fiscal policies concerning its investments, reserves, budget administration, revenue initiatives, competitive contracting, facility replacement planning, and more. The budget surplus utilization policy directs the use of surplus funds resulting from unrestricted General Fund annual revenues exceeding total actual expenditures, encumbrances, and commitments for that year. Roughly fifty percent of the budget surplus is used to address long-term obligations such as pension liabilities, other post-employment benefits, bonded debt, lease obligations, and other long-term needs. The remaining surplus is used to address one-time infrastructure or neighborhood capital improvements, guided by a philosophy that these expenditures improve the community's safety, aesthetics, transportation, or quality of life. The City's debt policy establishes criteria for the issuance of debt and assures that the amount of any debt is affordable and cost effective. The City's debt policy was recognized by the California Debt and Investment Advisory Commission as one of only 14 counties and cities in California whose policies have 20 or more debt management best practice elements. The City's debt and other financial policies can be found on the City's website in the City Council section under City Government at:

www.newportbeachca.gov/policies

Annual Budget

The annual budget serves as the foundation for the City of Newport Beach's financial planning and control and allows the City Council to prioritize City expenditures so that they are aligned with core community values. Per current policy, appropriations for operating expenditures are balanced in relation to current revenue sources and do not rely on one-time revenue sources or reserves. When significant uncertainty exists concerning revenue volatility or threatening/pending obligations, the City Council and City Manager reserve the right to impose any special fiscal control measures, including personnel hiring freezes, and other spending controls, as was the case in FY 2019-20 and in the development of the FY 2020-21 budget. As a result of early retirement plans, attrition, outsourcing, and lay-offs implemented in the years following the onset of the Great Recession, the full-time work force was reduced by approximately 12% between FY 2008-09 and FY 2013-14, reaching a low in FY 2016-17 as depicted in the chart below. In the years since, thoughtful additions to the City's workforce have been implemented with a continued focus on fiscal discipline and maintaining balanced budgets. The recent

increase in positions has mostly been the result of converting part time positions to full time positions to better support needs of departments.



The City has traditionally taken a conservative approach to forecasting revenues, often assuming only modest growth. This fiscal conservatism has created a stable financial base. As a result, even in a downturn, the City of Newport Beach is able to maintain its services at a high level, while reducing expenses to accommodate reduced revenues. The City's fiscal discipline has allowed it to prepare balanced budgets and to save, both during prosperous and difficult economic periods. As the economy continues to improve, these trends are likely to continue.

The City Council may authorize the use of contingency reserves during emergency situations as set forth by the Council Reserve Policy. Current policy requires that the contingency reserve equal 25 percent of the General Fund annual "Operating Budget." Credit rating agencies consider a high level of available "fund balance" to be a credit strength. The City maintains an elite credit profile holding the top-tier AAA credit rating from major agencies like FitchRatings, Moody's and S&P Global. The rating agencies regularly note key aspects such as the City's robust economy, strong financial reserves, conservative fiscal management, and high wealth levels create a stable outlook affirming the ability to meet financial obligations. The City has also employed an aggressive strategy to paydown its unfunded pension liability. The City has committed to a pension paydown plan that requires \$45 million in annual contributions towards its unfunded pension liability, which is \$15 million more than the amount required to be paid, as further described in the Pension section below. This paydown strategy is anticipated to result in eliminating the City's pension liability in 2033.

Facilities Financial Plan (FFP) Commitment & Major Construction Initiatives

The City's FFP is a comprehensive master facilities replacement schedule that projects the timing of construction of facility projects; projects the schedule of any planned debt

issuance; includes all relevant revenue sources and expenditures on a yearly, project-by-project basis; and determines the long-term “level funding” annual budget commitment that is required to support the program. The FFP was the winner of the prestigious “Helen Putnam Award – Internal Administration” category from the League of California Cities in 2008.

The City continued its financial commitment to the Facilities Financial Planning Reserve (FFPR) in FY 2024-25 by allocating resources to construct a new library and fire station, construct permanent supportive housing, to finalize construction of a pedestrian bridge and parking lot, and to explore construction of a new aquatic center.

Facilities Financial Planning Reserve Fund	
Beginning Balance 7/1/24	\$ 20,435,754
Sources	
Donations	1,068,190
Transfer In from General Fund	12,104,412
Investment Income	857,449
Net increase in fair value of investments	186,073
Total Sources	14,216,124
Uses	
Fire Station/Library Replacement	(6,800,000)
Permanent Supportive Housing	(3,000,000)
Jr. Guard Capital Project	(5,295)
Aquatic Center Project	(500,000)
Superior Ave. Bridge and Parking Lot Project	(805,874)
Total Uses	(11,111,169)
Ending Balance 6/30/25	\$ 23,540,709

Overall, the FFPR balance increased by \$3.1 million from the prior fiscal year.

Pensions

As of the actuarial valuation date of June 30, 2024, the City had an Unfunded Accrued Liability (UAL) of \$312.5 million. The City has taken a number of actions in recent years to mitigate the impact of rising pension costs including:

- Established lower benefit formulas for new hires.
- Eliminated the Employer Paid Member Contribution (EPMC).
- Through negotiated cost sharing, saw employees contribute 52.3% of the Normal Cost of the plan, or \$11.9 million in Fiscal Year 2024-25.
- Adopted a fixed and shorter amortization period for the unfunded liability.
- Made Additional Discretionary Payments (ADPs)
- Contributed no less than Actuarial Determined Contribution (ADC) each and every year.

- Analyzed the schedule of amortization bases annually in an effort to avoid negative amortization.
- Amortized all gains/losses no longer than a 20-year closed period.
- Avoided asset smoothing or “rate phase-in” schedules if possible. Otherwise, the City’s goal is to not exceed 5 years for any one smoothing cycle.
- Established a General Fund Surplus Utilization Policy F-5 to set aside one-half of any annual budget surplus to fund debts such as the pension liability.
- Maintained a contingency reserve to protect against economic recessions and to avoid negative impacts of asset smoothing and rate phased-in schedules.

Local governments with pensions have a total pension liability, which is the obligation to pay deferred pension benefits in the future. When the total pension liability is greater than the pension plan’s assets there is a net pension liability, also known as unfunded pension liability. As required by GASB 68, the City reports the net pension liability in the government-wide financial statements, as well as in the proprietary fund statements, in the ACFR – see Note (11) of Notes to the Financial Statements.

The City implemented GASB 75 in fiscal year 2017-18, which requires local governments offering other post-employment health care benefits (“OPEB”) to report net OPEB liability in the government-wide financial statements, as well as in the proprietary fund statements, in the ACFR – see Note (12) in the Notes to the Financial Statements. When the total OPEB liability is greater than the OPEB plan’s assets there is a net OPEB liability, also known as unfunded OPEB liability.

As with past practice, the City will continue to fund its pension and OPEB obligations at an amount equal to or greater than the minimum employer contribution rate. The City has not and will never intentionally short-fund its pension and OPEB obligations. Annually the City evaluates the cost and benefits of paying down the unfunded pension and OPEB liabilities on a faster schedule. Currently, the City Council has committed to a fixed \$45 million per year contribution toward the unfunded pension liability, which is approximately \$15 million more than is required by CalPERS. Fiscal year 2024-25 represented six years in a row the City Council appropriated additional funding towards an accelerated payment of the unfunded liability from year-end budget surplus funds. The \$45 million paydown strategy is anticipated to result in eliminating the City’s pension liability in 2033. Beginning in fiscal year 2024-25, the OPEB liability is fully funded.

AWARDS AND ACKNOWLEDGMENTS

The City has prepared an Annual Comprehensive Financial Report for the past 32 years. The City has received awards for excellence in financial reporting in each of those years.

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 Newport Beach for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive

Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments: Preparation of this report was accomplished through the efficient and dedicated services of everyone in the City's Accounting Division. In addition, the Administrative Services Department staff would like to thank the City Manager, the Mayor, and the City Council for their interest in and support of planning and conducting the financial operations of the City in a responsible and progressive manner. We would also like to thank our auditors, DavisFarr LLP, for their time and assistance in the preparation of the report.



Seimone Jurjis
City Manager



Jason Al-Imam
Administrative Services and
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newport Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Newport Beach City Officials

City Councilmembers



City Executive Staff



Aaron Harp
City Attorney

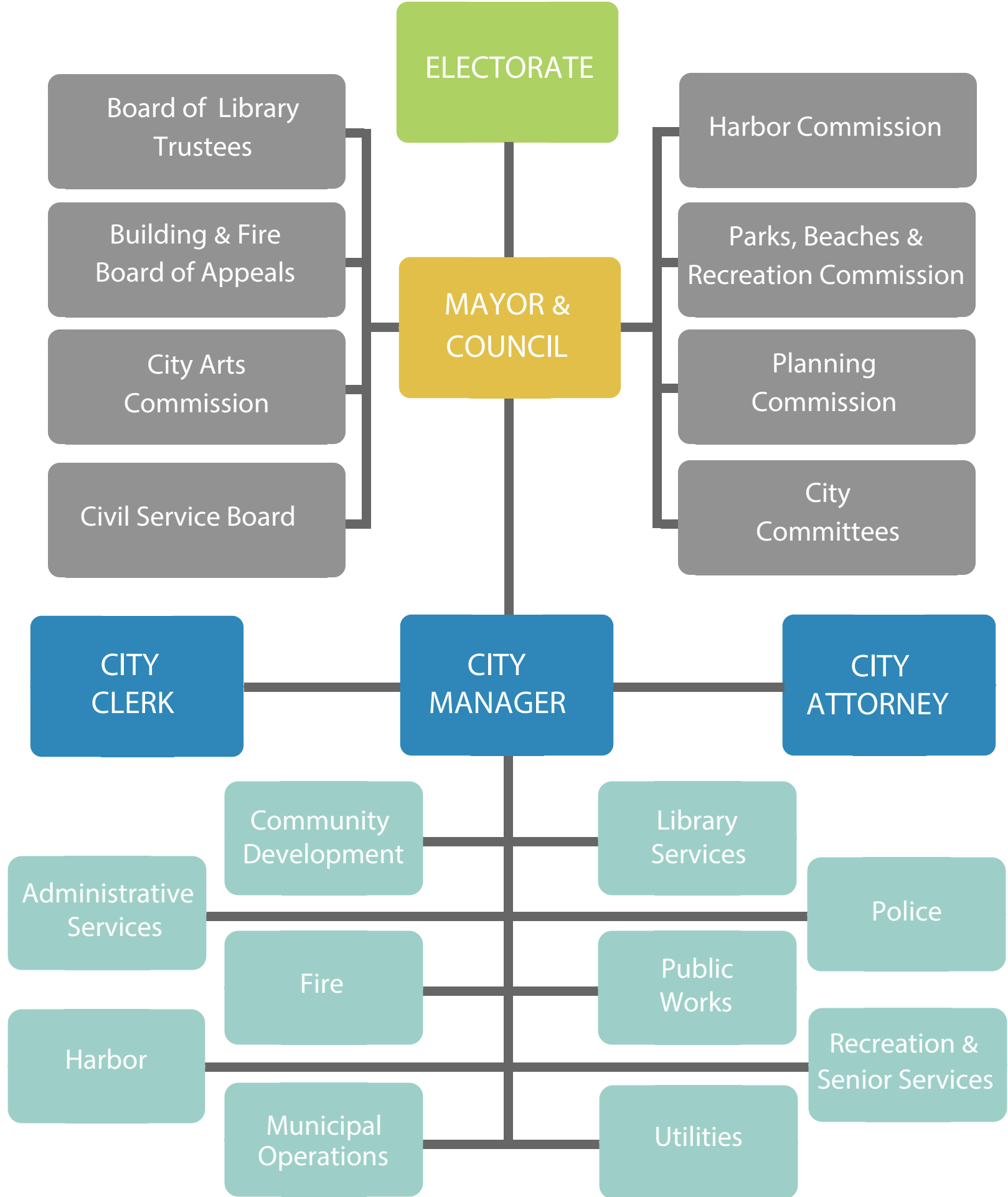


Seimone Jurjis
City Manager



Lena Shumway
City Clerk

Tara Finnigan.....	Assistant City Manager
Jason Al-Imam.....	Administrative Services and Finance Director/Treasurer
Jeff Boyles	Fire Chief
Paul Blank.....	Harbormaster
Melissa Hartson.....	Library Services Director
Vacant.....	Municipal Operations Director
Dave Miner.....	Police Chief
Dave Webb.....	Public Works Director
Sean Levin	Recreation & Senior Services Director
Mark Vukojevic	Utilities Director



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An aerial photograph of a coastal city, likely San Diego, showing a long pier extending into the ocean, a sandy beach, and a dense urban area with many buildings. The image is in black and white, with a blue overlay for the title.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (the "City"), as of and for the year 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's 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 further in Notes 1 and 7 to the financial statements, during the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are 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.

Auditor's 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and each major special revenue fund, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

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 *Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules* are presented for the purpose 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 *Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules* have 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 GAAS. In our opinion, the *Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules* are 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 Comprehensive Financial Report. The other information comprises the *Introductory Section and Statistical Section* but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

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 January 28, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
January 28, 2026

An aerial photograph of a coastal city, likely San Diego, showing a long pier extending into the ocean, a sandy beach, and a dense urban area with many buildings. The image is in black and white, with a blue overlay on the left side containing the section header.

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2025. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the Annual Comprehensive Financial Report contains the following information: *Independent Auditors' Report*, *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, the *Required Supplementary Information*, and the *Supplementary Information* section, an optional section that presents combining and budgetary schedules for individual non-major funds. The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements – The Government-wide Financial Statements use the economic resources measurement focus and accrual basis of accounting, which is similar to the accounting standard used by private sector companies. The Government-wide Financial Statements are intended to provide a “Big Picture” view of the City. With the economic resources measurement focus and accrual basis of accounting, changes in net position are recognized as soon as the event occurs regardless of the timing of related cash flows.

The Statement of Net Position includes all the City's assets (including non-spendable assets like streets, roads, and land rights), deferred outflows of resources, liabilities (including long-term liabilities that may be paid over twenty years), and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Government-wide Financial Statements report the City's net position and how net position has changed. Net position – the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the City's financial health. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of its facilities and other major infrastructure.

The Government-wide Financial Statements of the City are divided into two categories:

Governmental Activities – This category depicts the extent to which programs are self-supporting, and the net amount provided by property taxes and other general revenues. Most of the City's basic services are included in this category such as public safety, public works, community development, community services, and general administration. Taxes and other general revenues finance most of these activities.

Business-type Activities – The City accounts for its Water and Wastewater utilities as business enterprises. The City charges fees to customers to recover the cost of providing Water and Wastewater services.

Fund Financial Statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as State and Federal law or bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes. The Fund Financial Statements provide more detailed information about the City's most significant funds (major funds) but not the City as a whole.

Fund Financial Statements have a short-term focus measuring inflows of current, spendable assets. The resulting net difference between current financial assets and deferred outflows of resources, and current financial liabilities and deferred inflows of resources, otherwise known as fund balance (or net working capital in the private sector) is a measure of the City's ability to finance activities in the near term.

The City utilizes three broad categories of funds:

Governmental Funds – Unlike Government-wide Financial Statements, Governmental Fund Financial Statements utilize the current financial resources measurement focus and thus concentrate on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Also included in the Governmental Funds are Permanent Funds. These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support City programs.

Proprietary Funds – Business-like services that receive significant financial support from user fees and charges are generally reported in Proprietary Funds (Enterprise Funds and Internal Service Funds). Like the Government-wide Financial Statements, these funds provide both long and short-term financial information utilizing the economic resources measurement focus. The City's Enterprise Funds (Water and Wastewater Funds) provide goods or services mostly to non-government users and are the individual funds represented in the combined presentation of Business-type Activities in the Government-wide Financial Statements. The individual fund presentation provides more detailed information about each business segment, its operating statements, and statements of cash flow. The City also uses Internal Service Funds that are utilized to report and allocate the cost of certain centrally managed and operated activities (e.g., fleet and other equipment maintenance, risk management, retiree insurance, telecommunications systems, information technology services, etc.). Because the Internal Service Funds primarily serve government users, they are reported with Governmental Activities, rather than the Business-type Activities, in the Government-wide Financial Statements.

Fiduciary Funds – The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All the City's fiduciary activities are reported in a separate statement of fiduciary net position, and a statement of changes in fiduciary net position. We exclude

these activities from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements – The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

Required Supplementary Information – In addition to the Basic Financial Statements, we have included a Required Supplementary Information section, which includes Budgetary Comparison Schedules for the General Fund and two other major funds, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Changes in Net Post-Employment Health Care Benefits (OPEB) Liability and Related Ratios, and the related Schedules of Contributions for the Pension and OPEB plans.

Supplementary Information – In addition to the required elements of the Basic Financial Statements, we have also included a Supplementary Information section, which includes budgetary and combining schedules that provide additional details about the City's Other Governmental Funds, Internal Service Funds, and Fiduciary Funds.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

Net Position Discussion

As shown in Figure 1, the City's combined net position for the fiscal year ended June 30, 2025 was \$2.6 billion, increasing \$60.5 million or 2.3% over the prior year. Net position can serve as an important indicator of whether the City's overall financial condition is improving or deteriorating over time.

Current and other assets increased \$29.7 million. This increase is primarily due to a \$22.4 million increase in cash and investments primarily related to investment performance, a \$8.3 million increase in lease receivables primarily related to signing new lease agreements, and a \$5.1 million increase in prepaid items primarily related to the purchase of four fire engines, offset by a \$7.3 million decrease in restricted cash and investments primarily related to undergrounding utilities. Capital assets increased \$11.5 million, of which \$9.8 million is related to additions to infrastructure and work in progress, and \$1.6 million is due to additions to land structures, and equipment.

Current liabilities decreased \$17.3 million primarily due to decreases in accounts payable and unearned revenue offset by an increase in accrued payroll.

Long-term liabilities decreased \$56.1 million. The decrease is primarily due to decreases in the City's net pension liability and net OPEB liability as investment returns in both plans finished better than expected. See Note (11) and Note (12) of the Notes to the Financial Statements for more information.

Figure 1
Net Position
June 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	\$ 699,910	\$ 725,870	\$ 30,548	\$ 34,266	\$ 730,458	\$ 760,136
Capital assets	2,391,089	2,399,825	136,639	139,424	2,527,728	2,539,249
Total assets	3,090,999	3,125,695	167,187	173,690	3,258,186	3,299,385
Deferred outflows of resources	145,027	99,604	5,341	3,197	150,368	102,801
Current liabilities	58,840	40,164	4,986	6,356	63,826	46,520
Long-term liabilities	482,299	428,268	14,928	12,822	497,227	441,090
Total liabilities	541,139	468,432	19,914	19,178	561,053	487,610
Deferred inflows of resources	268,341	274,905	79	115	268,420	275,020
Net position						
Net investment in capital assets	2,275,100	2,292,550	132,332	135,138	2,407,432	2,427,688
Restricted	123,445	131,011	-	-	123,445	131,011
Unrestricted	28,001	58,401	20,203	22,456	48,204	80,857
Total net position	\$ 2,426,546	\$ 2,481,962	\$ 152,535	\$ 157,594	\$ 2,579,081	\$ 2,639,556

The largest portion of the City's net position, at \$2.4 billion of net position, reflects the net investment in capital assets (e.g., land, right of way, street trees, buildings, infrastructure, equipment, and intangibles) less accumulated depreciation, accumulated amortization, and any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents. Therefore, they do not represent a financial resource to the City and consequently are not readily available for funding current obligations.

Restricted net position totaled \$131.0 million of net position, an increase of \$7.6 million from the prior fiscal year, primarily due to an increase of restricted net position related to community services offset by a decrease of restricted net position related to public works. Community services' increase is mainly from tidelands property related revenues not being spent during the fiscal year as resources are being accumulated for future large scale capital improvement projects related to the harbor. Public works' decrease is mainly from the spending of limited obligation improvement bond proceeds for undergrounding utilities.

As of June 30, 2025, unrestricted net position was \$80.9 million, an increase of \$32.7 million from the prior fiscal year, primarily due to the receipt of unrestricted revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year and the decline of net pension and net OPEB liabilities. As pension and OPEB obligations declined, fewer resources were needed to support long-term benefit costs, strengthening the City's overall financial position and increasing unrestricted net position.

GOVERNMENTAL ACTIVITIES

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Activities is intended to illustrate how the cost of governmental activities is financed and determines the annual change in net position.

Figure 2
Changes in Net Position
For the Years Ended June 30
(in thousands)

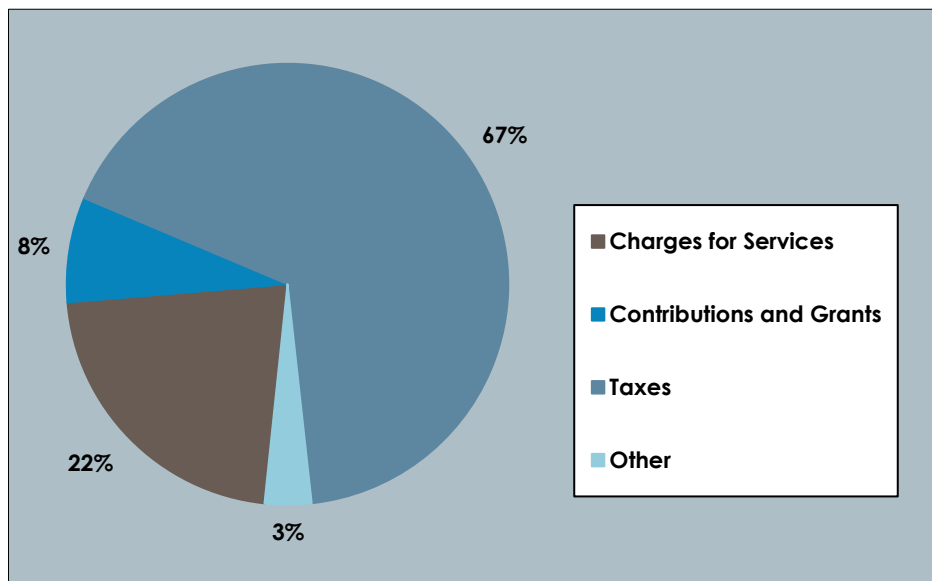
	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues:						
Program revenues:						
Charges for services	\$ 81,473	\$ 80,249	\$ 39,117	\$ 46,445	\$ 120,590	\$ 126,694
Operating grants and contributions	34,498	22,766	115	26	34,613	22,792
Capital grants and contributions	35,647	5,260	-	-	35,647	5,260
Total program revenues	151,618	108,275	39,232	46,471	190,850	154,746
General revenues:						
Taxes:						
Property taxes	146,137	154,183	-	-	146,137	154,183
Sales tax	43,445	45,934	-	-	43,445	45,934
Transient occupancy taxes	31,737	33,174	-	-	31,737	33,174
Other taxes	10,252	10,386	-	-	10,252	10,386
Investment related income	9,368	9,093	1,462	1,432	10,830	10,525
Other	2,855	3,333	-	-	2,855	3,333
Total general revenues	243,794	256,103	1,462	1,432	245,256	257,535
Total revenues	395,412	364,378	40,694	47,903	436,106	412,281
Expenses:						
General government	28,392	20,366	-	-	28,392	20,366
Public safety	151,626	143,921	-	-	151,626	143,921
Public works	88,360	87,889	-	-	88,360	87,889
Community development	16,814	17,105	-	-	16,814	17,105
Community services	33,034	33,510	-	-	33,034	33,510
Interest	6,215	6,171	-	-	6,215	6,171
Water	-	-	37,322	36,562	37,322	36,562
Wastewater	-	-	6,959	6,282	6,959	6,282
Total expenses	324,441	308,962	44,281	42,844	368,722	351,806
Increases in net position	70,971	55,416	(3,587)	5,059	67,384	60,475
Net position at beginning of year	2,355,575	2,426,546	157,717	152,535	2,513,292	2,579,081
Restatement	-	-	(1,595) ¹	-	(1,595) ¹	-
Net position at beginning of year, as restated	2,355,575	2,426,546	156,122	152,535	2,511,697	2,579,081
Net position at end of year	\$ 2,426,546	\$ 2,481,962	\$ 152,535	\$ 157,594	\$ 2,579,081	\$ 2,639,556

¹ Prior year net position was restated due to unbilled receivables adjustment in Fiscal Year 2022-23.

Revenues Associated with Governmental Activities Discussion

Figure 2 illustrates in detail how the \$364.4 million in Governmental Activities revenue was derived. Figure 3 summarizes this revenue by major source. As shown on Figures 2 and 3, \$80.3 million, or 22.0%, of the revenues were recovered from those who directly benefited from the programs as a charge for service. Another \$28.0 million, or 7.7%, of the revenues were generated by contributions and grants received from governmental organizations, developers, and property owners for both capital and operating activities. The remaining \$256.1 million, or 70.3%, represented general revenues of the City including taxes, intergovernmental revenues, and other miscellaneous revenues.

**Figure 3
Governmental Activities Revenue Sources
For the Year Ended June 30, 2025**



As illustrated in Figure 2, program revenues related to Governmental Activities decreased \$43.3 million from the prior fiscal year. This decrease was primarily attributable to the prior fiscal year containing several large one-time capital and operating grants and contributions related to the issuance of limited obligations improvement bonds for two assessment districts, and the recognition of private contributions for the construction of a Junior Lifeguard building and library lecture hall.

The City's general revenues related to Governmental Activities increased about \$12.3 million from the prior year primarily due to increases in property taxes, sales taxes, transient occupancy taxes, other taxes, and other general revenues, offset by decreases in investment related income. Revenue increases across various categories illustrate that Newport Beach's underlying local economy continues to remain strong.

Property tax is the largest revenue source for the City and collections finished the year \$8.0 million higher than the previous fiscal year. This increase was mostly due to an increase in secured taxes as a robust demand for coastal property continued driving property values higher and due to an increase in residual tax revenue from the dissolution of a former redevelopment agency.

At \$45.9 million, sales taxes represent the second largest individual revenue source for the City. Sales taxes increased \$2.5 million from the previous fiscal year. This increase in sales tax revenue was due to strong consumer spending in key industry groups, including restaurants and hotels, general consumer goods, and the sales tax pools offset a modest decline in sales from autos and transportation.

Transient occupancy taxes (TOT), the City's third largest revenue source, finished the year at \$33.2 million, which is an increase of \$1.4 million from the previous fiscal year. Both Residential TOT and Hotel TOT revenues experienced modest increases in the 4% to 5% range indicating robust demand for Newport Beach as a premier tourist destination, which is why hoteliers continue to invest in upgrades and renovations.

Investment income, comprised of both interest income and unrealized gains/losses, decreased about \$305,000 from the prior fiscal year. Between the two fiscal years there were less unrealized gains for the current fiscal year. Over time the portfolio's percentage of bonds with maturities of six months or less increased, which decreased the portfolio's potential for unrealized gains.

Expenses Associated with Governmental Activities Discussion

The City is a full-service city providing residents and visitors with the following functional services:

General Government is comprised of six departments (City Council, City Clerk, City Manager, City Attorney, Human Resources, and Finance) providing general governance, information technology services, executive management, legal services, records management, risk management, finance, and accounting.

Public Safety is comprised of two departments (Police and Fire) providing general law enforcement, fire suppression and prevention services, paramedic and medical transport services, disaster preparedness, and ocean lifeguard services.

Public Works is comprised of one department (Public Works) providing engineering, construction and maintenance of public streets, highways, buildings, beaches, parks, facilities and related infrastructure; as well as traffic engineering and street lighting.

Community Development is comprised of one department (Community Development) that provides planning, building, and zoning services, economic development services, and building plan check and code enforcement services.

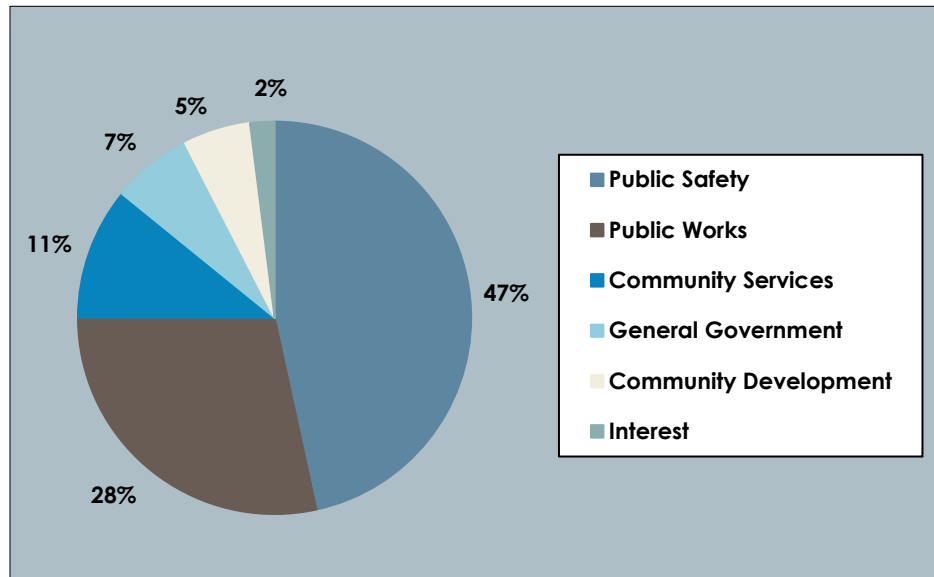
Community Services is comprised of three departments (Library Services, Recreation & Senior Services, and Harbor) providing library services, cultural and arts programs, recreation services, senior social and transportation services, and harbor programs and services.

Business Enterprise Operations are overseen by the Utilities Department providing water and wastewater services. These are considered business-type activities and are discussed further in the Business-Type Activities section.

Figure 2 illustrates in detail how the \$309.0 million of Governmental Activities expense was derived. The decrease of \$15.5 million from the prior year is mostly due to a decrease in the government-wide adjustment for internal service fund activity as there was a net gain in total in the internal service funds mostly due to a decrease in workers' compensation and general liability expenses. A decrease in the government-wide adjustment related to pension expense also contributed to the decrease in Governmental Activities expenses.

Figure 4 below summarizes the Governmental Activities expenses shared across functions.

Figure 4
Governmental Activities Functional Expenses
For the Year Ended June 30, 2025

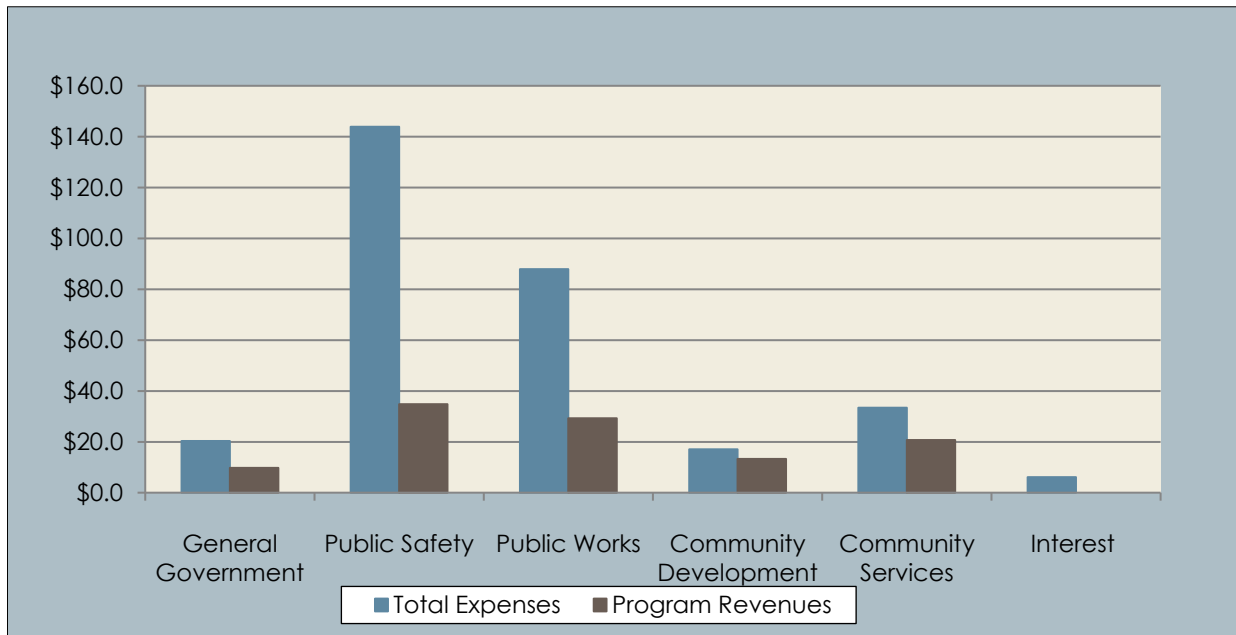


Figures 5 and 6 illustrate the net cost of each service. The net cost represents the amount that governmental activities are subsidized by taxes and other general revenues of the City.

Figure 5
Governmental Activities
For the Years Ended June 30
(in thousands)

	2024		2025	
	Total Cost of Service	Net (Cost) of Service	Total Cost of Service	Net (Cost) of Service
General government	\$ 28,392	\$ (10,212)	\$ 20,366	\$ (10,522)
Public safety	151,626	(115,049)	143,921	(108,994)
Public works	88,360	(22,387)	87,889	(58,605)
Community development	16,814	(5,338)	17,105	(3,717)
Community services	33,034	(13,622)	33,510	(12,677)
Interest	6,215	(6,215)	6,171	(6,171)
	<u>\$ 324,441</u>	<u>\$ (172,823)</u>	<u>\$ 308,962</u>	<u>\$ (200,686)</u>

Figure 6
Program Expenses and Revenues – Governmental Activities
For the Year Ended June 30, 2025
(in millions)



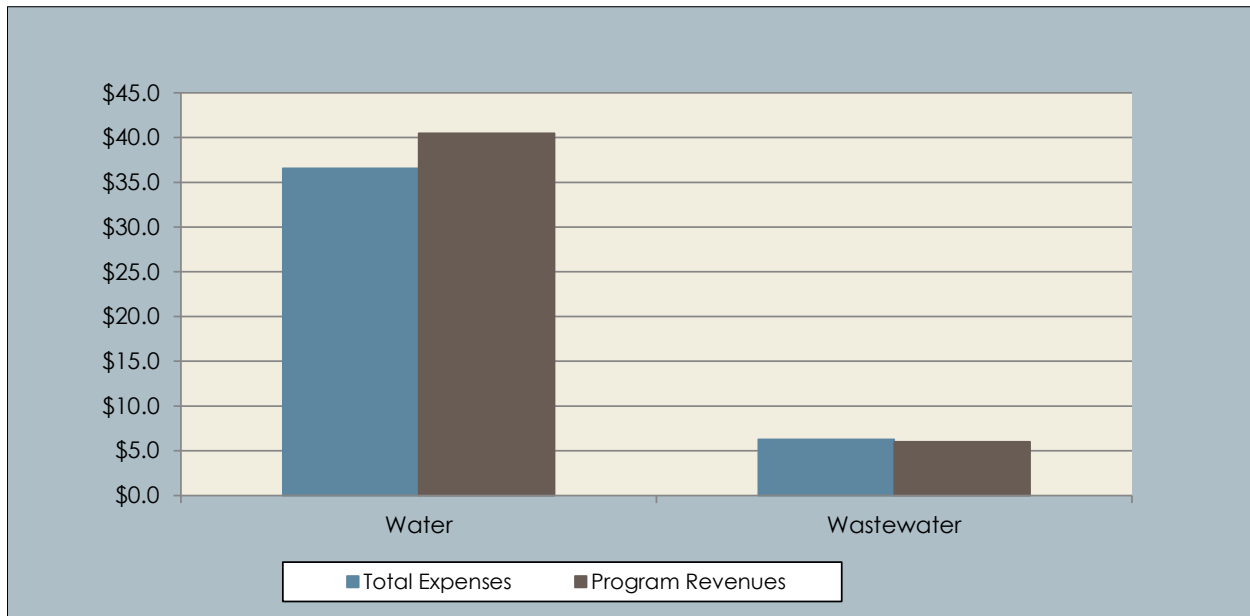
BUSINESS-TYPE ACTIVITIES

As noted earlier, the City combines the Water Enterprise Fund and Wastewater Enterprise Fund into Business-type Activities for the presentation of the Government-wide Financial Statements. Business-type activities are mainly funded by charging fees to customers to recover the cost of providing services.

Revenues Associated with Business-Type Activities Discussion

As displayed in Figure 2, total revenues related to Business-type activities totaled \$47.9 million. Program revenues totaled \$46.5 million and were supplemented by about \$1.4 million of general revenues related to investment income. As shown in Figure 7 on the following page, Water activities represent about \$40.5 million (87.1%) of program revenues, while Wastewater activities represent about \$6.0 million (12.9%) of program revenues.

Figure 7
Program Expenses and Revenue – Business-type Activities
For the Year Ended June 30, 2025
(in millions)



Expenses Associated with Business-Type Activities Discussion

Current-year expenses for Business-type Activities totaled \$42.8 million, a decrease of about \$1.5 million over prior year as shown in Figure 2. This is attributable to decreases in maintenance.

Major Business-type expenses in the current fiscal year included the following:

Water

Of the \$36.5 million in water related expenses, \$14.2 million (39.0%) is for the purchase of water, \$6.1 million (16.6%) covers employee related costs, \$8.2 million (22.6%) is for maintenance, supplies, and depreciation of the water system, \$3.3 million (8.9%) is for professional services, \$2.3 million (6.3%) is for utility payments, and the remaining \$2.4 million (6.6%) is collectively attributable to other miscellaneous expenses.

Wastewater

Of the \$6.3 million in wastewater related expenses, \$3.0 million (46.8%) is for maintenance, supplies, and depreciation of the wastewater system, \$1.9 million (30.6%) is for employee related costs, and the remaining approximately \$1.4 million (22.6%) is attributable to professional services, utility payments and other miscellaneous expenses.

Figure 7 summarizes Business-type expenses separately for Water and Wastewater activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to highlight available financial resources and to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Utilizing the current financial resources measurement focus, the City's Governmental Funds provide information on near-term inflows, outflows, and balances of spendable resources. This 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.

Fund Balance – As shown in Figure 8, the City's Governmental Funds reported combined fund balances of \$322.1 million, an increase of \$27.0 million from the prior fiscal year. The increase is net result of increases in fund balances in almost every major fund below, including the General Fund, the Tide and Submerged Land – Operating Fund, the Tide and Submerged Land – Harbor Capital Fund, the Facilities Financial Planning Reserve Fund, and other permanent funds in the aggregate, offset by decreases in the Debt Service Fund, other special revenue funds, and other capital projects funds in the aggregate. The General Fund represented about \$108.1 million or 33.6% of the combined fund balances of the Governmental Funds.

Figure 8
Governmental Funds Fund Balance
June 30
(in thousands)

	2024	2025	Change
General Fund	\$ 96,441	\$ 108,148	\$ 11,707
Tide and Submerged Land - Operating	8,548	11,809	3,261
Tide and Submerged Land - Harbor Capital	43,107	57,503	14,396
Facilities Financial Planning Reserve	20,436	23,541	3,105
Debt Service Fund	2,323	2,024	(299)
Non-major special revenue	32,274	31,996	(278)
Non-major capital projects	85,087	79,891	(5,196)
Non-major permanent	6,846	7,185	339
	<u>\$ 295,062</u>	<u>\$ 322,097</u>	<u>\$ 27,035</u>

The following describes the classification of fund balance as of June 30, 2025. Additional information on the City's fund balance can be found in Note (15) of the Notes to the Financial Statements.

Nonspendable Fund Balance – The City has \$10.7 million in fund balance classified as nonspendable to indicate that it cannot be readily converted to cash. Of the \$10.7 million nonspendable fund balance, \$1.5 million is for prepaid items, \$183,978 is for inventories, \$4.4 million is for long-term loan receivables, and \$4.6 million is for permanent endowments.

Restricted Fund Balance – The City has \$120.7 million in fund balance classified as restricted to indicate that it has externally imposed restrictions on how the money may be spent. Of the \$120.7 million restricted fund balance, \$10.5 million is restricted in the Tide and Submerged Land – Operating Fund, of which \$8.6 million is restricted for capital projects and maintenance and repairs, and \$1.9 million is restricted for the Upper Newport Bay restoration; \$57.5 million is

restricted in the Tide and Submerged Land – Harbor Capital Fund for capital projects related to the harbor; and \$2.0 million is restricted for debt service. Of the remaining \$50.7 million in restricted fund balance, \$32.0 million is restricted for various special revenue funds, \$15.9 million is restricted for the Assessment District Fund, \$306,531 is restricted for the Fire Station Fund, and \$2.6 million of fund balance is restricted for permanent funds.

Committed Fund Balance – The City has \$92.3 million in fund balance classified as committed to indicate that the City Council has committed how the money will be spent. Of the \$92.3 million committed fund balance; \$3.8 million is committed in the General Fund mostly for drones, contract services, and maintenance and repairs; \$1.3 million is committed in the Tide and Submerged Land – Operating Fund for oil and gas related uses; \$23.5 million is committed in the Facilities Financial Planning Reserve Fund; \$9.6 million is committed in the Fire Station Fund; \$526,902 is committed in the Civic Center and Park Fund; \$13.4 million is committed in the Parks and Community Center Fund; \$170,642 is committed in Balboa Village Parking Management District Fund; \$3.0 million is committed to the Facilities Maintenance Fund; \$8.8 million is committed in the Neighborhood Enhancement Fund; \$56,438 is committed in the Junior Lifeguards Fund; \$18.5 million is committed in the Unrestricted Capital Improvements Fund; \$7.2 million is committed to the Miscellaneous FFP Projects Fund; and \$723,235 is committed to the Police Facility Fund; and \$1.7 million is committed to the Park Maintenance Fund.

Assigned Fund Balance – The City does not have any fund balance classified as assigned. Assigned fund balance is fund balance which is not restricted or committed and is classified as assigned to indicate the City Manager’s intent to be used for specific purposes.

Unassigned Fund Balance – The remaining \$98.4 million in fund balance is classified as unassigned to indicate that it is the residual balance not otherwise restricted, committed, or assigned.

Major Governmental Funds results for the year included the following:

- General Fund revenues finished \$17.1 million or 5.8% higher than the prior year mostly due to a combined \$12.0 million net increase in the City’s top three revenue sources – property taxes, sales taxes and transient occupancy taxes – with a \$8.0 million increase in property taxes as the City’s assessed valuation continued to increase due primarily to the appreciation of property values and due to an increase in residual tax revenue from the dissolution of a former redevelopment agency; supplemented with a \$2.5 million increase in sales taxes due to strong consumer spending in key industry groups, including restaurants and hotels, general consumer goods, and the sales tax pools; and a \$1.5 million increase in transient occupancy taxes due to continued strong hotel occupancy rates. Additionally, charges for services increased \$1.8 million compared to the previous year mostly due to an increase in building related plan checking fees as there were more projects; an increase in recreation fees as there was more participation in recreation classes; and, an increase in paramedic services fees, which tend to fluctuate from year to year. General Fund expenditures finished \$6.6 million or 2.5% higher than the prior fiscal year mostly due to the expected increase in salaries and benefits related to routine step increases, cost of living adjustments, new positions, and increased pension costs. Though revenues exceeded expenditures by about \$44.4 million, there were substantial transfer activity in the General Fund with transfers in totaling \$20.3 million and transfers out totaling \$53.0 million, mostly for funding capital improvement projects. In total, fund balance in the General Fund increased \$11.7 million and ended the year at \$108.1 million.

- Fund balance for the Tide and Submerged Land – Operating Fund increased \$3.3 million and ended the current year with \$11.8 million in fund balance. The increase was mostly due to an increase in property income related to lease interest income and parking revenues.
- Fund balance for the Tide and Submerged Land – Harbor Capital Fund increased \$14.4 million ending at \$57.5 million. This increase was similar to the previous year's increase and was largely due to additional investment earnings and capital improvement projects not commencing in the current year. This fund is accumulating resources to be used for major capital expenditures in the future.
- Fund balance for the Facilities Financial Planning Reserve Fund increased \$3.1 million to end the current year at \$23.5 million in fund balance. This was mainly due to a transfer in of the Fiscal Year 2023-24 General Fund year-end unrestricted surplus to be used to cash fund future construction projects and the receipt of a contribution related to a development agreement.
- Fund balance for the Debt Service Fund decreased \$298,722 ending at \$2.0 million. The decrease was due to administrative charges and debt service related to servicing certificates of participation.

Proprietary Funds

The City's Proprietary Funds (Enterprise and Internal Service Funds) presented in the Fund Financial Statements section generally provide the same type of information in the Government-wide Financial Statements, but also include information for individual funds.

Enterprise Fund results for the year included the following:

- Net position in the Water Fund increased \$2.9 million, mostly due to increases in water sales revenue related to a water rate increase. During November 2023 the City Council adopted a resolution to increase water rates each January 1st during calendar years 2024 through 2028.
- Net position in the Wastewater Fund decreased \$401,834. The decrease in net position was mainly due to increases in expenses for system maintenance and professional services. During November 2023 the City Council adopted a resolution to increase sewer rates each January 1st during calendar years 2024 through 2028. Increasing sewer rates should improve the Wastewater Fund's net position in future years.

Major Internal Service Fund activity in the current fiscal year included the following:

- Total net position in the Internal Service Funds increased \$11.2 million in the current fiscal year. This was mostly due to a decrease in expenses related to the City's self-insured general liability and workers' compensation programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes to Original Budget

Final budgeted revenues for the General Fund increased \$7.8 million from the original budget during the year ended June 30, 2025. Factors contributing to this fluctuation are highlighted as follows:

- Property taxes revenue increased \$3.3 million due to increases in assessed values related to changes in ownership and new construction.
- Final budgeted intergovernmental revenue increased \$3.1 million primarily due to the City's portion of the ½ cent sales tax revenue paid to the County for public safety, state mandate reimbursements, reimbursement for strike teams sent to assist with fires, and revenue sharing with the County of Orange under the Waste Disposal Agreement (WDA).
- Miscellaneous revenues increased from the adopted budget by \$766,040.
- Charges for services increased from the adopted budget by \$512,700. This adjustment is related to increased revenue received for recreation classes and special events.
- Donations were adjusted upward by \$185,780 related to donations to the Library Services Department, Police Department, Fire Department, and the Recreation & Senior Services Department.

Final budgeted expenditures for the General Fund increased \$12.7 million from the original budget during the year ended June 30, 2025. The significant factors contributing to the increase are as follows:

- The addition of \$5.9 million to the benefits and salary budget is associated with pre-funding the typical year-end contribution to CalPERS for paying down the unfunded pension liability from the Fiscal Year 2023-24 structural surplus and approved memorandum of understandings (MOUs) for the following bargaining units: League, Newport Beach Police Association (NBPA), Newport Beach Fire Association (NBFA), Association of Newport Beach Ocean Lifeguards (ANBOL).
- Budgeted carryovers from Fiscal Year 2023-24 totaling \$6.8 million were added to the adopted budget.

Variance with Final Budget

Actual General Fund revenues came in at \$10.4 million above final budgeted revenues for the year ended June 30, 2025. Significant factors contributing to this favorable variance are summarized as follows:

- Property tax revenues came in \$1.6 million higher than the final budget, largely due to supplemental taxes.
- Investment earning revenues were \$3 million higher than final budgeted revenues due to interest income from bonds and elevated interest rates.

- Property income ended the year \$1.9 million higher mainly due to overages in Beacon Bay, Balboa Yacht Basin, as well as parking revenue.
- Charges for services came in \$1.2 million higher due primarily to receipts for paramedic service fees, plan check fees, as well as revenue received from renewals of short-term lodging permits.
- Other taxes ended the year \$798,179 higher than final budgeted revenues primarily due to business license taxes, utility franchise fees, and solid waste franchise fees.

Actual General Fund expenditures of \$269.3 million were less than final budgetary estimates of \$284.7 million. The \$15.5 million favorable variance was due largely in part to routine savings in salaries and benefits from vacancies as well as contract services. Salary and benefit savings totaled \$6.8 million and are spread across multiple departments, with savings in the larger departments (such as the Police Department, the Public Works Department, and the Fire Department) totaling \$3.7 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for Governmental and Business-type Activities as of June 30, 2025 amount to \$2.5 billion, net of accumulated depreciation/amortization. This is comprised of a broad range of tangible capital assets including land, buildings, machinery and equipment, park facilities, road improvements, storm drains, piers, oil wells, sound walls, an 800 MHz radio communications system, parking pay stations and meters, and bridges; and intangible capital assets including the rights to use land and rights of way, structures, equipment and subscriptions. Total capital assets increased \$11.5 million over the prior fiscal year.

Figure 9
Capital Assets
June 30
(net of depreciation/amortization, in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	\$ 1,922,330	\$ 1,923,977	\$ 2,219	\$ 2,219	\$ 1,924,549	\$ 1,926,196
Intangible right to use land and rights of way	-	-	3,755	3,702	3,755	3,702
Structures	199,676	201,794	363	347	200,039	202,141
Intangible right to use structures	14,045	12,823	-	-	14,045	12,823
Equipment	19,050	18,670	126	113	19,176	18,783
Intangible right to use equipment	162	78	-	-	162	78
Intangible right to use subscriptions	2,145	1,722	-	117	2,145	1,839
Infrastructure	211,479	225,774	125,767	125,697	337,246	351,471
Work in progress	22,200	14,988	4,408	7,229	26,608	22,217
Totals	<u>\$ 2,391,087</u>	<u>\$ 2,399,826</u>	<u>\$ 136,638</u>	<u>\$ 139,424</u>	<u>\$ 2,527,725</u>	<u>\$ 2,539,250</u>

Major capital asset events during the current fiscal year included the following:

- Capital asset additions totaled \$56.5 million in both the Governmental and Business-type Activities in the current year. Of the \$56.5 million, \$9.1 million is related to structure additions of a trash interceptor system in Newport Bay and upgrading park playground equipment and a separate park parking lot; \$26.8 million represents additions of infrastructure assets mostly related to the road system and water system; \$4.0 million is related to equipment and intangible right to use equipment, and intangible right to use subscriptions additions; The remaining \$16.6 million is comprised of additions of non-depreciable/non-amortizable assets such as work in progress of \$14.9 million, and land and rights of way of \$1.7 million.
- Of the \$46.8 million of additions in governmental assets in the current year, additions in infrastructure contributed \$22.8 million, which was mostly due to upgrades in the road system. The remaining \$24.0 million added in the current year as governmental assets is comprised of \$9.1 million of structure additions and \$1.7 million of land additions, both mostly related to the addition of a trash interceptor system and associated landside improvements, upgrading a park's playground equipment, and upgrading a parking lot; \$9.4 million of work in progress, mostly related to construction of a new lecture hall at the central library, upgrades to the road system, and construction of a new fire station/library; \$3.8 million of equipment additions, mostly related to vehicle purchases and parking lot pay station purchases.
- The \$9.7 million of business-type asset additions in the current year is comprised of \$4.0 million in water system infrastructure additions, mostly related to updating pump stations and a water well; \$5.5 million of work in progress additions related to water system improvements, including replacing a major water main and updating another pump station and water well. The remaining amount of additions was for intangible rights to use a subscription related to water meters.

Additional information on the City's capital assets can be found in Note (6) of the Notes to the Financial Statements.

Long-term Debt

Figure 10
Outstanding Debt
June 30
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Certificates of participation	\$ 93,525	\$ 89,290	\$ -	\$ -	\$ 93,525	\$ 89,290
Bond premium	865	723	-	-	865	723
Totals	\$ 94,390	\$ 90,013	\$ -	\$ -	\$ 94,390	\$ 90,013

The City's total debt decreased \$4.4 million during the current fiscal year. The decrease is the result of expected debt service payments. Additional information on the City's long-term debt obligation can be found in Note (7) of the Notes to the Financial Statements.

FACTORS AFFECTING NEXT YEAR'S BUDGET

Economy

The City continues to benefit from a strong and stable local economy. Assessed property values are increasing and remain a significant driver of revenue growth. Property tax revenues grew 5.5 percent in Fiscal Year 2024–25 and are projected to grow an additional 5.8 percent in Fiscal Year 2025–26 due to continued strength in property sales and rising median home prices. Sales tax revenues grew 5.7 percent in Fiscal Year 2024–25 and are projected to increase by 3.0 percent in Fiscal Year 2025–26, signaling continued resilience in the local retail and tourism sectors. Transient Occupancy Tax revenue continues to grow, although at a slower pace than the post-pandemic recovery period as international travel and hotel demand moderate.

The City's diverse revenue base, stable property values, and sound fiscal management support long-term financial sustainability. Newport Beach's revenue structure continues to position the City to withstand broader economic fluctuations and maintain essential services and capital investments.

Local Revenue Trends

Property tax revenue remains the City's largest General Fund revenue source and represents approximately half of total General Fund revenues. Strong assessed valuation growth is the primary driver of projected increases. Supplemental property tax revenues were also higher than originally forecasted as final assessed valuation figures exceeded expectations.

Sales tax revenue is the second largest source of General Fund revenue and represents more than 15 percent of the General Fund. Growth is driven largely by activity in autos and transportation, general consumer goods, and restaurants and hotels. Although growth is moderating from the previous year, sales tax revenues are performing above budgeted levels and reflect continued strength in consumer spending and tourism.

Transient Occupancy Tax revenue is the third largest source of General Fund revenue. Following several years of post-pandemic strength, growth has moderated due to softening hotel demand and a reduction in international visitors. Despite this moderation, TOT revenues remain a significant and stable contributor to the City's revenue structure.

Collectively, General Fund revenues are projected to exceed the budgeted estimates for Fiscal Year 2025–26 due to stronger than anticipated economic conditions. Based on updated revenue projections and expenditure savings identified during the first quarter budget update, a \$10.3 million General Fund surplus is currently projected for the year.

Discretionary Appropriations

The annual budget serves as the foundation for financial planning and fiscal control and allows the City Council to prioritize resources consistent with community values. The Fiscal Year 2025–26 budget reflects continued financial strength supported by growing revenues, healthy reserves, and a conservative debt profile.

When the Fiscal Year 2025-26 budget was adopted, the City projected a structural General Fund surplus of \$12.2 million. Approximately \$10 million of the surplus was committed to fund the first year of three-year labor contracts with the City's bargaining groups. This reduced the structural surplus to approximately \$2 million at the time of adoption. Strong revenue performance and expenditure savings since adoption have increased the projected surplus to \$10.3 million based on the first quarter budget update.

The City continues to maintain a balanced approach to fiscal management by addressing long-term obligations, sustaining essential public services, and investing in infrastructure to support high service levels and quality of life. The City continues to execute an aggressive pension paydown strategy and to maintain sufficient reserves to address unforeseen economic or fiscal challenges.

Overall, the City's debt burden remains low and affordable. Newport Beach benefits from a mature and diverse tax base, high residential and commercial property values, and a robust tourism and retail economy. The City's strong financial profile is an important factor considered by credit rating agencies when evaluating the creditworthiness of municipal debt. Fitch Ratings reaffirmed the City's AAA credit rating in 2025, and Moody's reaffirmed its AAA rating in 2024. Standard and Poor's continues to assign the City its highest long-term credit rating of AAA.

The City's financial management policies emphasize prudent budgeting practices, conservative revenue forecasting, and expenditure controls. Over the past decade, the City has employed strategies such as modifying pension cost-sharing arrangements, contracting for services when appropriate, and freezing vacant positions during periods of economic uncertainty. These practices have supported consistent operating surpluses over the past ten years. Surpluses have been used for one-time purposes, including paying down liabilities and investing in capital and neighborhood improvements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Department, 100 Civic Center Drive, Newport Beach, CA 92660, (949) 644-3123. The City's Budgets, Annual Comprehensive Financial Reports, as well as other City financial information can be found on the City's website at: www.newportbeachca.gov/financialinfo.



FINANCIAL SECTION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FINANCIAL SECTION

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CITY OF NEWPORT BEACH
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments (note 2)	\$ 381,192,951	\$ 29,631,436	\$ 410,824,387
Receivables:			
Accounts (net of allowance)	13,473,448	6,554,867	20,028,315
Interest	1,812,524	145,252	1,957,776
Intergovernmental receivables	14,363,166	451	14,363,617
Lease receivables (note 3)	276,374,011	-	276,374,011
Public-private partnership receivable (note 17)	629,813	-	629,813
Restricted cash and investments with fiscal agent (note 2)	27,782,192	-	27,782,192
Internal balances	2,065,843	(2,065,843)	-
Investment in joint ventures (note 13)	339,272	-	339,272
Inventory	686,808	-	686,808
Prepaid items	7,150,342	-	7,150,342
Capital assets (note 6):			
Non-depreciable/non-amortizable	1,938,964,243	9,447,970	1,948,412,213
Depreciable/amortizable	790,941,765	212,913,481	1,003,855,246
Accumulated depreciation/amortization	(330,081,448)	(82,937,363)	(413,018,811)
Total assets	3,125,694,930	173,690,251	3,299,385,181
Deferred Outflows of Resources:			
Deferred amount from pension plans (note 11)	91,256,632	2,738,713	93,995,345
Deferred amount from OPEB (note 12)	8,347,130	458,803	8,805,933
Total deferred outflows of resources	99,603,762	3,197,516	102,801,278
Liabilities:			
Accounts payable	19,990,178	6,006,188	25,996,366
Accrued payroll	7,752,498	320,013	8,072,511
Accrued interest payable	3,109,569	-	3,109,569
Deposits payable	3,658,843	29,784	3,688,627
Unearned revenue	5,652,744	-	5,652,744
Noncurrent liabilities:			
Due within one year:			
Lease liability (note 7)	1,273,326	44,608	1,317,934
Subscription liability (note 7)	243,771	36,593	280,364
Other (note 7)	20,966,944	-	20,966,944
Due in more than one year:			
Net pension liability (note 11)	267,824,528	8,702,213	276,526,741
Net OPEB liability (note 12)	5,237,348	277,324	5,514,672
Lease liability (note 7)	11,793,605	3,687,682	15,481,287
Subscription liability (note 7)	1,299,952	73,790	1,373,742
Other (note 7)	119,628,344	-	119,628,344
Total liabilities	468,431,650	19,178,195	487,609,845
Deferred Inflows of Resources:			
Deferred amount from pension plans (note 11)	1,005,922	7,364	1,013,286
Deferred amount from OPEB (note 12)	1,964,658	108,049	2,072,707
Deferred amount from leases (note 3)	271,248,281	-	271,248,281
Deferred amount from public-private partnerships (note 17)	686,001	-	686,001
Total deferred inflows of resources	274,904,862	115,413	275,020,275
Net Position:			
Net investment in capital assets	2,292,549,844	135,138,380	2,427,688,224
Restricted for:			
Public safety	759,073	-	759,073
Public works	44,563,786	-	44,563,786
Community services	75,003,024	-	75,003,024
Community development	1,475,624	-	1,475,624
Debt service	2,024,393	-	2,024,393
Permanent funds:			
Nonexpendable	4,629,781	-	4,629,781
Expendable	2,555,481	-	2,555,481
Unrestricted	58,401,174	22,455,779	80,856,953
Total net position	\$ 2,481,962,180	\$ 157,594,159	\$ 2,639,556,339

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 20,365,624	\$ 8,911,980	\$ 931,503	\$ -	\$ 9,843,483
Public safety	143,920,632	30,839,794	4,086,656	-	34,926,450
Public works	87,889,339	8,890,609	15,990,133	4,403,307	29,284,049
Community development	17,104,756	12,723,330	616,730	48,181	13,388,241
Community services	33,510,164	18,883,733	1,140,761	808,629	20,833,123
Interest on long-term debt	6,171,195	-	-	-	-
Total governmental activities	308,961,710	80,249,446	22,765,783	5,260,117	108,275,346
Business-type activities:					
Water	36,561,497	40,463,909	15,456	-	40,479,365
Wastewater	6,282,179	5,980,769	10,728	-	5,991,497
Total business-type activities	42,843,676	46,444,678	26,184	-	46,470,862
Total primary government	\$ 351,805,386	\$ 126,694,124	\$ 22,791,967	\$ 5,260,117	\$ 154,746,208

Taxes:
Property tax
Sales tax
Transient occupancy tax
Business license tax
Franchise tax
Other taxes
Investment income
Net increase in fair value of investments
Other

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to basic financial statements

**Net (Expense) Revenue and Changes in Net Position
Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (10,522,141)	\$ -	\$ (10,522,141)
(108,994,182)	-	(108,994,182)
(58,605,290)	-	(58,605,290)
(3,716,515)	-	(3,716,515)
(12,677,041)	-	(12,677,041)
(6,171,195)	-	(6,171,195)
(200,686,364)	-	(200,686,364)
-	3,917,868	3,917,868
-	(290,682)	(290,682)
-	3,627,186	3,627,186
(200,686,364)	3,627,186	(197,059,178)
154,182,579	-	154,182,579
45,934,260	-	45,934,260
33,174,268	-	33,174,268
5,086,253	-	5,086,253
5,052,778	-	5,052,778
246,787	-	246,787
6,747,045	1,119,040	7,866,085
2,346,015	313,212	2,659,227
3,333,021	-	3,333,021
256,103,006	1,432,252	257,535,258
55,416,642	5,059,438	60,476,080
2,426,545,538	152,534,721	2,579,080,259
\$ 2,481,962,180	\$ 157,594,159	\$ 2,639,556,339

See accompanying notes to basic financial statements

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An aerial photograph of a coastal city, likely Long Beach, California. A long pier extends from the city into the ocean on the left. The city is densely packed with buildings and is situated along a curved coastline. The ocean is visible on the left, and the city extends towards the right. The sky is clear and blue.

FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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GOVERNMENTAL FUNDS

Major Funds

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

The **Tide and Submerged Land – Operating Fund** is a Special Revenue Fund used to account for revenues related to the operation of the City's tidelands, including beaches and marinas, and the related expenditures. Revenue from tideland operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

The **Tide and Submerged Land – Harbor Capital Fund** is a Special Revenue Fund used to account for incremental increases in revenue from certain property lease, pier, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

The **Facilities Financial Planning Reserve Fund** is used to account for the receipt and expenditure of funds for the replacement of facilities. In prior years, this fund was called the Facilities Replacement Fund.

The **Debt Service Fund** is used to account for debt service transactions related to the Certificates of Participation issued to finance the construction of the Civic Center Complex and the construction of Fire Station No. 2.

Other Governmental Funds

Other governmental funds are those governmental funds that do not meet the criteria of a major fund. For reporting purposes in this section, they are combined as Other Governmental Funds.

CITY OF NEWPORT BEACH
Governmental Funds
Balance Sheet
June 30, 2025
Page 1 of 2

	Special Revenue Funds		
	General	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital
Assets			
Cash and investments (note 2)	\$ 96,363,732	\$ 9,167,630	\$ 62,161,008
Receivables:			
Accounts (net of allowance)	6,115,707	2,165,513	-
Interest	520,192	66,363	254,095
Intergovernmental receivables	11,162,624	-	-
Lease receivables (note 3)	79,878,799	193,226,328	-
Public-private partnership receivable (note 17)	-	629,813	-
Restricted cash and investments with fiscal agent (note 2)	-	-	-
Due from other funds (note 4)	8,718,563	-	-
Advance to other funds (note 4)	4,426,659	-	-
Prepaid items	1,371,697	63,529	-
Inventory	183,978	-	-
Total assets	<u>\$ 208,741,951</u>	<u>\$ 205,319,176</u>	<u>\$ 62,415,103</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 9,586,771	\$ 1,269,942	\$ 485,298
Accrued payroll	7,162,759	75,542	-
Deposits payable	3,345,409	313,434	-
Unearned revenue	2,654,437	980,433	-
Due to other funds (note 4)	-	-	-
Advance from other funds (note 4)	-	-	4,426,659
Total liabilities	<u>22,749,376</u>	<u>2,639,351</u>	<u>4,911,957</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Deferred amount from leases (note 3)	77,845,065	190,240,713	-
Deferred amount from public-private partnerships (note 17)	-	630,001	-
Total deferred inflows of resources	<u>77,845,065</u>	<u>190,870,714</u>	<u>-</u>
Fund balances:			
Nonspendable:			
Prepaid items	1,371,697	63,529	-
Inventories	183,978	-	-
Long-term loan receivable	4,426,659	-	-
Permanent endowment	-	-	-
Restricted:			
Upper Newport Bay restoration	-	1,871,911	-
Other (note 15)	-	8,614,781	57,503,146
Committed:			
Capital re-appropriations	374,822	-	-
Oil and gas	-	1,258,890	-
Other (note 15)	3,411,044	-	-
Unassigned	98,379,310	-	-
Total fund balances	<u>108,147,510</u>	<u>11,809,111</u>	<u>57,503,146</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 208,741,951</u>	<u>\$ 205,319,176</u>	<u>\$ 62,415,103</u>

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Governmental Funds
Balance Sheet
June 30, 2025
Page 2 of 2

	<u>Capital Project Fund</u>		<u>Debt Service Fund</u>	
	<u>Facilities Financial Planning Reserve</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Assets				
Cash and investments (note 2)	\$ 23,434,039	\$ -	\$ 108,499,105	\$ 299,625,514
Receivables:				
Accounts (net of allowance)	4,643,968	-	513,601	13,438,789
Interest	106,670	-	508,239	1,455,559
Intergovernmental receivables	-	1,004,032	2,001,123	14,167,779
Lease receivables (note 3)	-	-	3,268,884	276,374,011
Public-private partnership receivable (note 17)	-	-	-	629,813
Restricted cash and investments with fiscal agent (note 2)	-	7,542,238	20,239,954	27,782,192
Due from other funds (note 4)	-	-	-	8,718,563
Advance to other funds (note 4)	-	-	-	4,426,659
Prepaid items	-	-	17,024	1,452,250
Inventory	-	-	-	183,978
	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,978</u>
Total assets	<u>\$ 28,184,677</u>	<u>\$ 8,546,270</u>	<u>\$ 135,047,930</u>	<u>\$ 648,255,107</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 4,099	\$ 7,688,301	\$ 19,034,411
Accrued payroll	-	-	4,327	7,242,628
Deposits payable	-	-	-	3,658,843
Unearned revenue	-	-	2,017,874	5,652,744
Due to other funds (note 4)	-	6,517,778	1,847,784	8,365,562
Advance from other funds (note 4)	-	-	-	4,426,659
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,426,659</u>
Total liabilities	<u>-</u>	<u>6,521,877</u>	<u>11,558,286</u>	<u>48,380,847</u>
Deferred Inflows of Resources:				
Unavailable revenue	4,643,968	-	1,255,134	5,899,102
Deferred amount from leases (note 3)	-	-	3,162,503	271,248,281
Deferred amount from public-private partnerships (note 17)	-	-	-	630,001
	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,001</u>
Total deferred inflows of resources	<u>4,643,968</u>	<u>-</u>	<u>4,417,637</u>	<u>277,777,384</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	17,024	1,452,250
Inventories	-	-	-	183,978
Long-term loan receivable	-	-	-	4,426,659
Permanent endowment	-	-	4,629,781	4,629,781
Restricted:				
Upper Newport Bay restoration	-	-	-	1,871,911
Other (note 15)	-	2,024,393	50,724,688	118,867,008
Committed:				
Capital re-appropriations	-	-	-	374,822
Oil and gas	-	-	-	1,258,890
Other (note 15)	23,540,709	-	63,700,525	90,652,278
Unassigned	-	-	(11)	98,379,299
	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>98,379,299</u>
Total fund balances	<u>23,540,709</u>	<u>2,024,393</u>	<u>119,072,007</u>	<u>322,096,876</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,184,677</u>	<u>\$ 8,546,270</u>	<u>\$ 135,047,930</u>	<u>\$ 648,255,107</u>

See accompanying notes to basic financial statements

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CITY OF NEWPORT BEACH
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Fund balances of governmental funds	\$ 322,096,876
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation have not been included as financial resources in governmental fund activity. Amount excludes capital assets from internal service funds which are added below.	2,381,189,972
All liabilities (both current and long-term) are reported in the Statement of Net Position. Amounts exclude long-term debt activity from internal service funds which have been added below:	
Certificates of participation payable - Series 2010B	(84,290,000)
Certificates of participation payable - Series 2020A	(5,000,000)
Bond premium - Series 2020A	(722,502)
Lease liability	(12,999,592)
Subscription liability	(242,777)
Deferred inflows for improvements by the operator to the underlying asset of a public-private partnership are recognized only in the government-wide statements for governmental activities.	(56,000)
Pension related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities. Amounts exclude internal service fund activity which has been added below:	
Deferred outflows of resources	89,455,293
Deferred inflows of resources	(1,001,078)
Pension liability	(262,100,803)
OPEB related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities. Amounts exclude internal service fund activity which has been added below:	
Deferred outflows of resources	8,045,360
Deferred inflows of resources	(1,893,588)
OPEB liability	(5,054,940)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.	(3,109,569)
Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as unavailable revenue in the governmental funds.	5,899,102
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance, fleet management and information technology, to individual funds. The assets (including capital assets) and liabilities of the internal service funds must be added to the statement of net position.	49,341,311
Investment in joint ventures is not a current financial resource and therefore not reported in the governmental funds.	339,272
Internal balance created by the consolidation of internal service fund activities related to enterprise funds is not reported in the governmental funds.	<u>2,065,843</u>
Net position of governmental activities	<u>\$ 2,481,962,180</u>

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 1 of 2

		<u>Special Revenue Funds</u>	
	<u>General</u>	<u>Tide and Submerged Land - Operating</u>	<u>Tide and Submerged Land - Harbor Capital</u>
Revenues:			
Taxes and assessments:			
Property tax	\$ 154,182,579	\$ -	\$ -
Sales tax	45,934,260	-	-
Transient occupancy tax	33,174,268	-	-
Other taxes	10,385,818	-	-
Intergovernmental	5,670,490	-	-
Licenses, permits and fees	6,350,277	110,943	-
Charges for services	26,966,719	65,341	-
Fines and forfeitures	4,344,836	37,814	-
Investment income	3,771,565	332,181	2,170,732
Net increase in fair value of investments	1,129,325	52,743	625,833
Property income	19,808,736	16,739,019	6,711,452
Donations	795,959	-	-
Other	1,202,884	78	-
Total revenues	<u>313,717,716</u>	<u>17,338,119</u>	<u>9,508,017</u>
Expenditures:			
Current:			
General government	21,920,035	576,031	-
Public safety	145,807,405	-	-
Public works	55,236,683	1,546,690	-
Community development	16,506,628	29,506	-
Community services	28,461,405	2,709,858	-
Capital outlay	-	1,160,516	945,092
Debt service:			
Principal	1,283,576	-	-
Interest and fiscal charges	77,188	-	-
Total expenditures	<u>269,292,920</u>	<u>6,022,601</u>	<u>945,092</u>
Excess (deficiency) of revenues over expenditures	<u>44,424,796</u>	<u>11,315,518</u>	<u>8,562,925</u>
Other financing sources (uses):			
Transfers in (note 5)	20,317,944	12,263,815	5,832,875
Transfers out (note 5)	(53,036,418)	(20,317,944)	-
Total other financing sources (uses)	<u>(32,718,474)</u>	<u>(8,054,129)</u>	<u>5,832,875</u>
Net change in fund balances	11,706,322	3,261,389	14,395,800
Fund balances, beginning	<u>96,441,188</u>	<u>8,547,722</u>	<u>43,107,346</u>
Fund balances, ending	<u>\$ 108,147,510</u>	<u>\$ 11,809,111</u>	<u>\$ 57,503,146</u>

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 2 of 2

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>		
	<u>Facilities Financial Planning Reserve</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Revenues:				
Taxes and assessments:				
Property tax	\$ -	\$ -	\$ -	\$ 154,182,579
Sales tax	-	-	-	45,934,260
Transient occupancy tax	-	-	-	33,174,268
Other taxes	-	-	1,021,443	11,407,261
Intergovernmental	-	2,006,281	10,497,718	18,174,489
Licenses, permits and fees	-	-	851,257	7,312,477
Charges for services	-	-	92,129	27,124,189
Fines and forfeitures	-	-	-	4,382,650
Investment income	857,449	45,430	4,508,461	11,685,818
Net increase in fair value of investments	186,073	-	1,260,300	3,254,274
Property income	-	-	725,753	43,984,960
Donations	1,068,190	-	3,726,024	5,590,173
Other	-	-	120,155	1,323,117
	<u>-</u>	<u>-</u>	<u>120,155</u>	<u>1,323,117</u>
Total revenues	<u>2,111,712</u>	<u>2,051,711</u>	<u>22,803,240</u>	<u>367,530,515</u>
Expenditures:				
Current:				
General government	-	-	1,610	22,497,676
Public safety	-	-	777,707	146,585,112
Public works	-	-	10,739,240	67,522,613
Community development	-	-	225,546	16,761,680
Community services	-	-	231,066	31,402,329
Capital outlay	-	-	41,637,631	43,743,239
Debt service:				
Principal	-	4,235,000	-	5,518,576
Interest and fiscal charges	-	6,366,168	-	6,443,356
	<u>-</u>	<u>6,366,168</u>	<u>-</u>	<u>6,443,356</u>
Total expenditures	<u>-</u>	<u>10,601,168</u>	<u>53,612,800</u>	<u>340,474,581</u>
Excess (deficiency) of revenues over expenditures	<u>2,111,712</u>	<u>(8,549,457)</u>	<u>(30,809,560)</u>	<u>27,055,934</u>
Other financing sources (uses):				
Transfers in (note 5)	12,104,412	8,250,735	25,673,861	84,443,642
Transfers out (note 5)	(11,111,169)	-	-	(84,465,531)
	<u>993,243</u>	<u>8,250,735</u>	<u>25,673,861</u>	<u>(21,889)</u>
Total other financing sources (uses)	<u>993,243</u>	<u>8,250,735</u>	<u>25,673,861</u>	<u>(21,889)</u>
Net change in fund balances	3,104,955	(298,722)	(5,135,699)	27,034,045
Fund balances, beginning	<u>20,435,754</u>	<u>2,323,115</u>	<u>124,207,706</u>	<u>295,062,831</u>
Fund balances, ending	<u>\$ 23,540,709</u>	<u>\$ 2,024,393</u>	<u>\$ 119,072,007</u>	<u>\$ 322,096,876</u>

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$	27,034,045
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Amounts reported for governmental activities in the statement of activities differ from the amounts reported in governmental funds because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay		26,386,385
Depreciation expense		(15,910,049)
Other capital related items		(1,203,127)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance costs of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt:

Repayment of principal on bonds		4,235,000
Amortization of principal on leases		1,199,376
Amortization of principal on subscriptions		84,200

Amortization of deferred inflows for improvements by the operator to the underlying asset of a public-private partnership are recognized only in the government-wide statements for governmental activities.		8,000
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Premium on bonds is recognized as revenues in the period received; however, in the statement of activities, it is amortized over the life of the bond.

Amortization of bond premium - Series 2020A		142,131
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Accrued interest for debt service is the net change in accrued interest for the current period.		138,333
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Pension expense reported in the governmental funds includes the employer contributions made. In the Statement of Activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		7,257,210
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OPEB expense reported in the governmental funds includes the employer contributions made. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.		(2,020,827)
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Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as unavailable revenue in the governmental funds. This is the net change in unavailable revenue for the current period.		(629,867)
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Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported in the statement of activities.		11,190,381
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Investment in joint ventures creates an explicit, measurable equity interest reported only in the statement of activities.		69,145
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Internal balance created by the consolidation of internal service funds activities related to enterprise funds is reflected as a reduction of expenses in the statement of activities.		(2,563,694)
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Change in net position of governmental activities	\$	<u>55,416,642</u>
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See accompanying notes to basic financial statements



FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

PROPRIETARY FUNDS

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PROPRIETARY FUNDS

Business-type Activities

The ***Water Fund*** is a Major Fund used to account for the operations of the City's water utility, a self-supporting activity which is entirely financed through user charges.

The ***Wastewater Fund*** is a Major Fund used to account for the operations of the City's wastewater system, a self-supporting activity which is entirely financed through user charges.

Governmental Activities

The ***Internal Service Funds*** are used to allocate the cost of providing goods and services by one department to other departments on a cost reimbursement basis.

CITY OF NEWPORT BEACH
Proprietary Funds
Statement of Net Position
June 30, 2025

	Enterprise Funds			Governmental Activities
	Water	Wastewater	Total Enterprise Funds	Internal Service Funds
Assets and Deferred Outflows of Resources				
Current assets:				
Cash and investments (note 2)	\$ 26,580,770	\$ 3,050,666	\$ 29,631,436	\$ 81,567,437
Receivables:				
Accounts (net of allowance)	5,661,146	893,721	6,554,867	34,659
Interest	131,775	13,477	145,252	356,965
Intergovernmental receivables	-	451	451	195,387
Inventories	-	-	-	502,830
Prepaid items	-	-	-	5,698,092
Total current assets	32,373,691	3,958,315	36,332,006	88,355,370
Noncurrent assets:				
Capital assets (note 6):				
Land	2,219,450	-	2,219,450	-
Intangible right to use land	3,883,062	-	3,883,062	-
Structures	688,396	-	688,396	39,581
Equipment	344,080	35,988	380,068	50,392,408
Intangible right to use equipment	-	-	-	363,725
Software	-	-	-	4,360,625
Intangible right to use subscriptions	146,843	-	146,843	2,099,163
Infrastructure	158,988,518	48,826,594	207,815,112	-
Work in progress	6,379,733	848,787	7,228,520	-
Less: accumulated depreciation/amortization	(60,383,202)	(22,554,161)	(82,937,363)	(38,620,914)
Total capital assets (net of accumulated depreciation/amortization)	112,266,880	27,157,208	139,424,088	18,634,588
Total assets	144,640,571	31,115,523	175,756,094	106,989,958
Deferred outflows of resources:				
Deferred amount from pension plans (note 11)	1,978,791	759,922	2,738,713	1,801,339
Deferred amount from OPEB (note 12)	331,497	127,306	458,803	301,770
Total deferred outflows of resources	2,310,288	887,228	3,197,516	2,103,109
Liabilities and Deferred Inflows of Resources				
Current liabilities:				
Accounts payable	5,654,480	351,708	6,006,188	955,767
Accrued payroll	244,519	75,494	320,013	509,870
Deposits payable	29,784	-	29,784	-
Due to other funds (note 4)	-	-	-	353,001
Workers' compensation - current	-	-	-	4,497,885
General liability - current	-	-	-	3,941,299
Compensated absences - current	-	-	-	8,097,760
Lease liability - current	44,608	-	44,608	67,339
Subscription liability - current	36,593	-	36,593	170,375
Total current liabilities	6,009,984	427,202	6,437,186	18,593,296
Noncurrent liabilities:				
Workers' compensation (note 7)	-	-	-	20,992,090
General liability (note 7)	-	-	-	6,658,815
Compensated absences (note 7)	-	-	-	6,394,937
Lease liability (note 7)	3,687,682	-	3,687,682	-
Subscription liability (note 7)	73,790	-	73,790	1,130,571
Net pension liability (note 11)	6,287,587	2,414,626	8,702,213	5,723,725
Net OPEB liability (note 12)	200,373	76,951	277,324	182,408
Total noncurrent liabilities	10,249,432	2,491,577	12,741,009	41,082,546
Total liabilities	16,259,416	2,918,779	19,178,195	59,675,842
Deferred inflows of resources:				
Deferred amount from pension plans (note 11)	5,320	2,044	7,364	4,844
Deferred amount from OPEB (note 12)	78,070	29,979	108,049	71,070
Total deferred inflows of resources	83,390	32,023	115,413	75,914
Net Position				
Net investment in capital assets	108,424,207	26,714,173	135,138,380	16,984,653
Unrestricted	22,183,846	2,337,776	24,521,622	32,356,658
Total net position	\$ 130,608,053	\$ 29,051,949	\$ 159,660,002	\$ 49,341,311
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,065,843)	
Net position of business-type activities			\$ 157,594,159	

See accompanying notes to basic financial statements

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

	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Wastewater	Total Enterprise Funds	
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 40,173,666	\$ -	\$ 40,173,666	\$ -
Charges for services	-	-	-	39,112,990
Sewer service and connection fees	-	5,929,991	5,929,991	-
Intergovernmental	15,456	10,728	26,184	195,387
Employee contributions	-	-	-	22,086
Other	290,243	50,778	341,021	6,396,146
Total operating revenues	<u>40,479,365</u>	<u>5,991,497</u>	<u>46,470,862</u>	<u>45,726,609</u>
Operating expenses:				
Purchase of water	14,258,486	-	14,258,486	-
Salaries and benefits	6,057,868	1,923,456	7,981,324	4,654,284
Depreciation/amortization	1,949,684	639,534	2,589,218	4,275,677
Professional services	3,270,486	698,697	3,969,183	996,283
Maintenance and supplies	3,392,569	1,359,247	4,751,816	4,102,840
System maintenance	2,921,079	940,192	3,861,271	27,692
Utilities	2,293,501	102,163	2,395,664	-
Fleet parts and supplies	-	-	-	545,348
Telecommunication	-	-	-	188,617
Hardware	-	-	-	534,370
Software	-	-	-	369,728
Workers' compensation	-	-	-	7,107,333
Claims and judgments	-	-	-	10,384,659
Compensated absences	-	-	-	2,576,984
OPEB ARC - cash subsidy	-	-	-	847,328
Other	4,688,299	890,710	5,579,009	2,227,349
Total operating expenses	<u>38,831,972</u>	<u>6,553,999</u>	<u>45,385,971</u>	<u>38,838,492</u>
Operating income (loss)	<u>1,647,393</u>	<u>(562,502)</u>	<u>1,084,891</u>	<u>6,888,117</u>
Nonoperating revenues (expenses):				
Investment income	995,850	123,190	1,119,040	2,916,412
Net increase in fair value of investments	275,733	37,479	313,212	946,672
Gain on sale of capital assets	-	-	-	425,594
Interest expense	(21,399)	-	(21,399)	(8,303)
Total nonoperating revenues	<u>1,250,184</u>	<u>160,669</u>	<u>1,410,853</u>	<u>4,280,375</u>
Income (loss) before transfers	<u>2,897,577</u>	<u>(401,833)</u>	<u>2,495,744</u>	<u>11,168,492</u>
Transfers in (note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,889</u>
Change in net position	<u>2,897,577</u>	<u>(401,833)</u>	<u>2,495,744</u>	<u>11,190,381</u>
Net position, beginning of year	<u>127,710,476</u>	<u>29,453,782</u>		<u>38,150,930</u>
Net position, end of year	<u>\$ 130,608,053</u>	<u>\$ 29,051,949</u>		<u>\$ 49,341,311</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>2,563,694</u>	
Change in net position of business-type activities			<u>\$ 5,059,438</u>	

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2025

	Enterprise Funds			Governmental Activities Internal Service Funds
	Water	Wastewater	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from customers or user departments	\$ 39,813,766	\$ 5,851,080	\$ 45,664,846	\$ 39,105,404
Cash payments to employees for services	(6,021,465)	(1,913,288)	(7,934,753)	(11,441,209)
Cash payments to suppliers for goods and services	(22,922,028)	(3,281,254)	(26,203,282)	(39,330,748)
Cash payments for other operating activities	(4,688,299)	(890,710)	(5,579,009)	-
Cash received for other operating activities	305,699	61,506	367,205	6,418,232
Net cash provided (used) by operating activities	<u>6,487,673</u>	<u>(172,666)</u>	<u>6,315,007</u>	<u>(5,248,321)</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	-	-	-	21,889
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,889</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(6,542,049)	(390,931)	(6,932,980)	(3,456,839)
Lease liabilities and related	(65,023)	-	(65,023)	(73,663)
Subscription liabilities and related	(37,200)	-	(37,200)	(212,547)
Proceeds from sale of capital assets	-	-	-	425,594
Net cash (used) for capital and related financing activities	<u>(6,644,272)</u>	<u>(390,931)</u>	<u>(7,035,203)</u>	<u>(3,317,455)</u>
Cash flows from investing activities:				
Investment income	1,221,293	158,241	1,379,534	3,783,041
Net cash provided by investing activities	<u>1,221,293</u>	<u>158,241</u>	<u>1,379,534</u>	<u>3,783,041</u>
Net increase (decrease) in cash and cash equivalents	1,064,694	(405,356)	659,338	(4,760,846)
Cash and cash equivalents, beginning	<u>25,516,076</u>	<u>3,456,022</u>	<u>28,972,098</u>	<u>86,328,283</u>
Cash and cash equivalents, ending	<u>\$ 26,580,770</u>	<u>\$ 3,050,666</u>	<u>\$ 29,631,436</u>	<u>\$ 81,567,437</u>
Reconciliation to the statement of net position:				
Cash and investments reported on statement of net position	<u>\$ 26,580,770</u>	<u>\$ 3,050,666</u>	<u>\$ 29,631,436</u>	<u>\$ 81,567,437</u>
Cash and cash equivalents	<u>\$ 26,580,770</u>	<u>\$ 3,050,666</u>	<u>\$ 29,631,436</u>	<u>\$ 81,567,437</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	<u>\$ 1,647,393</u>	<u>\$ (562,502)</u>	<u>\$ 1,084,891</u>	<u>\$ 6,888,117</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,949,684	639,534	2,589,218	4,275,677
Changes in operating assets and liabilities:				
(Increase) in accounts receivable	(372,396)	(80,449)	(452,845)	(7,586)
(Increase) decrease in intergovernmental receivables	8,747	1,538	10,285	(195,387)
(Increase) in inventories	-	-	-	(39,048)
(Increase) in prepaid items	-	-	-	(4,902,194)
Decrease in net infrastructure from capital assets	1,617,988	-	1,617,988	-
Increase (decrease) in accounts payable and accrued payroll	1,627,242	(172,812)	1,454,430	(13,915,435)
Increase in deposits payable	3,749	-	3,749	-
Increase in workers' compensation	-	-	-	2,039,412
(Decrease) in general liability	-	-	-	(241,204)
Increase in compensated absences	-	-	-	844,531
(Decrease) in net pension liability and deferred cash flows	(78,141)	(30,006)	(108,147)	(71,132)
Increase in net OPEB liability and deferred cash flows	83,407	32,031	115,438	75,928
Total adjustments	<u>4,840,280</u>	<u>389,836</u>	<u>5,230,116</u>	<u>(12,136,438)</u>
Net cash provided (used) by operating activities	<u>\$ 6,487,673</u>	<u>\$ (172,666)</u>	<u>\$ 6,315,007</u>	<u>\$ (5,248,321)</u>
Noncash financing and investing activities:				
Capital assets financed by ending accounts payable	\$ -	\$ 443,036	\$ 443,036	\$ -
Obtaining an intangible right to use subscription asset	146,843	-	146,843	-
(Loss) on disposal of capital assets	(1,617,988)	-	(1,617,988)	-
Total of noncash activities	<u>\$ 1,764,831</u>	<u>\$ 443,036</u>	<u>\$ 2,207,867</u>	<u>\$ -</u>

See accompanying notes to basic financial statements



FINANCIAL SECTION

FUND FINANCIAL STATEMENTS

FIDUCIARY FUNDS

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FIDUCIARY FUNDS

The ***Custodial Funds*** are used to account for assets held by the City as an agent for other government entities, private organizations, or individuals.

The ***Other Post-Employment Benefits (OPEB) Trust Fund*** is used to account for the activities of the City's trust for the OPEB plan.

CITY OF NEWPORT BEACH
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	<u>Custodial Funds</u>	<u>OPEB Trust</u>
Assets		
Cash and investments (note 2)	\$ 1,582,522	\$ -
Restricted cash and investments with fiscal agent (note 2)	2,699,066	48,292,264
Receivable:		
Interest	15,167	3,624
Intergovernmental receivable	<u>34,320</u>	<u>-</u>
Total assets	<u>4,331,075</u>	<u>48,295,888</u>
Liabilities		
Due to others	<u>35,616</u>	<u>-</u>
Total liabilities	<u>35,616</u>	<u>-</u>
Net Position		
Restricted for:		
Postemployment benefits other than pensions	-	48,295,888
Individuals, organizations, and other governments	<u>4,295,459</u>	<u>-</u>
Total net position	<u>\$ 4,295,459</u>	<u>\$ 48,295,888</u>

See accompanying notes to basic financial statements

CITY OF NEWPORT BEACH
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	<u>Custodial Funds</u>	<u>OPEB Trust</u>
Additions		
Special assessments	\$ 3,022,899	\$ -
Investment earnings	155,193	4,904,074
Other	<u>101,760</u>	<u>-</u>
Total additions	<u>3,279,852</u>	<u>4,904,074</u>
Deductions		
Debt service	3,317,230	-
Benefit payments for OPEB trust	-	2,682,141
Administrative	97,408	121,382
Other	<u>133,537</u>	<u>-</u>
Total deductions	<u>3,548,175</u>	<u>2,803,523</u>
Net increase in fiduciary net position	<u>(268,323)</u>	<u>2,100,551</u>
Net position, beginning of year	<u>4,563,782</u>	<u>46,195,337</u>
Net position, end of year	<u>\$ 4,295,459</u>	<u>\$ 48,295,888</u>

See accompanying notes to basic financial statements

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FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies

The basic financial statements of the City of Newport Beach (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

a. Reporting Entity

The City was incorporated on September 1, 1906. The current City Charter was adopted in 1954. Since adoption, the Charter has been amended several times. The most recent Charter amendment was approved by the voters on November 2, 2010. The City operates under a Council-Manager form of government and provides the following services: public safety (police, fire, and marine), highway and streets, cultural and recreation, public improvements, planning and zoning, utilities, and general administrative services.

The financial statements present the financial activity of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. This entity is legally separate from the City. However, the City's elected officials have continuing full or partial accountability for fiscal matters of the component unit. The financial reporting entity consists of: (1) the City; (2) organizations for which the City is financially accountable; and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Unit

The financial statements of the City include the financial activities of the Newport Beach Public Facilities Corporation (the "Corporation"). The Corporation was formed on March 9, 1992, for the purpose of assisting the City of Newport Beach in the financing of public improvements, including the City's Central Library, Civic Center, and most recently the new Fire Station No. 2. The Corporation is governed by a Board of Directors, which is comprised of the seven City Council Members of the City. The Corporation's financial data and transactions are included in the debt service fund. Separate financial statements are not prepared for the Corporation. The debt service fund is used solely to account for the activities of the Corporation and contains no other City debt financing activities.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

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 the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). The City has no discretely presented component units. 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, and liabilities 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 an other 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.

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

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and Measurement Focus (Continued)

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.

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, deferred inflows/outflows of resources, 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 major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary funds are excluded from government-wide financial statements. 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.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *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 all revenues.

Property taxes, sales taxes, franchise taxes, gas taxes, motor vehicle license fees, transient occupancy taxes, grants, and interest associated with the current fiscal period are all considered to be subject to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the City.

Revenue recognition is subject to the *measurability* 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

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and Measurement Focus (Continued)

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 non-exchange 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 non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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.

Non-current 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 non-current liabilities. Since they do not affect “available spendable resources”, 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. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Permanent Funds, also referred to as Endowment Funds, are governmental funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs. The amount of net appreciation on investments that is available to support City programs is \$2,555,481. The amount of investment earnings available for expenditure is reported as Restricted Fund Balance in the fund level financial statements. The endowment principal is reported as Nonspendable for Permanent Endowments in the Balance Sheet. The State law governing the spending of endowment funds investment earnings is California Probate Code §18504. The authority for spending investment earnings for scholarships resides with the City Manager, and the authority for periodic maintenance dredging in the Newport Bay resides with the City Council.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

b. Basis of Accounting and Measurement Focus (Continued)

Proprietary & Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary 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 funds are presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, all liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. 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. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as reductions of the related liabilities, rather than as expenditures.

When both restricted and unrestricted resources are combined in a proprietary fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fiduciary funds are also reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

c. Fund Classifications

The City utilizes the following broad categories of funds:

Major Funds – Major funds are those funds which are either material or of particular importance.

Major Governmental Funds – Governmental funds are generally used to account for tax supported activities. The following governmental funds meet the criteria of a major fund:

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

c. Fund Classifications (Continued)

General Fund

The General Fund is the general operating fund of the City. It is used to account for all activities, except those required to be accounted for in another fund.

Special Revenue Funds

Tide and Submerged Land – Operating

The Tide and Submerged Land – Operating Fund is a special revenue fund used to account for revenues related to the operation of the City's tidelands, including beaches and marinas, and the related expenditures. Revenue from tideland operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

Tide and Submerged Land – Harbor Capital

The Tide and Submerged Land - Harbor Capital Fund is used to account for incremental increases in revenue from certain property lease, pier, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

Capital Project Fund

Facilities Financial Planning Reserve Fund

The Facilities Financial Planning Reserve Fund is used to account for the receipt and expenditure of funds for the replacement of facilities.

Debt Service Fund

The Debt Service Fund is used to account for debt service transactions related to the Certificates of Participation issued to finance the construction of the City's Civic Center Complex and the construction of Fire Station No. 2.

Major Proprietary Funds – Proprietary funds are used to report an activity for which a fee is charged to external users to recover the cost of operation.

Water Fund

The Water Fund is an enterprise fund used to account for the activities associated with the transmission and distribution of potable water by the City to its users.

Wastewater Fund

The Wastewater Fund is an enterprise fund used to account for the activities associated with providing sewer services by the City to its users.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

c. Fund Classifications (Continued)

Other Governmental Funds – Other Governmental Funds are those funds which do not meet the criteria of a major fund. Other Governmental Funds used by the City fall into the following governmental fund types:

Other Special Revenue Funds – Other Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes.

Other Capital Projects Funds – Other Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by Enterprise Funds.

Permanent Funds – Permanent Funds are used to report resources that are legally restricted for the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Internal Service Funds – The Internal Service Funds are used to account for the City's self-insured general liability and workers' compensation, compensated absences, and retiree insurance liabilities; the cost of maintaining and replacing the City's rolling stock fleet, parking equipment, coordinated communications systems equipment, certain fire equipment, and recreation equipment; and the cost of maintaining and replacing the City's information technology systems. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

Fiduciary Funds – The Custodial Funds, a type of Fiduciary Fund, are used to account for assets held by the City as an agent for property owners with special assessments, and local businesses in business improvements districts. The Other Post-Employment Benefit (OPEB) Trust Fund is used to account for the activities of the City's trust for the OPEB plan.

d. New Accounting Pronouncements

Current Year Standards

In fiscal year 2024-25, the City implemented the following GASB Statements:

- GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences under a unified model. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered,

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

d. New Accounting Pronouncements (Continued)

(b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As a result of this implementation, the City updated the recognition and measurement guidance for compensated absences to satisfy the criteria set forth above.

- GASB Statement No. 102, *Certain Risk Disclosures*, requires state and local governments to disclose certain risks that arise from vulnerabilities due to concentrations and constraints that could adversely affect the level of service they provide or their ability to meet obligations as they become due.

Pending Accounting Standards

GASB has issued the following pronouncements that may impact future financial reporting requirements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, Effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, Effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statement with essential information about certain types of capital assets.

e. Cash and Investments

Cash and cash equivalents are defined to be cash on hand and demand deposits.

Investments are generally stated at fair value which 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.

Cash and investments are pooled to maximize investment yields. Typically, the City's funds may deposit or withdraw from the City's cash and investments pool on demand without penalty. The net change in fair value and interest earned on the pooled cash and investments is allocated to the respective funds based on each fund's average monthly pooled cash and investments balance. Each fund's share of the pooled cash and investments balance is treated as cash and cash equivalents on the City's statements of

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

e. Cash and Investments (Continued)

cash flows. Consistent with GAAP only the City's proprietary funds report a statement of cash flows.

f. Accounts Receivable

Accounts receivable represent all service and capital project billings other than intergovernmental receivables stated below. As of June 30, 2025, accounts receivable deemed to be uncollectible with an outstanding balance over 120 days past due were written off the City's accounting records to ensure that the income statement and balance sheet are fairly stated at the amount expected to be collected in receivables. Receivables with governmental organizations are generally excluded from the write-off as they are more likely to be received due to the governments' creditworthiness.

g. Intergovernmental Receivables

Intergovernmental receivables represent grant reimbursement requests, capital project billings, and pending transfers of taxes and fees collected by other government agencies. As of June 30, 2025, the balance of these accounts totaled \$14,363,617.

h. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out method. The City follows the consumption method for inventory control. The costs of governmental fund and internal service fund inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City follows the consumption method for prepaid items.

i. Capital Assets

Capital assets are tangible and intangible assets, which include land, structures, equipment, and infrastructure assets, and are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements. Tangible capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Equipment purchased in excess of \$5,000 is capitalized if it has an expected useful life in excess of one year. Buildings, infrastructure, and improvements are capitalized if cost is in excess of \$30,000 and the expected useful life is in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset's life are not capitalized. The City chose to value and report on infrastructure assets in their entirety (e.g., prior to 1980).

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

i. Capital Assets (Continued)

Major capital outlays for tangible capital assets and improvements are capitalized as projects are constructed. Tangible capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Contributed tangible capital assets are valued at their estimated acquisition value at the date of contribution. Intangible capital assets are generally an estimated present value of certain future lease or software subscription payments for the leases or subscriptions in which the City is the lessee or subscriber.

Capital assets used in operations are depreciated/amortized using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Tangible capital assets are depreciated over their estimated useful lives. Intangible assets are amortized over the shorter of the estimated useful life of the underlying asset or the period of time included in the estimated present value. Depreciation/amortization is charged as an expense against operations and accumulated depreciation/amortization is reported on the respective balance sheet. The ranges of useful life for depreciation purposes for each capital asset class are as follows:

Structures	15-75 years
Equipment	3-15 years
Infrastructure	20-75 years

j. Claims and Judgments

The City accounts for material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. The City records the estimated loss liabilities in the Internal Service Fund. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

k. Property Taxes

The assessment, levy, and collection of property taxes are the responsibility of the County of Orange. The City records property taxes as revenue when received from the County, except at fiscal year-end, when property taxes received within 60 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

k. Property Taxes (Continued)

Lien date	January 1	
Levy date	July 1	
Due dates	November 1	1 st installment
	March 1	2 nd installment
Collection dates	December 10	1 st installment
	April 10	2 nd installment

l. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and limited amounts of earned but unused sick leave benefits, which will be paid to employees upon separation from City service. Beginning in fiscal year 1990, the City adopted a general leave plan to replace the traditional vacation and sick leave plan. The City uses a general leave plan that permits a maximum of three years' accrual for every employee, above which the excess either stops accruing or is paid out as current compensation. All employees hired prior to January 1, 1990, were given the option of remaining in the traditional vacation and sick leave plan or enrolling in the general leave plan. All employees hired on or after January 1, 1990, are automatically enrolled in the general leave plan.

Effective for the current fiscal year, the City implemented GASB Statement No. 101, *Compensated Absences*, which establishes a unified model for recognizing and measuring liabilities for compensated absences. Under this guidance, compensated absences are recognized as a liability for (1) leave that has not been used when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time-off or otherwise paid or settled, and (2) leave that has been used but has not yet been paid or otherwise settled as of the financial statement date. The City measures compensated absences using employees' pay rates in effect at the financial statement date, or, when applicable, the pay rates expected to be used to settle the obligation, and includes salary-related amounts that are directly and incrementally associated with payments for such leave. It is assumed that when leave is taken the credits or hours earned first are the ones first utilized or paid.

Compensated absences are accrued in the Compensated Absence Internal Service Fund and in the government-wide financial statements when employee services have been rendered and when it becomes more likely than not that the City will compensate the employees for benefits through paid time off or cash or other settlement, including at termination or retirement.

The City accrues compensated absences for benefits that employees have earned but are not yet available for use when it is more likely than not that the employees will meet the required eligibility or service conditions for payment or use, based on the City's historical

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

I. Compensated Absences (Continued)

experience and current policies. Benefits not covered by GASB 101, such as pension, retiree health, or other postemployment benefits (including those administered through CalPERS), are accounted for in accordance with the applicable GASB standards. Leave that does not accumulate or is contingent upon sporadic events, such as jury duty, bereavement, or certain forms of military or parental leave, is not accrued as compensated absences and is recognized as an expense in the period the leave is taken or paid.

m. Deposits Payable

In the government-wide and fund-level financial statements, deposits payable represents monies collected for developer deposits, demolition deposits, planning deposits and others, for services which have not yet been performed. These unspent portions are reported as liabilities on the financial statements.

n. Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but the revenue recognition criteria have not been met.

o. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report 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) until that time. The City has three items that qualify for reporting in this category. The first item is the deferred outflows related to employer pension and OPEB contributions made after the measurement date. The second item is a deferred outflow related to pensions and OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions and OPEB through the plans. The third item is a deferred outflow related to pensions and OPEB resulting from the difference between expected and actual experience. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions and OPEB through the plans.

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

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

o. Deferred Inflows/Outflows of Resources (Continued)

category. The first item is unavailable revenues, which is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants receivable and rent collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions and OPEB resulting from the difference between actual and expected experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans. The third item is a deferred inflow related to pensions and OPEB resulting from the change in assumptions. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions through the plans. The fourth item is a deferred inflow for certain leases for which the City is lessor and relates to a present value estimate of certain future lease payments. This amount generally is amortized over the same time period associated with the related present value estimate. The fifth item is a deferred inflow from a certain public-private partnership arrangement where the City is the transferor, and represents the sum of certain improvements by the operator to the underlying public-private partnership asset and a present-value estimate of certain future payments from the operator to the City. This amount is generally amortized over the same time period associated with the related present value estimate.

p. Fund Balance Classifications

The governmental fund balance is made up of different classifications and the following provides explanations as to the nature and purpose of each classification:

Nonspendable fund balance

That portion of fund balance that typically includes amounts that are either (a) not in a spendable form such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact such as endowments.

Restricted fund balance

The portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance

That portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision making authority and remain binding unless removed in the same manner. The City Council has authority to establish or modify a fund balance commitment by

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

p. Fund Balance Classifications (Continued)

legislation (Council action) and can only rescind a fund balance commitment by new legislation requiring the same voting consensus. The City considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance.

Assigned fund balance

That portion of a fund balance that includes amounts that are constrained by the City's intent to be used for specific purposes and do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed. The City's Reserve Policy gives the City Manager the authority to establish, modify, or rescind a fund balance assignment.

Unassigned fund balance

The residual portion of a fund balance that is not otherwise restricted, committed, or assigned. Positive unassigned fund balance is available to be used for any purpose. Only the general fund may report a positive unassigned fund balance. Funds, except the general fund, may report negative unassigned fund balance in certain circumstances.

In the governmental fund statements, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City uses the most restrictive funds first. The City uses the appropriate funds in the following order: restricted, committed, assigned, and finally unassigned amounts.

q. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets and liabilities, and the related amounts of revenues and expenditures. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

r. 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 of Newport Beach's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

r. Pensions (Continued)

when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

s. Post-Employment Health Care Benefits (OPEB)

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

t. Lease Liabilities and Receivables

Lease liabilities and receivables are estimated present values of future lease payments. Estimating present values involves various related estimates, including lease terms and interest rates. The estimated lease term is the time period that the lease is noncancelable, plus extension and termination time periods if based on the lease agreement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When a lease's implicit interest rate is not known, estimates are made of either the City's incremental borrowing rate or the rate the City may charge a lessee. Non-lease components of lease agreements have been treated as separate non-lease agreements when practicable, and are excluded from the City's estimated lease liabilities and receivables. Leases that do not meet GASB's definition of a lease liability or receivable (e.g., short-term leases, etc.) are also excluded from the City's estimated lease liabilities and receivables.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

u. Subscription-Based Information Technology (IT) Arrangements

The City is a participant in subscription-based IT arrangements as detailed in note 7. The City recognizes a subscription liability and intangible right to use subscription assets in the financial statements. At the commencement of the arrangement, the City initially measures the liability at the present value of payments expected to be paid during the arrangement term. Subsequently, the liability is reduced by the principal portion of payments made. The intangible right to use subscription assets are initially measured at the initial amount of the subscription liability. Subsequently, the intangible right to use subscription assets are amortized over the life of the arrangement term.

v. Public-Private Partnerships (PPP)

The City's public-private partnership receivable is an estimated present-value of future payments from the operator to the City. The estimated public-private partnership term is the time period that the operator's right to use the underlying public-private partnership asset is noncancelable, plus extension and termination time periods if based on the public-private partnership arrangement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When the public-private partnership arrangement's implicit interest rate is not known an estimate is made of the rate the City may charge an operator. Non-public-private partnership components of public-private partnership arrangements have been treated as separate arrangements when practicable and are excluded from the City's estimated receivable. Arrangements that do not meet GASB's definition of a public private partnership (e.g., leases that do not require the operator to improve the City's existing assets, etc.) are also excluded from the City's estimated receivable.

(2) Cash and Investments

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

Statement of net position:	
Cash and investments	\$ 410,824,387
Cash and investments with fiscal agent	27,782,192
Fiduciary funds:	
Cash and investments	1,582,522
Cash and investments with fiscal agent	<u>50,991,330</u>
Total cash and investments	<u><u>\$ 491,180,431</u></u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

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

Cash on hand	\$ 24,765
Deposits with financial institutions	20,223,592
Cash and receivables in investment accounts	52,834
Investments	<u>470,879,240</u>
 Total cash and investments	 <u><u>\$ 491,180,431</u></u>

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 and concentration of credit risk. Certain investments related to debt proceeds and the City's OPEB trust are excluded from the table below, because they are governed neither by the California Government Code nor by the City's investment policy. Debt proceeds held by bond trustees are instead governed by the provisions of debt agreements of the City. Investments in the City's OPEB trust are governed by the agreement between the City and the trustee.

Authorized Investment Type	Maximum Maturity*	Percentage of Portfolio*	Investment in One Issuer*	Minimum Rating*
Local Agency Bonds	5 years	30%	5%	A-
FHLMC	5 years	No Limit	30%	None
U.S. Treasury Obligations	5 years	No Limit	No Limit	None
U.S. Agency Securities	5 years	No Limit	30%	None
Commercial Paper	270 days	40%	5%	A-1
Negotiable Certificates of Deposit	2 years	30%	5%	A-1
Reverse Repurchase Agreements	30 days	10%	5%	None
Medium-Term Notes	5 years	30%	5%	A-
Mutual Funds	N/A	20%	10%	AAA
Money Market Mutual Funds	N/A	20%	20%	AAAm
Mortgage Pass-Through Securities	5 years	20%	5%	AAA
LA County Pooled Investment Funds	N/A	5%	5%	
California Asset Management Program (CAMP)	N/A	\$75 million	\$75 million	None
Local Agency Investment Fund (LAIF)	N/A	\$75 million	\$75 million	N/A
Supranationals	5 years	20%	10%	AA-

*Excluding amounts held by bond trustee and by the OPEB trust that are not subject to California Government Code restrictions.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees (i.e., fiscal agents) 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 table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	6 months - No Limit	No Limit	No Limit
U.S. Agency Securities	6 months - No Limit	No Limit	No Limit
Banker's Acceptances	6 months - 1 Year	0% - No Limit	No Limit
Commercial Paper	180 days - 6 months	No Limit	10%
Money Market Mutual Funds	N/A	No Limit	No Limit
Investment Agreements	6 months - No Limit	No Limit	No Limit
Certificates of Deposit	6 months - No Limit	No Limit	No Limit
Demand Deposits	6 months - No Limit	No Limit	No Limit
Time Deposits	6 months - No Limit	No Limit	No Limit
Local Agency Bonds	6 months - No Limit	No Limit	No Limit
Forward Delivery Agreement	6 months - No Limit	0% - No Limit	No Limit
Forward Purchase Agreement	6 months - No Limit	0% - No Limit	No Limit
Repurchase Agreements	6 months - No Limit	No Limit	No Limit
Local Agency Investment Fund (LAIF)	N/A	No Limit	No Limit
Municipal Obligations	6 months - No Limit	No Limit	No Limit
County Pooled Investment Funds	N/A	0% - No Limit	No Limit

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 over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees and by the OPEB trust) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Investment Maturities (In Years)				Total
		Less than 1	1 to 3	3 to 5	More than 5	
Money Market Funds	\$ 18,497,696	\$ 18,497,696	\$ -	\$ -	\$ -	\$ 18,497,696
U.S. Treasury Bills	44,745,992	44,745,992	-	-	-	44,745,992
U.S. Treasuries	80,357,245	47,098,495	30,734,922	2,523,828	-	80,357,245
Commercial Papers	34,094,969	34,094,969	-	-	-	34,094,969
U.S. Agency Bonds	7,522,679	3,478,549	4,044,130	-	-	7,522,679
U.S. Agency CMBS	19,696,669	1,530,905	5,151,995	13,013,769	-	19,696,669
Asset Backed Securities	8,832,728	-	1,545,934	7,286,794	-	8,832,728
Corporate Bonds	54,743,652	10,599,683	13,492,745	30,651,224	-	54,743,652
Municipal Bonds	2,167,119	-	-	2,167,119	-	2,167,119
CAMP	54,865,897	54,865,897	-	-	-	54,865,897
LAIF	66,581,074	66,581,074	-	-	-	66,581,074
Investments with Fiscal Agent:						
Money Market Funds	20,924,102	20,924,102	-	-	-	20,924,102
U.S. Treasuries	8,379,253	8,379,253	-	-	-	8,379,253
U.S. Agency Bonds	872,453	872,453	-	-	-	872,453
LAIF	305,448	305,448	-	-	-	305,448
Investments with OPEB Trust:						
Money Market Funds	929,614	929,614	-	-	-	929,614
Mutual Funds - Fixed Income	19,080,502	19,080,502	-	-	-	19,080,502
Mutual Funds - Equity	28,282,148	28,282,148	-	-	-	28,282,148
Totals	<u>\$ 470,879,240</u>	<u>\$ 360,266,780</u>	<u>\$ 54,969,726</u>	<u>\$ 55,642,734</u>	<u>\$ -</u>	<u>\$ 470,879,240</u>
<i>Assuming callable securities (if any) will not be called.</i>						

Some of the City's investments may have call features where the investments' principal may be paid down before its maturity. Such investments include asset backed securities, U.S. Agency Commercial Mortgage Backed Securities (CMBS), investments with make whole call provisions, and investments with call dates.

The City's asset backed securities pay monthly coupons, at which time principal may be paid down. As of June 30, 2025, the City held asset backed securities of about \$8.8 million.

The City's U.S. Agency CMBS may pay down principal prior to maturity. As of June 30, 2025, the City held U.S. Agency CMBS of about \$19.7 million.

Investments with make whole call provisions generally may be called any time, but the terms of the call price generally mitigate the financial impact of a call. As of June 30, 2025, the City held corporate bonds with make whole call provisions as summarized below:

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

<u>Maturity</u>	<u>Value</u>
September 2025	\$ 4,183,821
March 2027	1,972,768
January 2029	1,214,226
February 2029	<u>1,227,658</u>
 Total	 <u>\$ 8,598,473</u>

Investments with call dates may be called anytime on or after the call date. As of June 30, 2025, the City held corporate bonds with call dates as summarized below:

<u>Maturity</u>	<u>Value</u>	<u>Call Date</u>
May 2027	\$ 2,996,331	April 2027
April 2029	<u>1,521,192</u>	April 2028
 Total	 <u>\$ 4,517,523</u>	

Investments may have both a make whole call provision and a regular call date. As of June 30, 2025, the City held corporate bonds with both a make whole call provision and a regular call date as summarized below:

<u>Maturity</u>	<u>Value</u>	<u>Call Date</u>
August 2025	\$ 2,418,029	July 2025
November 2025	1,999,822	September 2025
July 2026	1,999,691	July 2025
September 2027	1,000,872	August 2027
June 2028	477,855	May 2028
June 2029	1,275,916	May 2029
July 2029	1,744,235	July 2028
August 2029	1,415,038	May 2029
November 2029	1,434,754	August 2029
December 2029	1,502,814	December 2028
February 2030	4,605,710	January 2030
March 2030	1,535,316	February 2030
March 2030	1,446,812	December 2029
May 2030	<u>2,194,517</u>	April 2030
 Total	 <u>\$ 25,051,381</u>	

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

Approximately \$13.6 million of the investments that are U.S. Agency CMBS or have either a regular call date or both a make whole call provision and a regular call date, also have interest rate reset dates. If \$6.7 million of the securities with interest rate reset dates are not called by their call date, then these securities will convert to floating rate securities tied to a benchmark index. Prior to their call date, these securities pay a fixed rate of interest. An additional \$6.9 million of the securities with interest rate reset dates are U.S. Agency CMBS with potentially variable coupon rates.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2025, the City did not have any investments (including investments held by fiscal agents) whose fair values were highly sensitive to interest rate fluctuations.

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 in the following schedule is the minimum rating (where applicable) required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating by Standard & Poor's as of the June 30, 2025 for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	AAA	AAAm	AA+	AA	AA-	A-1+	A+	A	A-1	A-	Not Rated
Money Market Funds	\$ 18,497,696	AAAm	\$ -	\$ 18,497,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Treasury Bills	44,745,992	None	-	-	-	-	-	44,745,992	-	-	-	-	-
U.S. Treasuries	80,357,245	None	-	-	80,357,245	-	-	-	-	-	-	-	-
Commercial Papers	34,094,969	A-1	-	-	-	-	-	25,817,304	-	-	8,277,665	-	-
U.S. Agency Bonds	7,522,679	None	-	-	7,522,679	-	-	-	-	-	-	-	-
U.S. Agency CMBS	19,696,666	None	-	-	17,739,901	-	-	-	-	-	-	-	-
Asset Backed Securities	8,832,728	AAA	1,956,768	-	-	-	-	-	-	-	-	-	-
Corporate Bonds	54,743,652	A-	1,535,316	-	9,600,282	2,999,072	8,746,917	-	11,621,788	9,341,895	-	9,364,123	1,534,259
Municipal Bonds	2,167,119	A-	-	-	756,612	-	1,410,507	-	-	-	-	-	-
CAMP	54,865,897	None	-	54,865,897	-	-	-	-	-	-	-	-	-
LAIF	66,581,074	None	-	-	-	-	-	-	-	-	-	-	66,581,074
Investments with Fiscal Agent:													
Money Market Funds	20,924,102	AAm	-	20,924,102	-	-	-	-	-	-	-	-	-
U.S. Treasuries	8,379,253	None	-	-	8,379,253	-	-	-	-	-	-	-	-
U.S. Agency Bonds	872,453	None	-	-	872,453	-	-	-	-	-	-	-	-
LAIF	305,448	None	-	-	-	-	-	-	-	-	-	-	305,448
Investments with OPEB Trust:													
Money Market Funds	929,614	None	-	929,614	-	-	-	-	-	-	-	-	-
Mutual Funds - Fixed Income	19,080,502	None	-	-	-	-	-	-	-	-	-	-	19,080,502
Mutual Funds - Equity	28,282,148	None	-	-	-	-	-	-	-	-	-	-	28,282,148
Totals	\$ 470,879,240		\$ 10,238,717	\$ 95,217,309	\$ 125,228,425	\$ 2,999,072	\$ 10,157,424	\$ 70,563,296	\$ 11,621,788	\$ 9,341,895	\$ 8,277,665	\$ 9,364,123	\$ 117,869,526

Concentration of Credit Risk

The investment policy of the City and the California Government Code limit the amount that can be invested in any one issuer as previously discussed. There were no investments in any one issuer (excluding U.S. treasury bills, U.S. treasuries, mutual funds, and pooled investments) that represented 5% or more of total City investments.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, none of the City's deposits with financial institutions in excess of federal depository amounts were held in uncollateralized accounts.

For investments identified herein as restricted cash and investments with fiscal agent, the fiscal agent and/or financial advisor selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in California Asset Management Trust's Cash Reserve Portfolio (CAMP)

The City voluntarily invests in the Cash Reserve Portfolio (CAMP) of the California Asset Management Trust (CAMT). CAMT is an external investment pool that is both a California joint exercise of powers authority regulated by California Government Code Section 6509.7 and a common law trust regulated by CAMT's bylaws and declaration of trust. Oversight of CAMT is provided by CAMT's trustees. Other than CAMT's initial trustees, CAMT's board of trustees appoints trustees to indefinite terms, and these appointed trustees are subject to approval by participants in CAMT that have executed CAMT's declaration of trust. Because the City has not executed CAMT's declaration of trust, the City has no voting rights with CAMT.

One of CAMP's investment objectives is to maintain a stable net asset value of \$1.00 per share. According to CAMT's audited financial statements for calendar year 2024, "In accordance with GASB Statement No. 79, Cash Reserve Portfolio securities are valued at amortized cost, which approximates fair value." CAMP is rated AAAM by S&P Global. Under normal circumstances the City may withdraw from its investment with CAMP "upon proper notice without restrictions". CAMT may suspend withdrawals in limited circumstances.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

Investment in State Investment Pool

The City voluntarily invests in the Local Agency Investment Fund (LAIF). LAIF is an external investment pool that is regulated by California Government Code §§16429.1 to 16429.4. Oversight of LAIF is provided by the Local Investment Advisory Board (LIAB). LIAB's chairman is the State Treasurer or his or her designee. The State Treasurer or his or her designee also appoints the remaining four members of LIAB to serve two-year terms or at the State Treasurer's pleasure. California Government Code §16429.2 specifies the required qualifications of the State Treasurer's appointees to LIAB.

LAIF provides the fair value of the City's investment in LAIF, which is reported in the accompanying financial statements and is based upon the City's pro-rata share of the fair value of 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. LAIF's credit risk is not rated by a nationally recognized statistical rating organization.

Limitations and restrictions apply to the City's investment in LAIF. Up to 15 transactions with LAIF are permitted each month. Balances in LAIF may not exceed \$75 million, with the exception of bond accounts. LAIF requests one day prior notice for transactions of \$10 million or more.

Investments in Other Post-Employment Benefits (OPEB) Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's OPEB plan. The OPEB Trust's cash and investments are managed by a third-party portfolio manager under guidelines approved by the City. Those guidelines are as follows:

Risk Tolerance	Moderate
Risk Management	The portfolio is constructed to control risk through diversification of asset classes (cash, fixed income, and equity), investment styles (large cap, small cap, international, etc.), and securities. Disciplined mutual fund selection and monitoring processes help to drive return potential while reducing portfolio risk.
Investment Objective	To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges	0% - 20% Cash 30% - 50% Fixed Income 50% - 70% Equity

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(2) Cash and Investments (Continued)

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 significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Most of the City's investments are in Level 2 of the fair value hierarchy. Examples of Level 2 valuation inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Following are the City's recurring fair value measurements as of June 30, 2025:

	Fair Value	Investments That Are Not Subject to Fair Value Hierarchy	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices for Similar Assets in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	\$ 18,497,696	\$ 18,497,696	\$ -	\$ -	\$ -
U.S. Treasury Bills	44,745,992	-	-	44,745,992	-
U.S. Treasuries	80,357,245	-	-	80,357,245	-
Commercial Papers	34,094,969	-	-	34,094,969	-
U.S. Agency Bonds	7,522,679	-	-	7,522,679	-
U.S. Agency CMBS	19,696,669	-	-	19,696,669	-
Asset Backed Securities	8,832,728	-	-	8,832,728	-
Corporate Bonds	54,743,652	-	-	54,743,652	-
Municipal Bonds	2,167,119	-	-	2,167,119	-
CAMP	54,865,897	54,865,897	-	-	-
LAIF	66,581,074	66,581,074	-	-	-
Investments with Fiscal Agent:					
Money Market Funds	20,924,102	20,924,102	-	-	-
U.S. Treasuries	8,379,253	-	-	8,379,253	-
U.S. Agency Bonds	872,453	-	-	872,453	-
LAIF	305,448	305,448	-	-	-
Investments with OPEB Trust:					
Money Market Funds	929,614	929,614	-	-	-
Mutual Funds - Fixed Income	19,080,502	-	4,675,098	14,405,404	-
Mutual Funds - Equity	28,282,148	-	13,325,739	14,956,409	-
Totals	<u>\$ 470,879,240</u>	<u>\$ 162,103,831</u>	<u>\$ 18,000,837</u>	<u>\$ 290,774,572</u>	<u>\$ -</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(3) Lease Receivables

City as Lessor

Lease agreements that meet the requirements of GASB 87 for which the City is the lessor are disclosed as lease receivables on the City's financial statements. Included in the City's lease receivables are over 900 agreements related to land and structures. GASB 87 excludes certain inflows (e.g., certain variable payments, etc.) from the measurement of lease receivables. For the fiscal year ending June 30, 2025, the City recognized \$3,960,576 of variable payments related to the lease receivables that were excluded from the measurement of the lease receivables. Lease inflows, including inflows excluded from GASB 87, are included on the City's financial statements as property income. Lease inflows for interest revenue from amortization of the GASB 87 lease receivables totaled \$4,519,482. Lease inflows for lease revenue from amortization of the related GASB 87 deferred inflows of resources from leases was \$13,227,446. Lease receivables at June 30, 2025, were \$276,374,011.

Regulated Lease

While not technically a lease, the City licenses streetlight space for cellphone antennas and related equipment to a cellphone company. Restrictions to the license cause the license to be a GASB 87 regulated lease that is excluded from GASB 87's present value calculations and notes. Generally, these licensed streetlight spaces are licensed nonexclusively, but some of these licensed spaces may be licensed exclusively. The total revenue recognized during the fiscal year for this license was \$8,182. Below are the expected future minimum payments to the City from this license. License payments by the cellphone company to the City do not secure debt issued by the City.

<u>Year Ending June 30,</u>	<u>License Payments</u>
2026	\$ 8,186
2027	1,500
2028	1,500
2029	1,500
2030	1,500
2031-2035	7,500
2036-2040	<u>5,500</u>
Total	<u>\$ 27,186</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(4) Interfund Receivables and Payables

At June 30, 2025, interfund receivables and payables were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 8,718,563	\$ -
Debt Service Fund	-	6,517,778
Internal Service Fund	-	353,001
Other Governmental Funds	-	1,847,784

The above balances are primarily due to reclassification of negative cash balances in the city-wide cash pool.

At June 30, 2025, interfund advances receivable and payable were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 4,426,659	\$ -
Tide and Submerged Land - Harbor Capital Fund	-	4,426,659

The General Fund advance to the Tide and Submerged Land – Harbor Capital Fund was utilized for dredging within the City’s Tidelands. Repayment of the advance to the General Fund is funded from incremental revenue increases generated from certain leases, mooring rents, commercial and residential pier rents, and parking meter revenues.

The annual amortization of the repayment of the advance is as follows:

Harbor Capital Fund Advance - Repayment Terms (Zero-Interest Advance)			
	Advance #1 Dredging Projects	Advance #2 Marina Park Project	Total
Fiscal Year	<u>Repayment</u>	<u>Repayment</u>	<u>Repayment</u>
2026	\$ 750,000	\$ 500,000	\$ 1,250,000
2027	750,000	500,000	1,250,000
2028	426,659	500,000	926,659
2029	-	500,000	500,000
2030	-	500,000	500,000
Totals	<u>\$ 1,926,659</u>	<u>\$ 2,500,000</u>	<u>\$ 4,426,659</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(5) Interfund Transfers

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

	Transfers In							Total
	General Fund	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Facilities Financial Planning Reserve	Debt Service Fund	Internal Service Funds	Other Governmental Funds	
General Fund	\$ -	\$ 12,263,815	\$ 5,832,875	\$ 12,104,412	\$ 8,250,735	\$ 21,889	\$ 14,562,692	\$ 53,036,418
Tide and Submerged Land - Operating	20,317,944	-	-	-	-	-	-	20,317,944
Facilities Financial Planning Reserve	-	-	-	-	-	-	11,111,169	11,111,169
Internal Service Funds	-	-	-	-	-	-	-	-
Other Governmental Funds	-	-	-	-	-	-	-	-
Total	<u>\$20,317,944</u>	<u>\$ 12,263,815</u>	<u>\$ 5,832,875</u>	<u>\$ 12,104,412</u>	<u>\$ 8,250,735</u>	<u>\$ 21,889</u>	<u>\$ 25,673,861</u>	<u>\$ 84,465,531</u>

The City typically uses transfers to fund ongoing subsidies and to set aside resources for long-term needs such as capital facilities replacement and major maintenance. The General Fund transferred:

- \$12,263,815 to the Tide and Submerged Land – Operating Fund to subsidize the maintenance and operation;
- \$5,832,875 to the Tide and Submerged Land – Harbor Capital Fund to cash fund Harbor Capital projects;
- \$12,104,412 to the Facilities Financial Planning Reserve Fund to cash fund construction projects for General Fund supported facilities;
- \$8,250,735 to the Debt Service Fund for the debt service payments related to the Civic Center Certificates of Participation and the Fire Station No. 2 Certificates of Participation;
- \$6,160 to the Equipment Maintenance Fund and \$15,729 to the Information Technology Fund to fund additional CalPERS expenses; and
- \$14,562,692 to Other Governmental Funds, which includes \$9,757,055 to the Unrestricted Capital Improvements Fund to fund the purchase of real property and capital improvements, \$148 to the Office of Traffic Safety Fund to offset a variance and to claim a reimbursement, \$5,489 to the Contributions Fund to reconcile revenues and expenditures related to the Rubberized Pavement Grant, \$2,300,000 to the Park Maintenance Fund for the maintenance of parks, and \$2,500,000 to the Facilities Maintenance Fund for the maintenance of facilities.

The Tide and Submerged Land – Operating Fund transferred \$20,317,944 to the General Fund to reimburse for tidelands related expenditures.

The Facilities Financial Planning Reserve Fund also transferred \$11,111,169 to Other Governmental Funds as follows:

- \$3,000,000 to the Unrestricted Capital Improvements Fund to fund a new permanent supportive housing project;

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(5) Interfund Transfers (Continued)

- \$500,000 to Miscellaneous FFP Projects Fund to fund entitlement process and preliminary studies and outreach on the Lower Castaways Aquatic Center project.
- \$5,295 to the Junior Lifeguards Fund to fund construction projects related to the Junior Lifeguard building;
- \$6,800,000 to the Fire Station Fund to cash fund the construction for replacing Balboa Library/Fire Station No. 1; and
- \$805,874 to the Parks and Community Centers Fund to support the Lower Sunset View Park project.

(6) Capital Assets

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

Governmental Activities:

	Beginning Balance	Additions	Deletions	Balance June 30, 2025
Non-depreciable/non-amortizable:				
Land and rights of way	\$ 1,922,330,399	\$ 1,646,200	\$ -	\$ 1,923,976,599
Work in progress	22,200,235	9,389,848	(16,602,439)	14,987,644
Total non-depreciable/non-amortizable	<u>1,944,530,634</u>	<u>11,036,048</u>	<u>(16,602,439)</u>	<u>1,938,964,243</u>
Depreciable/amortizable:				
Structures	270,180,218	9,090,044	(22,865)	279,247,397
Intangible right to use structures	17,187,099	-	-	17,187,099
Equipment	63,520,443	3,867,886	(2,013,301)	65,375,028
Intangible right to use equipment	363,725	-	-	363,725
Intangible right to use subscriptions	2,666,852	-	(214,474)	2,452,378
Infrastructure	406,394,747	22,784,377	(2,862,986)	426,316,138
Total depreciable/amortizable	<u>760,313,084</u>	<u>35,742,307</u>	<u>(5,113,626)</u>	<u>790,941,765</u>
Less accumulated depreciation/amortization for:				
Structures	(70,504,228)	(6,972,478)	22,865	(77,453,841)
Intangible right to use structures	(3,142,343)	(1,221,302)	-	(4,363,645)
Equipment	(44,470,285)	(4,197,345)	1,962,260	(46,705,370)
Intangible right to use equipment	(201,404)	(84,689)	-	(286,093)
Intangible right to use subscriptions	(521,572)	(423,693)	214,474	(730,791)
Infrastructure	(194,915,347)	(7,286,220)	1,659,859	(200,541,708)
Total accumulated depreciation	<u>(313,755,179)</u>	<u>(20,185,727)</u>	<u>3,859,458</u>	<u>(330,081,448)</u>
Net depreciable/amortizable	<u>446,557,905</u>	<u>15,556,580</u>	<u>(1,254,168)</u>	<u>460,860,317</u>
Net capital assets	<u>\$ 2,391,088,539</u>	<u>\$ 26,592,628</u>	<u>\$ (17,856,607)</u>	<u>\$ 2,399,824,560</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(6) Capital Assets (Continued)

Governmental Activities capital assets net of accumulated depreciation/amortization at June 30, 2025 are comprised of the following:

General Capital Assets, net	\$ 2,381,189,972
Internal Service Fund Capital Assets, net	<u>18,634,588</u>
 Total	 <u><u>\$ 2,399,824,560</u></u>

Business-type Activities:

	Beginning Balance	Additions	Deletions	Balance June 30, 2025
Non-depreciable/non-amortizable:				
Land	\$ 2,219,450	\$ -	\$ -	\$ 2,219,450
Work in progress	<u>4,408,443</u>	<u>5,540,234</u>	<u>(2,720,157)</u>	<u>7,228,520</u>
Total non-depreciable/non-amortizable	<u>6,627,893</u>	<u>5,540,234</u>	<u>(2,720,157)</u>	<u>9,447,970</u>
Depreciable/amortizable:				
Intangible right to use land and right of way	3,883,062	-	-	3,883,062
Structures	688,396	-	-	688,396
Equipment	380,068	-	-	380,068
Intangible rights to use subscription	-	146,843	-	146,843
Infrastructure	<u>205,661,153</u>	<u>4,025,167</u>	<u>(1,871,208)</u>	<u>207,815,112</u>
Total depreciable/amortizable	<u>210,612,679</u>	<u>4,172,010</u>	<u>(1,871,208)</u>	<u>212,913,481</u>
Less accumulated depreciation/amortization for:				
Intangible right to use land and right of way	(127,825)	(53,656)	-	(181,481)
Structures	(325,569)	(15,357)	-	(340,926)
Equipment	(254,064)	(12,569)	-	(266,633)
Intangible rights to use subscription	-	(29,866)	-	(29,866)
Infrastructure	<u>(79,893,907)</u>	<u>(2,477,770)</u>	<u>253,220</u>	<u>(82,118,457)</u>
Total accumulated depreciation	<u>(80,601,365)</u>	<u>(2,589,218)</u>	<u>253,220</u>	<u>(82,937,363)</u>
Net depreciable/amortizable	<u>130,011,314</u>	<u>1,582,792</u>	<u>(1,617,988)</u>	<u>129,976,118</u>
Net capital assets	<u><u>\$ 136,639,207</u></u>	<u><u>\$ 7,123,026</u></u>	<u><u>\$ (4,338,145)</u></u>	<u><u>\$ 139,424,088</u></u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(6) Capital Assets (Continued)

Depreciation/amortization expense was charged in the following functions in the Statement of Activities:

	Governmental Activities	Business-type Activities
General Government	\$ 6,735,860	\$ -
Public Safety	3,070,878	-
Public Works	144,478	-
Community Development	450,393	-
Community Service	9,784,118	-
Water	-	1,949,684
Wastewater	-	639,534
	<u> </u>	<u> </u>
Totals	<u>\$ 20,185,727</u>	<u>\$ 2,589,218</u>

Internal Service Fund depreciation/amortization of \$4,275,677 was allocated to the governmental functions above.

(7) Long-Term Liabilities

Changes in Long-Term Liabilities

The long-term liabilities for governmental activities for the fiscal year ended June 30, 2025, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Other debt:					
Certificates of participation - Series 2010B	\$ 87,800,000	\$ -	\$ (3,510,000)	\$ 84,290,000	\$ 3,675,000
Certificates of participation - Series 2020A	5,725,000	-	(725,000)	5,000,000	755,000
Bond premium - Series 2020A	864,633	-	(142,131)	722,502	-
Other long-term liabilities:					
Workers' compensation payable	23,450,563	7,108,865	(5,069,453)	25,489,975	4,497,885
Claims and judgments payable	10,841,318	7,829,776	(8,070,980)	10,600,114	3,941,299
Compensated absences ⁽¹⁾	13,648,166	844,531	-	14,492,697	8,097,760
Lease liability	14,339,382	-	(1,272,451)	13,066,931	1,273,326
Subscription liability	1,832,755	-	(289,032)	1,543,723	243,771
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 158,501,817</u>	<u>\$ 15,783,172</u>	<u>\$ (19,079,047)</u>	<u>\$ 155,205,942</u>	<u>\$ 22,484,041</u>

⁽¹⁾ The change in the compensated absences liability is presented as a net change.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, liabilities for workers' compensation, claims and judgments, compensated absences, and net OPEB obligation are typically liquidated from the internal service funds through resources collected from individual funds.

The long-term liabilities for business-type activities for the fiscal year ended June 30, 2025, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Lease liability	\$ 3,776,654	\$ -	\$ (44,364)	\$ 3,732,290	\$ 44,608
Subscription liability	-	146,843	(36,460)	110,383	36,593
Total business-type activities	<u>\$ 3,776,654</u>	<u>\$ 146,843</u>	<u>\$ (80,824)</u>	<u>\$ 3,842,673</u>	<u>\$ 81,201</u>

2010 Certificates of Participation

In fiscal year 2010-11, the City issued \$20,085,000 of Series 2010A (Tax Exempt) and \$106,575,000 of Series 2010B (Federally Taxable Direct Pay Build America Bonds) Certificates of Participation. The 2010A Certificates were issued to prepay the \$3,990,000 principal outstanding on the 1998 Library Certificates of Participation. Accordingly, the 1998 Library Certificates have been defeased and are no longer outstanding. The remaining proceeds from the Series 2010A Certificates were used to finance the acquisition, improvement and equipping of the Civic Center Project. The Series 2010B Certificates were issued to provide additional financing for the Civic Center Project. The proceeds of the Certificates also were applied to pay certain costs of issuance incurred in connection with the Certificates.

The lease payments made by the City are held by a trustee who makes semi-annual payments on the Certificates of Participation. The lease payments began January 1, 2011, and are in amounts sufficient to cover the payment of principal and interest of the Certificates. Interest on the Certificates is payable semiannually on January 1 and July 1 of each year. The 2010A Certificates have been defeased and are no longer outstanding. The 2010B Certificates interest rates range from 4.45% to 7.17%. The City has designated the Series 2010B Certificates as "Build America Bonds" (BABs) under the provisions of the American Recovery and Reinvestment Act of 2009. Thus, the City receives refundable credits from the United States Treasury on the interest paid on the 2010B Certificates. As of June 30, 2025, the City has received \$33,530,580 of BABs Subsidy from the United States Treasury and expects to receive subsidy equal to about 33% on future interest payable on the 2010B Certificates. Principal payments are payable annually on July 1 of each year. The remaining principal payments for the Series 2010B Certificates, which are payable through July 1, 2040, range from \$3,675,000 to \$7,245,000. The total outstanding balance at June 30, 2025, amounted to \$84,290,000. The use of the following assets has been pledged as security for the outstanding balance: the Central Library and the Civic Center.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

The annual amortization requirements of the outstanding Series 2010B Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,675,000	\$ 5,889,360	\$ 9,564,360
2027	3,850,000	5,623,515	9,473,515
2028	4,025,000	5,345,089	9,370,089
2029	4,210,000	5,053,726	9,263,726
2030	4,405,000	4,748,726	9,153,726
2031-2035	25,220,000	18,624,175	43,844,175
2036-2040	31,660,000	8,476,518	40,136,518
2041	7,245,000	259,661	7,504,661
Totals	<u>\$84,290,000</u>	<u>\$54,020,770</u>	<u>\$138,310,770</u>

2020 Certificates of Participation

In Fiscal Year 2020-21, the City issued \$7,860,000 of Series 2020A Certificates of Participation. The 2020A Certificates were issued to finance the acquisition, improvement, and equipping of Fire Station No. 2. The proceeds of the Certificates also were applied to pay certain costs of issuance incurred in connection with the Certificates.

The lease payments made by the City are held by a trustee who makes semi-annual payments on the Certificates of Participation. The lease payments began June 15, 2021, and are in amounts sufficient to cover the payment of principal and interest of the Certificates. Interest on the Certificates is payable semiannually on January 1 and July 1 of each year. The 2020A Certificates' interest rate is 4.00%. Principal payments are payable annually on July 1 of each year. The remaining principal payments of the Series 2020A Certificates, which are payable through July 1, 2030, range from \$755,000 to \$915,000. The total outstanding balance at June 30, 2025, amounted to \$5,000,000. The use of the following assets has been pledged as security for the outstanding balance: Fire Station 5 and Fire Station 7.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

The annual amortization requirements of the outstanding Series 2020A Certificates of Participation are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 755,000	\$ 184,900	\$ 939,900
2027	785,000	154,100	939,100
2028	815,000	122,100	937,100
2029	850,000	88,800	938,800
2030	880,000	54,200	934,200
2031	915,000	18,300	933,300
Totals	<u>\$ 5,000,000</u>	<u>\$ 622,400</u>	<u>\$ 5,622,400</u>

Claims and Judgments

The City retains the risk of loss for general liability and workers' compensation claims as described in Note (9). These amounts represent estimates of amounts to be paid for reported general liability and workers' compensation claims including incurred-but-not-reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2025, is dependent on future developments based upon information from the City's attorney, the City's claims administrators, and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. The estimated liability at June 30, 2025, for general liability and workers' compensation was \$10,600,114 and \$25,489,975, respectively.

Compensated Absences

The City's policies relating to compensated absences are described in Note (1). This liability at June 30, 2025, is \$14,492,697. Compensated absences are liquidated from the Compensated Absences internal service fund.

Unused Credit

The City has a letter of credit in the amount of \$300,938.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

Leases

Lease agreements that meet the requirements of GASB 87 for which the City is lessee are disclosed as lease liabilities on the City's financial statements that are presented on the accrual basis of accounting and with an economic resources measurement focus. Included in the City's lease liabilities are agreements related to water well easements, lifeguard communication equipment, and part of a homeless shelter. For lease provisions subject to GASB 87 during the fiscal year there were no variable lease payments that were not previously included in the City's lease liabilities.

Estimates of the future lease payments for the City's lease liability for governmental activities are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 1,273,326	\$ 69,199	\$ 1,342,525
2027	1,212,633	62,367	1,275,000
2028	1,219,317	55,683	1,275,000
2029	1,226,036	48,964	1,275,000
2030	1,232,794	42,206	1,275,000
2031-2035	6,266,636	108,364	6,375,000
2036	636,189	1,312	637,501
Totals	<u>\$ 13,066,931</u>	<u>\$ 388,095</u>	<u>\$ 13,455,026</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

Estimates of the future lease payments for the City's lease liability for business-type activities are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 44,608	\$ 20,415	\$ 65,023
2027	44,854	20,169	65,023
2028	45,101	19,922	65,023
2029	45,350	19,673	65,023
2030	45,600	19,423	65,023
2031-2035	231,800	93,317	325,117
2036-2040	238,262	86,855	325,117
2041-2045	244,904	80,213	325,117
2046-2050	251,730	73,387	325,117
2051-2055	258,747	66,370	325,117
2056-2060	265,960	59,157	325,117
2061-2065	273,374	51,743	325,117
2066-2070	280,993	44,124	325,117
2071-2075	288,827	36,290	325,117
2076-2080	296,877	28,240	325,117
2081-2085	305,153	19,964	325,117
2086-2090	313,660	11,457	325,117
2091-2095	241,933	3,142	245,075
2096	14,557	27	14,584
Totals	<u>\$ 3,732,290</u>	<u>\$ 753,888</u>	<u>\$ 4,486,178</u>

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) that meet the requirements of GASB 96 for which the City is a subscriber are disclosed as SBITA liabilities on the City's financial statements that are presented on the accrual basis of accounting with an economic resources measurement focus. Included in the City's SBITA liabilities are subscriptions related to recreation classes registrations, performance evaluations, public safety, etc. GASB 96 excludes certain outflows (e.g., certain variable payments, etc.) from the measurement of SBITA liabilities.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(7) Long-Term Liabilities (Continued)

Estimates of the future subscription payments for the City's SBITA liabilities for governmental activities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 243,771	\$ 18,361	\$ 262,132
2027	234,543	6,558	241,101
2028	235,836	5,266	241,102
2029	215,788	3,980	219,768
2030	174,164	2,937	177,101
2031-2033	439,621	3,130	442,751
Totals	<u>\$ 1,543,723</u>	<u>\$ 40,232</u>	<u>\$ 1,583,955</u>

Estimates of the future subscription payments for the City's SBITA liabilities for business-type activities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 36,593	\$ 607	\$ 37,200
2027	36,794	406	37,200
2028	36,997	203	37,200
Totals	<u>\$ 110,384</u>	<u>\$ 1,216</u>	<u>\$ 111,600</u>

(8) Limited Obligation Bonds

The City has issued certain Assessment District and Community Facilities District Bonds. Although the City collects and disburses funds for these districts, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds, and therefore the bonded indebtedness is not shown in the financial statements of the City. The City holds reserve funds on behalf of bondholders, and the assets are recorded in the Special Assessment District Custodial Fund. Bonds outstanding at June 30, 2025, for each district under the Bond Acts of 1911 and 1915 are as follows:

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(8) Limited Obligation Bonds (Continued)

<u>Assessment District</u>	<u>Original Issue</u>	<u>Bonds Outstanding June 30, 2025</u>
Reassessment District 2012	\$ 13,583,436	\$ 130,813
Assessment District No. 117	2,955,000	2,135,000
Assessment District No. 116	1,575,000	1,230,000
Assessment District No. 116B	665,000	520,000
Assessment District No. 113	4,565,000	3,945,000
Assessment District No. 111	2,412,000	1,984,000
Assessment District No. 120-2	2,505,000	2,385,000
Assessment District No. 124	<u>23,625,000</u>	<u>22,795,000</u>
Totals	<u>\$ 51,885,436</u>	<u>\$ 35,124,813</u>

(9) Risk Management – General Liability and Workers’ Compensation

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 carries commercial insurance with independent third parties for loss risks associated with real and personal property, crime, fiduciary, and automotive liability. The City also purchases fidelity bonds for employees in key positions. Settled claims from these risks have exceeded commercial insurance coverage within the past three years, for the excess layers of the City’s prior insurance program, which had lower limits than the current limits.

The City utilizes California Insurance Pool Authority (CIPA), a joint powers authority, to provide excess insurance for the general liability and workers' compensation programs with the following limits beyond the City’s self-insured retention:

<u>Type of Coverage</u>	<u>Self-Insured Retention</u>	<u>Coverage Limits</u>
General liability	\$500,000	\$40,000,000 excess of \$3,000,000
Workers’ compensation	\$500,000	Statutory excess of \$2,000,000

CIPA was established for the purpose of creating a risk management pool for all California cities in order to stabilize and reduce overall insurance costs for members. CIPA is governed by a Board of Directors consisting of representatives from each member city.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(9) Risk Management – General Liability and Workers' Compensation (Continued)

The Insurance Reserve Fund was established to account for costs associated with general liability and workers' compensation claims. The Insurance Reserve fund is accounted for as an internal service fund where assets are set aside for risk management, administration, claim settlements, and benefit distribution. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds is calculated using trends in actual experience after considering unexpected and unusual claims.

Fund liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The total claims payable was \$36,090,089 at June 30, 2025, which represents the discounted present value of all outstanding claims. The claims are discounted using an interest rate of 3%.

	<u>General Liability</u>		<u>Workers' Compensation</u>	
	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Unpaid claims, beginning of fiscal year	\$ 8,689,061	\$ 10,841,318	\$ 16,396,153	\$ 23,450,563
Insured claims (including IBNR)	25,766,286	7,829,776	11,588,497	7,108,865
Claim payments	<u>(23,614,029)</u>	<u>(8,070,980)</u>	<u>(4,534,087)</u>	<u>(5,069,453)</u>
Unpaid claims, end of fiscal year	<u>\$ 10,841,318</u>	<u>\$ 10,600,114</u>	<u>\$ 23,450,563</u>	<u>\$ 25,489,975</u>

(10) 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 set aside a portion of their salary and defer taxation on the contributions and any investment earnings until future years.

Section 457 plan assets were placed in trust for the exclusive benefit of all employees and their beneficiaries. Therefore, all employee assets held in Section 457 plans are not the property of the City and are not subject to the claims of the City's general creditors. The assets under the plan, which are not included in the accompanying financial statements, totaled \$166,674,731 at June 30, 2025.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans

a. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City of Newport Beach's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers.

Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, the Optional Settlement 2W Death Benefit, or the 1957 Survivor 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.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

The Plans' provisions and benefits in effect for the measurement period ended June 30, 2024 are summarized as follows:

	Miscellaneous		
	Prior to November 24, 2012	On or after November 24, 2012	On or after January 1, 2013
Hire date			
Benefit formula	2.5%@55	2.0%@60	2.0%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.092% - 2.418%	1.0% - 2.5%
Required employee contribution rates	11.5% - 13.0%	11.5% - 13.0%	11.5% - 13.0%
Required employer contribution rates	32.59% - 34.09%	29.17% - 30.67%	29.76% - 31.17%
	Safety		
	Prior to November 24, 2012	On or after November 24, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3.0%@50	2.0%@50; 3.0%@55	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%; 2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	13.5% - 14.6%	13.5% - 14.6%	13.5% - 14.6%
Required employer contribution rates	69.03% - 70.13%	69.03% - 70.13%	72.53% - 73.63%

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

Employees Covered – At the measurement date of June 30, 2024, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	789	488
Inactive employees entitled to but not yet receiving benefits	710	115
Active employees	<u>547</u>	<u>275</u>
Totals	<u><u>2,046</u></u>	<u><u>878</u></u>

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 the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate 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.

b. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The General Fund, Tideland Funds, Water Fund, and Wastewater Fund have typically been used in prior years to liquidate the net pension liability. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.80%
Projected salary increases	Varies by Entry Age and Services	
Investment Rate of Return	6.80%	6.80%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter	

⁽¹⁾ *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.*

All other actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

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.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

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.

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

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

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

Asset Class ⁽¹⁾	Assumed Asset Allocation	Real Return Years 1-10 ^{(1),(2)}
Global equity - Cap-weighted	30.00%	4.54%
Global equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

⁽¹⁾ *An expected inflation of 2.30% used for this period.*

⁽²⁾ *Figures are based on the 2021 Asset Liability Management study.*

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

c. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan for the measurement period follow:

<u>Miscellaneous Plan:</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2023	<u>\$ 521,082,608</u>	<u>\$ 400,096,182</u>	<u>\$ 120,986,426</u>
Changes in the Year:			
Service cost	8,448,830	-	8,448,830
Interest on the total pension liability	35,431,016	-	35,431,016
Differences between expected and actual experience	1,976,265	-	1,976,265
Net plan to plan resource movement	-	(59)	59
Contribution - employer	-	21,544,170	(21,544,170)
Contribution - employee	-	4,541,457	(4,541,457)
Net investment income	-	38,107,605	(38,107,605)
Benefit payments, including refunds of employee contributions	(27,580,605)	(27,580,605)	-
Administrative expense	<u>-</u>	<u>(325,559)</u>	<u>325,559</u>
Net Changes	<u>18,275,506</u>	<u>36,287,009</u>	<u>(18,011,503)</u>
Balance at June 30, 2024	<u><u>\$ 539,358,114</u></u>	<u><u>\$ 436,383,191</u></u>	<u><u>\$ 102,974,923</u></u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

<u>Safety Plan:</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2023	<u>\$ 695,885,933</u>	<u>\$ 499,893,619</u>	<u>\$ 195,992,314</u>
Changes in the Year:			
Service cost	10,840,966	-	10,840,966
Interest on the total pension liability	47,523,602	-	47,523,602
Differences between expected and actual experience	7,193,012	-	7,193,012
Net plan to plan resource movement	-	59	(59)
Contribution - employer	-	36,653,740	(36,653,740)
Contribution - employee	-	3,875,707	(3,875,707)
Net investment income	-	47,875,335	(47,875,335)
Benefit payments, including refunds of employee contributions	(39,503,140)	(39,503,140)	-
Administrative expense	<u>-</u>	<u>(406,765)</u>	<u>406,765</u>
Net Changes	<u>26,054,440</u>	<u>48,494,936</u>	<u>(22,440,496)</u>
Balance at June 30, 2024	<u><u>\$ 721,940,373</u></u>	<u><u>\$ 548,388,555</u></u>	<u><u>\$ 173,551,818</u></u>

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 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 174,266,038	\$ 266,569,562
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 102,974,923	\$ 173,551,818
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 44,241,390	\$ 96,648,799

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, the City recognized pension expense of \$51,381,790 (\$20,439,193 Miscellaneous Plan and \$30,942,597 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous plan:		
Pension contributions subsequent to measurement date	\$ 21,712,457	\$ -
Differences between expected and actual experience	3,244,282	(87,145)
Change in assumptions	977,548	-
Net differences between projected and actual earnings on plan investments	<u>6,473,421</u>	<u>-</u>
Total miscellaneous plan	<u>32,407,708</u>	<u>(87,145)</u>
Safety plan:		
Pension contributions subsequent to measurement date	37,081,470	-
Differences between expected and actual experience	10,440,815	(926,141)
Change in assumptions	6,072,755	-
Net differences between projected and actual earnings on plan investments	<u>7,992,597</u>	<u>-</u>
Total safety plan	<u>61,587,637</u>	<u>(926,141)</u>
Total all plans	<u>\$ 93,995,345</u>	<u>\$ (1,013,286)</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(11) Pension Plans (Continued)

\$58,793,927 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous	Safety	Total
2026	\$ 3,309,810	\$ 8,789,078	\$ 12,098,888
2027	10,912,787	17,409,634	28,322,421
2028	(1,498,140)	56,059	(1,442,081)
2029	(2,116,351)	(2,674,745)	(4,791,096)
Thereafter	-	-	-

e. Payable to the Pension Plan

At June 30, 2025, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2025.

f. Plan Description - Defined Contribution Plan

Pursuant to City Council Resolution No. 91-106, the City entered into a defined contribution plan administrated by the private administrator known as Public Agency Retirement System ("PARS") for all of its part-time employees, pursuant to the requirements of Section 11332 of the Social Security Act. The City Council has the authority for establishing and amending the plan's provisions per the Resolution, including establishing and amending contribution requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. 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, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the fiscal year ended June 30, 2025, the City's covered payroll for employees participating in the plan was \$3,554,314. Employees made contributions of \$133,405 (3.75% of current covered payroll), which was matched by the employer in the same amount. Assets of the plan totaled \$2,610,514 at June 30, 2025.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB)

The following description of the City of Newport Beach Retiree Health Savings (“RHS”) Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

Plan Description

The Retiree Health Savings Plan consists of the following post-retirement medical benefits:

PEMHCA

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the state of California's government code, is an agent multiple employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City who enroll in a CalPERS medical plan. The 2025 PEMHCA minimum contribution amount is \$158 per month.

Implicit Subsidy

The City provides healthcare benefits to retirees in the form of an implied rate subsidy, which results from the pooling of non-Medicare retirees and active employees for premium purposes. Therefore, retirees receive the benefit of a lower premium, which would be higher if the premium for retirees was based on age, health status or claims history. The difference between these amounts is the implicit rate subsidy.

Other Retiree Medical Benefits

The City provides other retiree medical benefits in the form of a single-employer defined contribution plan, a single-employer defined benefit plan, and a hybrid of the two. In January 2006, the City and employee associations agreed to major changes in the Post-Employment Health Care Plan. All employees hired after January 1, 2006, and certain employees hired prior to this date, as well as employees who elected to fully convert to a defined contribution formula (hereafter fully converted employees), participate in a program that requires mandatory employee and employer contributions. However, once these contributions have been made to the employee’s account, the City has no further funding obligation to the Plan on their behalf, except for the Public Employees’ Medical and Hospital Care Act (“PEMHCA”) minimum, which is the responsibility of the City. These employees and eligible retirees participate in a Retiree Health Savings (“RHS”) Plan sponsored by the City, the single employer of the plan. Plan assets are held in trust and managed by MissionSquare Retirement (Trustee), under IRS Revenue Ruling 2002-41 (June 26, 2002) and IRS Notice 2002-45 (June 26, 2002).

Certain employees hired prior to January 1, 2006, had the option to retain a hybrid of the former defined benefit plan, or to fully convert to the new Plan. Employees electing to retain a hybrid of the former defined benefit formula participate in a program requiring mandatory defined

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

contributions by employees and the City, as well as a defined benefit consisting of an ongoing contribution from the City to the participant's RHS account each month after retirement. Additionally, these employees are eligible to receive health care benefits under the City's group health care plans. In order to receive these benefits, these employees are required to pay the City \$100 per month up until their retirement to offset the unfunded portion of post-employment health care benefits existing at the inception of the plan.

For fully converted employees, the City made a one-time contribution into their individual RHS account of \$100 per month for every month the employee contributed to the previous defined benefit plan up to a maximum of 15 years. For employees who elected to retain a hybrid plan, the City made a one-time contribution into their individual RHS account of \$75 per month for every month the employee contributed to the previous defined plan up to a maximum of 15 years. In order to receive these contributions, the employee must retire from the City. At June 30, 2025, the liability for the conversion part of the RHS Plan was \$800,925. This amount is not included in the net OPEB liability but is included in the compensated absences liability. See Note (7).

Employees who retired prior to January 1, 2006, continue to receive an ongoing defined benefit consisting of a contribution made by the City to the participant's RHS account each month. The defined benefit portion of the plan is closed to new participants.

In 2024, the City closed the OPEB Trust with the California Employers' Retiree Benefit Trust ("CERBT") Fund and transferred its assets to Public Agency Retirement Services ("PARS") to prefund its OPEB liability. The assets held by PARS are legally restricted for the City's OPEB plan under Section 115 of the Internal Revenue Code. The City has made discretionary contributions to the OPEB Trust. Contributions to the OPEB Trust, along with earnings on those contributions, are irrevocable.

The City determines the timing of the distribution of trust assets and whether those assets will be paid directly to the insurance provider or used to reimburse the City for plan benefits and expenses it has paid. The OPEB Trust is reported as a fiduciary fund since it would be misleading to exclude the OPEB Trust Fund from the City's financial statements. PARS issues a publicly available financial report detailing the fiduciary net position of the OPEB Trust, which is available upon request. The plan itself does not issue a separate financial report. PARS is an agent multiple-employer trust.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

Employees Covered

As of the measurement date June 30, 2024, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees, spouses, or beneficiaries currently receiving benefits	539
Inactive employees or beneficiaries entitled to but not receiving benefits	365
Active employees	<u>849</u>
 Total	 <u>1,753</u>

Contributions

Contribution requirements are established by City policy and may be amended by the City Council. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2025, the City's cash contributions were \$10,865,147 to the trust in premium payments and \$1,406,824 for the estimated implicit subsidy, resulting in a total payment of \$12,271,971.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023. The General Fund, Tidelands Funds, Water Fund, and Wastewater Fund have typically been used in prior years to liquidate the net OPEB liability. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.40%
Inflation	2.75%
Projected Salary Increase	2.80% per annum, in aggregate
Expected long term investment rate of return	6.40%
Healthcare Cost Trend Rates	Initial rate of 8.00%, decreasing 0.25% annually to an ultimate rate of 4.50% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post -65.
Post-Retirement Turnover	Derived from CalPERS pension plan
Mortality	From Society of Actuaries Pub-2010 Public Retirement Plans Mortality Table Report

The actuarial assumptions used in the June 30, 2023, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return on OPEB plan investment is assumed to be 6.40%. The OPEB Plan's target asset allocation as of June 30, 2025 are summarized in the following table.

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	36.00%	N/A
Non-US Equity	18.00%	N/A
US Real Estate	3.00%	N/A
Listed Infrastructure	3.00%	N/A
Fixed Income	38.00%	N/A
Cash	2.00%	N/A
Totals	<u>100.00%</u>	6.40%

The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table on the following page, where the range is given as the spread between the lowest and highest rate shown.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

<u>Yield as of</u>	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2024</u>
Bond Buyer Go 20-Bond Municipal Bond Index	3.65%	3.93%
S&P Municipal Bond 20-Year High Grade Rate Index	4.13%	4.21%
Fidelity 20-Year Go Municipal Bond Index	3.86%	3.97%
Bond Index Range	3.65%-4.13%	3.93%-4.21%

The City's funding policy is to fund the recommended actuarially determined contribution (ADC) to fully fund the benefits over a reasonable period of time. The final equivalent single discount rate used for this year's valuation is 6.40% with the assumption that the City will eventually pay the pay-go costs out of the OPEB trust when the Trust is expected to be able to pay all future projected benefit payments. This discount rate assumes the City continues to fund for its retiree health benefits through PARS under its investment allocation strategy.

Discount Rate

Under GASB 75, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extents that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	<u>\$ 53,136,842</u>	<u>\$35,166,853</u>	<u>\$17,969,989</u>
Changes in the Year:			
Service cost	800,218	-	800,218
Interest on the total OPEB liability	3,125,813	-	3,125,813
Changes of assumptions	(1,705,049)	-	(1,705,049)
Differences between actual and expected experience	99,265	-	99,265
Contribution - employer	-	10,865,147	(10,865,147)
Net investment income	-	3,933,617	(3,933,617)
Benefit payments, including refunds of employee contributions	(3,734,742)	(3,734,742)	-
Administrative expenses	<u>-</u>	<u>(23,200)</u>	<u>23,200</u>
Net Changes	<u>(1,414,495)</u>	<u>11,040,822</u>	<u>(12,455,317)</u>
Balance at June 30, 2024	<u>\$ 51,722,347</u>	<u>\$ 46,207,675</u>	<u>\$ 5,514,672</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

Change of Assumptions

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024. The City has migrated their OPEB assets from the CERBT trust to the PARS trust.

Interim year valuation results have been projected from the prior year's valuation with adjustments for:

- Updating the discount rate from 6.00% as of June 30, 2023 to 6.40% as of June 30, 2024. This update led to a decrease in liabilities.
- Updated pre-65 and post-65 healthcare trend rates with initial rates of 8.00% and 6.50%, respectively, decreasing annually by 0.25% to an ultimate rate of 4.50%. This change caused a slight increase in liabilities.
- Claim cost calculations have been updated to account for the 2025 risk scores from the CalPERS Risk Adjustments. This change caused an increase in liabilities.
- PEMHCA minimum required contribution was updated for 2026, resulting in a decrease in liabilities.
- Claim costs and premiums were updated for 2025, resulting in an increase in liabilities.

Change of Benefit Terms

There was no change of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

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 if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease Discount Rate (5.40%)	Current (6.40%)	1% Increase (7.40%)
Net OPEB Liability	\$10,634,856	\$ 5,514,672	\$ 1,162,929

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7.00% HMO/7.00% PPO) or 1-percentage point higher (9.00% HMO/9.00% PPO) than current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease (7.00%HMO/7.00%PPO decreasing to 3.5%HMO/3.5%PPO)	Current (8.00%HMO/8.00%PPO decreasing to 4.50%HMO/4.50%PPO)	1% Increase (9.00%HMO/9.00%PPO decreasing to 5.5%HMO/5.5%PPO)
Net OPEB Liability	\$2,689,087	\$5,514,672	\$9,287,516

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$3,019,952. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,254,152	\$ -
Differences between projected and actual experience	4,256,028	(412,725)
Change of assumptions	1,882,666	(1,659,982)
Net difference between projected and actual earnings on OPEB plan investments	413,087	-
Totals	<u>\$ 8,805,933</u>	<u>\$ (2,072,707)</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(12) Post-Employment Health Care Benefits (OPEB) (Continued)

The differences between expected and actual experience, and changes of assumptions are amortized over a six-year period, eight-year period, nine-year period, or a ten-year period, depending on the fiscal year the difference occurred. The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

An amount of \$2,254,152, which is reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026.

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

Fiscal Year Ending June 30,	Amount
2026	\$ 811,880
2027	1,900,651
2028	467,772
2029	492,139
2030	839,258
Thereafter	(32,626)

Payable to the OPEB Plan

At June 30, 2025, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

(13) Joint Venture Agreements

Bonita Canyon Public Facilities Financing Authority

The Bonita Canyon Public Facilities Financing Authority (Authority) is a joint powers authority comprised of the City of Newport Beach and the Newport-Mesa Unified School District. The Authority's Board is comprised of two members appointed by each of the member agencies. The Authority created Community Facilities District 98-1 to finance public facilities that will benefit the properties within the District's boundaries. In 1998, the Authority issued \$45,000,000 of special tax bonds to be repaid by special assessments. \$30,577,712 (81.7%) of the proceeds were used to pay for the costs of the City acquiring and constructing public facilities including parks and road improvements. In Fiscal Year 2011-12, the Authority issued \$38,330,000 of special tax refunding bonds to refinance the 1998 Series. In Fiscal Year 2017-18, the Authority issued \$28,245,000 of special tax refunding bonds to refinance the 2012 series; the City is not obligated in any manner to repay the bonds. As of June 30, 2025, the contributions from property owners have been fully

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(13) Joint Venture Agreements (Continued)

spent and no funds are held in trust by the fiscal agent. The City does not make any annual contributions to the Authority and does not include the Authority as a component unit, as the City is not financially accountable for the Authority's activities and the Authority is not fiscally dependent on the City. The City's equity interest in the Authority is not readily determinable. Complete separate financial statements can be obtained at the Newport Mesa Unified School District, 2985 Bear Street, Suite 8M, Costa Mesa, California.

Metro Cities Fire Authority

The City of Newport Beach is a participant in a joint venture consisting of the cities of Anaheim, Brea, Fountain Valley, Fullerton, Huntington Beach, and Orange for the operation of a communication network utilized by fire suppression, emergency medical assistance, and rescue services. The oversight board consists of one voting member and one alternate appointed by the governing body of each member agency. The City of Newport Beach's costs are based each fiscal year upon the number of recorded incidents attributable to the City divided by the recorded incidents attributable to all members during the year and are recorded in the General Fund as an expenditure for service. Upon termination of the agreement, the proceeds from the sale of the property and assets of the joint venture will be paid to each member agency pursuant to their fair share percentage. Annually, the amounts paid by the City to this joint venture are approximately \$887,014. The City's 10.75% interest in the net equity of this joint venture at June 30, 2025, amounts to \$339,272. Complete separate financial statements can be obtained at the Metro Cities Fire Authority offices at 201 S. Anaheim Boulevard, Suite 302, Anaheim, California.

Integrated Law and Justice Agency of Orange County

The City is a participant in a joint venture with several other public agencies in Orange County for the operation of the Integrated Law and Justice Agency of Orange County (ILJAOC). The ILJAOC was established in fiscal year 2006-07 and consists of 23 member agencies, with an oversight board consisting of 12 members from the participating agencies. Annually, each member agency pays a percentage of the operating and replacement costs for the ILJAOC. The City's annual contribution and interest in the net equity of this joint venture was immaterial as of June 30, 2025. The City of Newport Beach acted as the Treasurer/Controller of the ILJAOC from inception through the end of fiscal year 2010-11. Beginning July 1, 2011, the City of Brea, another member agency, was appointed to serve as Treasurer/Controller, and assumed responsibility for all operating activities of the ILJAOC. Complete separate financial statements can be obtained from the City of Brea, 1 Civic Center Circle, Brea, California 92821.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(14) Commitments and Contingencies

Claims and Judgments

Numerous claims and suits have been filed against the City in the normal course of business. The estimated liability under such claims, based upon information received from the City Attorney, contracted attorneys, and the Risk Manager, has been estimated and recorded as accrued claims and judgments payable. (See Note 7)

Operating Agreements

The City of Newport Beach first entered into an agreement with Visit Newport Beach Inc. ("VNB"), a legally separate non-profit marketing organization, in 1987. The primary responsibility of VNB is to attract additional visitor business by promoting the City as the premier tourist and business destination in Orange County. VNB is governed by an Executive Committee comprised of seven individuals not appointed by the City Council of the City of Newport Beach. The previous agreement was entered into on September 27, 2011, subsequently amended on January 28, 2014, and expired on December 31, 2024. Under this agreement, the City paid VNB 18% of the total transient occupancy tax (TOT) collected during the fiscal year. On January 1, 2025, the City entered into a new agreement with VNB increasing their share to 23% of hotel TOT collected during the fiscal year, and eliminating their share of residential TOT. For the Fiscal Year ending June 30, 2025, the City paid VNB a total \$7,736,564 between the two agreements.

Contractual Commitments

Construction and contractual commitments for major construction projects are as follows:

	Annual Budget	Project YTD Expenditures	Unexpended Commitments
Irvine Terrace, Shorecliffs, Balboa Peninsula Water Line Replc	\$ 8,238,406	\$ 572	\$ 8,091,473
CNG Fueling System	8,550,542	1,272,932	6,491,700
Central Library Lecture Hall	10,415,158	3,836,678	6,256,601
Big Canyon Restoration Phase 3	7,365,960	1,057,903	5,534,856
Cathodic Protection Program	4,147,420	54,398	4,092,555
Balboa Yacht Basin Dredging	3,899,344	-	3,898,344
Balboa Peninsula Trolley	4,037,247	604,212	3,325,504
Water Well Rehabilitation Program	2,127,021	97,135	2,028,183
Bristol St N Pavement Rehab	1,613,000	-	1,613,000
Library/ Fire Station No. 1 Replacement	15,991,120	77,241	1,514,712
Facilities Maintenance Master Plan	2,649,950	38,438	1,487,348
Spyglass Hill Rd Pavement Rehab	1,886,188	11,849	1,405,203
Bay Crossing Water Main Replc	3,086,736	155,131	1,163,121
Von Karman Ave Pvmt Rehab	1,722,373	622,874	733,714
Sewer Main Lining and Repairs	1,655,896	531,934	682,107
Collins Island Bridge Replacement	2,693,848	16,985	662,732
Facilities Maintenance Master Plan	2,388,922	1,703,165	642,916
Balboa Yacht Basin Docks	6,830,453	115,604	622,008
Balboa Island/CDM Transit Service	3,636,581	-	616,335

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(14) Commitments and Contingencies (Continued)

At fiscal year-end, the City's encumbrances with contractors were as follows:

	Major Governmental Funds			Other Governmental Funds		Total
	General	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Special Revenue Funds	Capital Project Funds	
Oceanfront encroachment	\$ -	\$ -	\$ -	\$ 300,606	\$ -	\$ 300,606
Cable franchise reserve	-	-	-	7,883	-	7,883
Streets and highways	-	-	-	2,973,396	2,647,359	5,620,755
Parks and community centers	-	-	-	-	10,199,616	10,199,616
Facilities	-	-	-	1,574,952	1,353,763	2,928,715
Public arts and culture	-	-	-	32,500	-	32,500
Capital re-appropriations	-	-	-	-	9,857,318	9,857,318
Beaches	-	710,994	1,659,355	-	-	2,370,349
Marinas	-	12,591	-	-	-	12,591
Dredging	-	-	100,625	-	-	100,625
Equipment	684,664	188,990	-	-	-	873,654
Facilities Replacement	-	-	-	-	100	100
Drainage	-	-	-	-	454,505	454,505
Miscellaneous and studies	-	-	-	-	711,927	711,927
Contract services	1,027,561	-	-	-	-	1,027,561
Supplies and materials	71,520	-	-	-	-	71,520
Maintenance and repairs	791,737	-	-	-	1,934,019	2,725,756
General	59,250	-	-	-	-	59,250
Total encumbrances	<u>\$ 2,634,732</u>	<u>\$ 912,575</u>	<u>\$ 1,759,980</u>	<u>\$ 4,889,337</u>	<u>\$ 27,158,607</u>	<u>\$ 37,355,231</u>

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(15) Fund Balance

Governmental Fund Balance at June 30, 2025, is classified as follows:

	Governmental Fund Balance										Totals
	General	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Facilities Financial Planning Reserve	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds			
Nonspendable:											
Prepaid items (legally restricted)	\$ 1,371,697	\$ 63,529	\$ -	\$ -	\$ -	\$ 17,024	\$ -	\$ -	\$ -	\$ -	1,452,250
Inventories (legally restricted)	183,978	-	-	-	-	-	-	-	-	-	183,978
Long-term loan receivable (form restricted)	4,426,659	-	-	-	-	-	-	-	-	-	4,426,659
Permanent endowment (legally restricted)	-	-	-	-	-	-	-	-	4,629,781	-	4,629,781
Restricted:											
Affordable housing	-	-	-	-	-	634,021	-	-	-	-	634,021
Oceanfront encroachment	-	-	-	-	-	300,606	-	-	-	-	300,606
Upper Newport bay restoration	-	1,871,911	-	-	-	-	-	-	-	-	1,871,911
Cable franchise reserve	-	-	-	-	-	4,023,412	-	-	-	-	4,023,412
Community development	-	-	-	-	-	-	3,586	-	-	-	3,586
Streets and highways	-	-	-	-	-	2,973,396	-	-	-	-	2,973,396
Public safety	-	-	-	-	-	646,986	-	-	-	-	646,986
Facilities	-	-	-	-	-	1,703,264	306,531	-	-	-	2,009,795
Transportation	-	-	-	-	-	314,333	-	-	-	-	314,333
Environmental liability mitigation	-	-	-	-	-	8,917,639	-	-	-	-	8,917,639
Public arts and culture	-	-	-	-	-	1,273,162	-	-	-	-	1,273,162
Parking	-	-	-	-	-	292,979	-	-	-	-	292,979
Training	-	-	-	-	-	634,388	-	-	-	-	634,388
Libraries	-	-	-	-	-	-	-	262,160	-	-	262,160
Scholarships	-	-	-	-	-	-	-	230,819	-	-	230,819
Fin	-	-	-	-	-	1,226,580	-	-	-	-	1,226,580
Debt service	-	-	-	-	2,024,393	-	-	-	-	-	2,024,393
Capital re-appropriations	-	7,702,206	28,023,307	-	-	8,877,643	15,880,007	-	-	-	60,483,163
Beaches	-	710,994	1,659,355	-	-	-	-	-	-	-	2,370,349
Marinas	-	12,591	-	-	-	-	-	-	-	-	12,591
Dredging	-	-	27,820,484	-	-	-	-	-	2,062,502	-	29,882,986
Equipment	-	188,990	-	-	-	-	-	-	-	-	188,990
General Plan Maintenance	-	-	-	-	-	160,674	-	-	-	-	160,674
Committed:											
Facilities replacement	-	-	-	23,540,709	-	-	723,235	-	-	-	24,263,944
Facilities maintenance	-	-	-	-	-	-	1,225,515	-	-	-	1,225,515
Civic center and park	-	-	-	-	-	-	526,902	-	-	-	526,902
Oil and gas liabilities	-	1,258,890	-	-	-	-	-	-	-	-	1,258,890
Parking management	-	-	-	-	-	-	161,767	-	-	-	161,767
Neighborhood enhancement	-	-	-	-	-	-	8,084,238	-	-	-	8,084,238
Capital re-appropriations	374,822	-	-	-	-	-	7,000	-	-	-	381,822
Drainage	-	-	-	-	-	-	2,191,405	-	-	-	2,191,405
Streets and highways	-	-	-	-	-	-	13,934,462	-	-	-	13,934,462
Facilities	-	-	-	-	-	-	17,718,962	-	-	-	17,718,962
Miscellaneous and studies	-	-	-	-	-	-	1,561,927	-	-	-	1,561,927
Parks and community centers	-	-	-	-	-	-	15,631,073	-	-	-	15,631,073
Contract services	1,613,722	-	-	-	-	-	-	-	-	-	1,613,722
Supplies and materials	261,671	-	-	-	-	-	-	-	-	-	261,671
Maintenance and repairs	791,737	-	-	-	-	-	1,934,019	-	-	-	2,725,756
Equipment	684,664	-	-	-	-	-	-	-	-	-	684,664
General	59,250	-	-	-	-	-	-	-	-	-	59,250
Unassigned	98,379,310	-	-	-	-	(11)	-	-	-	-	98,379,299
Total fund balances	\$ 108,147,510	\$ 11,809,111	\$ 57,503,146	\$ 23,540,709	\$ 2,024,393	\$ 31,996,096	\$ 79,890,649	\$ 7,185,262	\$ -	\$ -	322,096,876

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(16) Deficit Fund Equity

The following funds reported deficit equity balances:

Special Revenue Funds:	
OTS DUI Grant	\$ 11
Internal Service Funds:	
Compensated Absences	4,909,926

The OTS DUI Grant Fund is used to account for federal funding for the Selective Traffic Enforcement Program (STEP). These funds are used exclusively for DUI enforcement. The City will receive reimbursement in the following fiscal year, which will eliminate the deficit fund balance.

For the Compensated Absences Fund, the City's Reserve Policy sets the maximum cash reserve at 50% of the long-term compensated absences liability and targets a lesser amount that is the median between that amount and a three-year average of the actual payments made for the cash-out of accumulated leave balances. Accordingly, this deficit fund balance is intentional and in compliance with the City Council-approved Reserve Policy.

(17) Public-Private Partnerships

Agreements that meet the requirements of GASB 94 for which the city is transferor are disclosed as public-private partnerships (PPP) receivables on the City's financial statements. The City's PPP receivable is related to the facilities for the Balboa Island Ferry, Inc. (operator). GASB 94 excludes certain inflows (e.g., certain variable payments, etc.) from the measurement of PPP receivables. Payments from the operator to the City include variable payments, because the operator pays the City the greater of a minimum base amount or a specified percentage of the operator's gross receipts. For the fiscal year ending June 30, 2025, the City recognized \$17,763 of payments related to PPP receivables that were excluded from the measurement of the PPP receivables. A discount rate of 1.50% was applied to the measurement of the PPP receivable. The PPP agreement leases facilities to the operator for the continued operation of a ferry between Balboa Island and Balboa Peninsula. The City retains the right to inspect the property anytime without notice to the operator. Please see the Statement of Net Position for additional information about the nature and amounts of the PPP receivable and PPP deferred inflow.

CITY OF NEWPORT BEACH
Notes to Basic Financial Statements
June 30, 2025

(18) Subsequent Event

On November 6, 2025, the City entered into a cooperative agreement with the cities of Laguna Beach and Fountain Valley to develop a new municipal groundwater well to enhance regional water supply reliability. Under the agreement, Newport Beach will serve as the lead agency for the planning, design and construction of the project. The City has agreed to provide \$20 million towards the \$30 million estimated total project cost and is expecting to recover the investment over time through reduced water supply costs, as groundwater is less expensive than imported water. Construction is expected to start in 2026 with the new well being fully operational by 2028.



FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

FINANCIAL SECTION

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Miscellaneous Employees
Page 1 of 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years

Measurement Period	2025 June 30, 2024	2024 June 30, 2023	2023 June 30, 2022	2022 June 30, 2021	2021 June 30, 2020
Total Pension Liability					
Service cost	\$ 8,448,830	\$ 8,045,390	\$ 8,261,032	\$ 7,438,050	\$ 7,347,708
Interest on total pension liability	35,431,016	34,232,164	32,759,522	31,805,532	30,565,919
Differences between expected and actual experience	1,976,265	5,716,564	(1,394,332)	1,624,975	369,351
Changes in assumptions	-	-	15,640,771	-	-
Changes in benefits	-	474,137	-	-	-
Benefit payments, including refunds of employee contributions	(27,580,605)	(26,581,149)	(24,940,419)	(22,976,493)	(21,516,515)
Net Change in Total Pension Liability	18,275,506	21,887,106	30,326,574	17,892,064	16,766,463
Total Pension Liability - beginning	521,082,608	499,195,502	468,868,928	450,976,864	434,210,401
Total Pension Liability - ending (a)	\$ 539,358,114	\$ 521,082,608	\$ 499,195,502	\$ 468,868,928	\$ 450,976,864
Plan Fiduciary Net Position					
Contributions - employer	\$ 21,544,170	\$ 20,800,063	\$ 18,352,430	\$ 18,612,457	\$ 16,346,284
Contributions - employee	4,541,457	4,113,185	3,974,974	4,057,107	4,067,751
Net investment income	38,107,605	23,270,469	(30,856,252)	76,031,841	16,074,793
Administrative expense	(325,559)	(278,531)	(256,962)	(336,753)	(454,777)
Other miscellaneous income/(expense)	-	-	-	-	-
Plan to plan resource movement	(59)	-	-	-	-
Benefit payments	(27,580,605)	(26,581,149)	(24,940,419)	(22,976,493)	(21,516,515)
Net change in Plan Fiduciary Net Position	36,287,009	21,324,037	(33,726,229)	75,388,159	14,517,536
Plan Fiduciary Net Position - beginning	400,096,182	378,772,145	412,498,374	337,110,215	322,592,679
Plan Fiduciary Net Position - ending (b)	\$ 436,383,191	\$ 400,096,182	\$ 378,772,145	\$ 412,498,374	\$ 337,110,215
Net pension liability - ending (a)-(b)	\$ 102,974,923	\$ 120,986,426	\$ 120,423,357	\$ 56,370,554	\$ 113,866,649
Plan fiduciary net position as a percentage of the total pension liability	80.91%	76.78%	75.88%	87.98%	74.75%
Covered payroll	\$ 50,824,016	\$ 48,099,822	\$ 45,210,057	\$ 44,809,856	\$ 43,902,594
Net pension liability as percentage of covered payroll	202.61%	251.53%	266.36%	125.80%	259.36%

Notes to Schedule:

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.

Change in Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016.

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Miscellaneous Employees
Page 2 of 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years

	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015
Total Pension Liability					
Service cost	\$ 7,084,444	\$ 7,334,861	\$ 7,151,754	\$ 6,303,642	\$ 6,087,960
Interest on total pension liability	29,409,624	28,226,598	27,069,673	26,375,073	25,427,094
Differences between expected and actual experience	403,676	2,243,854	(4,912,853)	(2,686,814)	(4,736,006)
Changes in assumptions	-	(2,522,093)	22,616,424	-	(6,309,248)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(20,129,701)	(18,458,539)	(17,249,398)	(16,714,022)	(16,374,370)
Net Change in Total Pension Liability	16,768,043	16,824,681	34,675,600	13,277,879	4,095,430
Total Pension Liability - beginning	417,442,358	400,617,677	365,942,077	352,664,198	348,568,768
Total Pension Liability - ending (a)	\$ 434,210,401	\$ 417,442,358	\$ 400,617,677	\$ 365,942,077	\$ 352,664,198
Plan Fiduciary Net Position					
Contributions - employer	\$ 15,700,833	\$ 15,797,595	\$ 10,509,243	\$ 9,904,636	\$ 6,615,920
Contributions - employee	3,955,144	3,979,337	4,134,130	4,206,942	4,321,646
Net investment income	19,895,019	23,855,196	28,349,491	1,241,432	5,687,908
Administrative expense	(216,502)	(435,499)	(375,172)	(155,791)	(287,862)
Other miscellaneous income/(expense)	700	(827,021)	-	-	-
Plan to plan resource movement	1,570	(700)	-	(2,387)	26,981
Benefit payments	(20,129,701)	(18,458,539)	(17,249,398)	(16,714,022)	(16,374,370)
Net change in Plan Fiduciary Net Position	19,207,063	23,910,369	25,368,294	(1,519,190)	(9,777)
Plan Fiduciary Net Position - beginning	303,385,616	279,475,247	254,106,953	255,626,143	255,635,920
Plan Fiduciary Net Position - ending (b)	\$ 322,592,679	\$ 303,385,616	\$ 279,475,247	\$ 254,106,953	\$ 255,626,143
Net pension liability - ending (a)-(b)	\$ 111,617,722	\$ 114,056,742	\$ 121,142,430	\$ 111,835,124	\$ 97,038,055
Plan fiduciary net position as a percentage of the total pension liability	74.29%	72.68%	69.76%	69.44%	72.48%
Covered payroll	\$ 42,153,383	\$ 41,468,634	\$ 41,727,563	\$ 40,031,404	\$ 38,512,011
Net pension liability as percentage of covered payroll	264.79%	275.04%	290.32%	279.37%	251.97%

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Miscellaneous Employees
Page 1 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 16,708,777	\$ 15,211,001	\$ 15,250,219	\$ 14,432,250	\$ 14,600,178
Contributions in relation to the actuarially determined contributions	(21,712,457)	(21,537,720)	(20,794,397)	(18,372,473)	(18,730,840)
Contribution deficiency (excess)	\$ (5,003,680)	\$ (6,326,719)	\$ (5,544,178)	\$ (3,940,223)	\$ (4,130,662)
Covered payroll	\$ 53,975,509	\$ 50,824,016	\$ 48,099,822	\$ 45,210,057	\$ 44,809,856
Contributions as a percentage of covered payroll	40.23%	42.38%	43.23%	40.64%	41.80%

Notes to Schedule:

Valuation date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.80% (3)	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll for bases established prior to June 30, 2019 and level dollar amount for bases established after June 30, 2019
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment and administrative expense; includes inflation
(4) Retirement assumptions are based on retirement rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Miscellaneous Employees
Page 2 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 13,080,630	\$ 12,374,026	\$ 11,924,053	\$ 10,412,963	\$ 9,943,342
Contributions in relation to the actuarially determined contributions	(16,351,592)	(15,713,898)	(15,742,587)	(10,412,963)	(9,943,342)
Contribution deficiency (excess)	\$ (3,270,962)	\$ (3,339,872)	\$ (3,818,534)	\$ -	\$ -
Covered payroll	\$ 43,902,594	\$ 42,153,383	\$ 41,468,634	\$ 41,727,563	\$ 40,031,404
Contributions as a percentage of covered payroll	37.25%	37.28%	37.96%	24.95%	24.84%

Notes to Schedule:

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.5% (3)	7.5% (3)	7.5% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Safety Employees
Page 1 of 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years

Measurement Period	2025	2024	2023	2022	2021
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total Pension Liability					
Service cost	\$ 10,840,966	\$ 10,727,817	\$ 10,918,046	\$ 9,817,913	\$ 9,622,985
Interest on total pension liability	47,523,602	45,793,334	43,860,290	42,760,906	41,449,511
Differences between expected and actual experience	7,193,012	9,833,536	(3,451,985)	196,690	957,686
Changes in assumptions	-	-	22,634,816	-	-
Changes in benefits	-	268,557	-	-	-
Benefit payments, including refunds of employee contributions	(39,503,140)	(37,885,623)	(35,654,758)	(33,765,218)	(32,285,653)
Net Change in Total Pension Liability	26,054,440	28,737,621	38,306,409	19,010,291	19,744,529
Total Pension Liability - beginning	695,885,933	667,148,312	628,841,903	609,831,612	590,087,083
Total Pension Liability - ending (a)	\$ 721,940,373	\$ 695,885,933	\$ 667,148,312	\$ 628,841,903	\$ 609,831,612
Plan Fiduciary Net Position					
Contributions - employer	\$ 36,653,740	\$ 35,285,332	\$ 32,394,203	\$ 32,367,091	\$ 28,539,301
Contributions - employee	3,875,707	3,577,340	3,417,660	3,347,740	3,249,005
Net investment income	47,875,335	28,993,124	(38,537,209)	93,813,435	19,685,354
Administrative expense	(406,765)	(345,814)	(317,056)	(413,178)	(556,832)
Plan to plan resource movement	59	-	-	-	-
Benefit payments	(39,503,140)	(37,885,623)	(35,654,758)	(33,765,218)	(32,285,653)
Other miscellaneous income/(expense)	-	-	-	-	-
Net change in Plan Fiduciary Net Position	48,494,936	29,624,359	(38,697,160)	95,349,870	18,631,175
Plan Fiduciary Net Position - beginning	499,893,619	470,269,260	508,966,420	413,616,550	394,985,375
Plan Fiduciary Net Position - ending (b)	\$ 548,388,555	\$ 499,893,619	\$ 470,269,260	\$ 508,966,420	\$ 413,616,550
Net pension liability - ending (a)-(b)	\$ 173,551,818	\$ 195,992,314	\$ 196,879,052	\$ 119,875,483	\$ 196,215,062
Plan fiduciary net position as a percentage of the total pension liability	75.96%	71.84%	70.49%	80.94%	67.82%
Covered payroll	\$ 38,168,411	\$ 36,538,774	\$ 35,231,003	\$ 34,863,204	\$ 34,279,062
Net pension liability as percentage of covered payroll	454.70%	536.40%	558.82%	343.85%	572.40%

Notes to Schedule:

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.

Change in Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016.

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Safety Employees
Page 2 of 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability					
Service cost	\$ 9,292,715	\$ 9,223,465	\$ 9,015,985	\$ 8,075,553	\$ 8,077,826
Interest on total pension liability	40,081,524	38,458,387	37,083,966	36,239,226	35,098,055
Differences between expected and actual experience	4,798,077	3,278,018	(2,192,667)	(1,613,985)	(316,827)
Changes in assumptions	-	(1,630,045)	30,110,384	-	(8,359,009)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(30,443,097)	(29,183,598)	(28,074,414)	(27,447,982)	(25,838,982)
Net Change in Total Pension Liability	23,729,219	20,146,227	45,943,254	15,252,812	8,661,063
Total Pension Liability - beginning	566,357,864	546,211,637	500,268,383	485,015,571	476,354,508
Total Pension Liability - ending (a)	\$ 590,087,083	\$ 566,357,864	\$ 546,211,637	\$ 500,268,383	\$ 485,015,571
Plan Fiduciary Net Position					
Contributions - employer	\$ 28,344,445	\$ 26,779,897	\$ 19,260,537	\$ 18,496,776	\$ 21,529,513
Contributions - employee	3,162,044	3,104,318	2,967,318	2,826,831	2,969,503
Net investment income	24,254,890	29,064,749	34,814,011	1,561,480	7,049,577
Administrative expense	(263,991)	(532,480)	(462,427)	(193,780)	(357,866)
Plan to plan resource movement	(1,570)	(855)	-	2,387	-
Benefit payments	(30,443,097)	(29,183,598)	(28,074,414)	(27,447,982)	(25,838,982)
Other miscellaneous income/(expense)	855	(1,011,188)	-	-	-
Net change in Plan Fiduciary Net Position	25,053,576	28,220,843	28,505,025	(4,754,288)	5,351,745
Plan Fiduciary Net Position - beginning	369,931,799	341,710,956	313,205,931	317,960,219	312,608,474
Plan Fiduciary Net Position - ending (b)	\$ 394,985,375	\$ 369,931,799	\$ 341,710,956	\$ 313,205,931	\$ 317,960,219
Net pension liability - ending (a)-(b)	\$ 195,101,708	\$ 196,426,065	\$ 204,500,681	\$ 187,062,452	\$ 167,055,352
Plan fiduciary net position as a percentage of the total pension liability	66.94%	65.32%	62.56%	62.61%	65.56%
Covered payroll	\$ 33,935,043	\$ 32,866,620	\$ 32,450,020	\$ 30,816,246	\$ 30,189,633
Net pension liability as percentage of covered payroll	574.93%	597.65%	630.20%	607.03%	553.35%

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Safety Employees
Page 1 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Actuarially determined contribution	\$ 28,178,830	\$ 25,872,229	\$ 25,952,201	\$ 25,115,878	\$ 25,341,788
Contributions in relation to the actuarially determined contributions	(37,081,471)	(36,635,838)	(35,283,235)	(32,317,538)	(32,251,903)
Contribution deficiency (excess)	\$ (8,902,641)	\$ (10,763,609)	\$ (9,331,034)	\$ (7,201,660)	\$ (6,910,115)
Covered payroll	\$ 40,866,717	\$ 38,168,411	\$ 36,538,774	\$ 35,231,003	\$ 34,863,204
Contributions as a percentage of covered payroll	90.74%	95.98%	96.56%	91.73%	92.51%

Notes to Schedule:

Valuation date:	6/30/2021	6/30/2021	6/30/2020	6/30/2019	6/30/2018
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.80% (3)	6.80% (3)	7.00% (3)	7.00% (3)	7.00% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll for bases established prior to June 30, 2019 and level dollar amount for bases established after June 30, 2019
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment and administrative expense; includes inflation
(4) Retirement assumptions are based on retirement rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

CITY OF NEWPORT BEACH
an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years

Defined Benefit Plan for Safety Employees
Page 2 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 22,980,289	\$ 22,227,698	\$ 21,524,636	\$ 19,338,360	\$ 18,466,207
Contributions in relation to the actuarially determined contributions	(28,531,744)	(28,346,069)	(26,620,697)	(19,338,360)	(18,466,207)
Contribution deficiency (excess)	\$ (5,551,455)	\$ (6,118,371)	\$ (5,096,061)	\$ -	\$ -
Covered payroll	\$ 34,279,062	\$ 33,935,043	\$ 32,866,620	\$ 32,450,020	\$ 30,816,246
Contributions as a percentage of covered payroll	83.23%	83.53%	81.00%	59.59%	59.92%

Notes to Schedule:

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.5% (3)	7.5% (3)	7.5% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

CITY OF NEWPORT BEACH
Post-Employment Health Care Benefits (OPEB) Retirement Plan
As of June 30, 2025
Last 10 Years *
Page 1 of 2

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

Measurement Period	2025	2024	2023	2022
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total OPEB Liability				
Service cost	\$ 800,218	\$ 635,096	\$ 530,843	\$ 529,600
Interest	3,125,813	3,150,800	3,237,390	2,909,400
Differences between expected and actual experience	99,265	(393,810)	1,120,534	6,159,865
Changes in assumptions	(1,705,049)	292,126	2,473,450	(302,512)
Changes in benefits terms	-	-	-	-
Benefit payments, including refunds of member contributions	(3,734,742)	(4,781,574)	(4,731,846)	(3,786,232)
Net change in Total OPEB Liability	(1,414,495)	(1,097,362)	2,630,371	5,510,121
Total OPEB Liability - beginning	53,136,842	54,234,204	51,603,833	46,093,712
Total OPEB Liability - ending (a)	\$ 51,722,347	\$ 53,136,842	\$ 54,234,204	\$ 51,603,833
Plan fiduciary net position				
Contributions - employer	\$ 10,865,147	\$ 6,327,150	\$ 6,185,537	\$ 5,785,342
Contributions - member	-	-	-	-
Net investment income	3,933,617	2,061,410	(4,845,154)	7,184,241
Benefit payments, including refunds of member contributions	(3,734,742)	(4,781,574)	(4,731,846)	(3,786,232)
Administrative expense	(23,200)	(9,385)	(9,000)	(9,908)
Other expense	-	-	-	-
Net change in plan fiduciary net position	11,040,822	3,597,601	(3,400,463)	9,173,443
Plan fiduciary net position - beginning	35,166,853	31,569,252	34,969,715	25,796,272
Plan fiduciary net position - ending (b)	\$ 46,207,675	\$ 35,166,853	\$ 31,569,252	\$ 34,969,715
City's Net OPEB liability - ending (a)-(b)	\$ 5,514,672	\$ 17,969,989	\$ 22,664,952	\$ 16,634,118
Plan fiduciary net position as a percentage of the total OPEB liability	89.34%	66.18%	58.21%	67.77%
Covered-employee payroll ⁽¹⁾	\$ 88,433,576	\$ 81,451,477	\$ 79,636,594	\$ 78,621,426
City's Net OPEB liability as percentage of covered-employee payroll	6.24%	22.06%	28.46%	21.16%

Notes to Schedule:

(1) Covered-employee payroll is used because contributions are not entirely based on a measure of pay.

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown.

CITY OF NEWPORT BEACH
Post-Employment Health Care Benefits (OPEB) Retirement Plan
As of June 30, 2025
Last 10 Years *
Page 2 of 2

SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

Measurement Period	2021	2020	2019	2018
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service cost	\$ 521,285	\$ 524,717	\$ 509,434	\$ 478,341
Interest	2,944,050	2,795,490	2,814,685	2,830,153
Differences between expected and actual experience	(219,772)	2,532,319	-	-
Changes in assumptions	-	114,311	-	-
Changes in benefits terms	-	-	-	-
Benefit payments, including refunds of member contributions	(3,787,663)	(3,627,695)	(3,641,715)	(3,513,406)
Net change in Total OPEB Liability	(542,100)	2,339,142	(317,596)	(204,912)
Total OPEB Liability - beginning	46,635,812	44,296,670	44,614,266	44,819,178
Total OPEB Liability - ending (a)	\$ 46,093,712	\$ 46,635,812	\$ 44,296,670	\$ 44,614,266
Plan fiduciary net position				
Contributions - employer	\$ 4,674,814	\$ 4,460,937	\$ 4,675,193	\$ 4,594,772
Contributions - member	-	-	-	-
Net investment income	900,087	1,495,861	1,605,114	1,875,536
Benefit payments, including refunds of member contributions	(3,787,663)	(3,627,695)	(3,641,715)	(3,513,406)
Administrative expense	(12,037)	(4,980)	(11,076)	(9,452)
Other expense	-	-	(25,258)	-
Net change in plan fiduciary net position	1,775,201	2,324,123	2,602,258	2,947,450
Plan fiduciary net position - beginning	24,021,071	21,696,948	19,094,690	16,147,240
Plan fiduciary net position - ending (b)	\$ 25,796,272	\$ 24,021,071	\$ 21,696,948	\$ 19,094,690
City's Net OPEB liability - ending (a)-(b)	\$ 20,297,440	\$ 22,614,741	\$ 22,599,722	\$ 25,519,576
Plan fiduciary net position as a percentage of the total OPEB liability	55.96%	51.51%	48.98%	42.80%
Covered-employee payroll ⁽¹⁾	\$ 77,637,171	\$ 75,814,626	\$ 73,999,059	\$ 74,484,613
City's Net OPEB liability as percentage of covered-employee payroll	26.14%	29.83%	30.54%	34.26%

CITY OF NEWPORT BEACH
Post-Employment Health Care Benefits (OPEB) Retirement Plan
As of June 30, 2025
Last 10 Years *
Page 1 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years*

	2025	2024	2023	2022
Actuarially determined contribution	\$ 2,155,209	\$ 3,289,777	\$ 4,359,593	\$ 4,124,923
Contributions in relation to the actuarially determined contributions	(2,254,152)	(12,311,540)	(7,154,265)	(4,950,445)
Contribution deficiency (excess)	<u>\$ (98,943)</u>	<u>\$ (9,021,763)</u>	<u>\$ (2,794,672)</u>	<u>\$ (825,522)</u>
Covered-employee payroll ⁽¹⁾	\$ 93,299,224	\$ 88,433,576	\$ 81,451,477	\$ 79,636,594
Contributions as a percentage of covered-employee payroll	-2.42%	-13.92%	-8.78%	-6.22%

Notes to Schedule:

Valuation date: June 30, 2023 June 30, 2023 June 30, 2021 June 30, 2019

(1) Covered-employee payroll is used because contributions are not entirely based on a measure of pay.

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown.

CITY OF NEWPORT BEACH
Post-Employment Health Care Benefits (OPEB) Retirement Plan
As of June 30, 2024
Last 10 Years *
Page 2 of 2

SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 4,108,719	\$ 3,834,916	\$ 3,827,337	\$ 3,925,087
Contributions in relation to the actuarially determined contributions	(6,511,545)	(5,379,799)	(5,133,062)	(5,309,626)
Contribution deficiency (excess)	<u><u>\$ (2,402,826)</u></u>	<u><u>\$ (1,544,883)</u></u>	<u><u>\$ (1,305,725)</u></u>	<u><u>\$ (1,384,539)</u></u>
Covered-employee payroll ⁽¹⁾	\$ 78,621,426	\$ 77,637,171	\$ 75,814,626	\$ 73,999,059
Contributions as a percentage of covered-employee payroll	-8.28%	-6.93%	-6.77%	-7.18%

Notes to Schedule:

Valuation date:	June 30, 2019	June 30, 2017	June 30, 2017	June 30, 2015
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CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025
Page 1 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes and assessments:				
Property	\$ 149,296,403	\$ 152,582,263	\$ 154,182,579	\$ 1,600,316
Sales	45,299,626	45,200,159	45,934,260	734,101
Transient occupancy	32,625,873	32,670,435	33,174,268	503,833
Other taxes	9,587,638	9,587,638	10,385,818	798,180
Intergovernmental	3,593,906	6,665,558	5,670,490	(995,068)
Licenses, permits and fees	5,952,271	5,952,271	6,350,277	398,006
Charges for services	25,230,457	25,743,157	26,966,719	1,223,562
Fines and forfeitures	3,996,299	3,996,299	4,344,836	348,537
Investment income	1,402,120	1,402,120	3,771,565	2,369,445
Net increase in fair value of investments	502,805	502,805	1,129,325	626,520
Property income	17,897,004	17,905,504	19,808,736	1,903,232
Donations	375,321	561,100	795,959	234,859
Other	(228,676)	537,364	1,202,884	665,520
Total revenues	295,531,047	303,306,673	313,717,716	10,411,043
Expenditures:				
General government:				
City council	931,993	937,514	670,060	267,454
City clerk	1,310,158	1,328,375	1,146,406	181,969
City attorney	2,661,605	2,635,777	2,402,707	233,070
City manager	7,383,432	7,398,394	4,095,692	3,302,702
Finance	10,494,379	10,713,622	9,839,278	874,344
Human resources	3,947,492	4,063,492	3,765,892	297,600
Total general government	26,729,059	27,077,174	21,920,035	5,157,139
Public safety:				
Police	78,156,707	82,104,977	77,309,265	4,795,712
Fire	65,865,961	69,749,033	68,498,140	1,250,893
Total public safety	144,022,668	151,854,010	145,807,405	6,046,605
Public works:				
Public works - general services	34,629,137	37,023,633	35,362,361	1,661,272
Public works	14,051,846	14,064,912	13,629,170	435,742
Utilities	6,156,003	6,334,661	6,245,152	89,509
Total public works	54,836,986	57,423,206	55,236,683	2,186,523

See accompanying notes to required supplementary information

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025
Page 2 of 2

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community development:				
Community development	15,943,481	16,116,984	15,236,583	880,401
Code and water quality enforcement	1,289,886	1,293,007	1,270,045	22,962
Total community development	17,233,367	17,409,991	16,506,628	903,363
Community services:				
Parking operations	2,210,923	2,920,724	2,521,425	399,299
Library services	10,818,892	11,515,373	10,212,303	1,303,070
Recreation and senior services	16,151,132	16,547,903	15,727,677	820,226
Total community services	29,180,947	30,984,000	28,461,405	2,522,595
Debt service:				
Principal	-	-	1,283,576	(1,283,576)
Interest and fiscal charges	-	-	77,188	(77,188)
Total debt service	-	-	1,360,764	(1,360,764)
Total expenditures	272,003,027	284,748,381	269,292,920	15,455,461
Excess of revenues over expenditures	23,528,020	18,558,292	44,424,796	25,866,504
Other financing sources (uses):				
Transfers in	19,767,775	20,317,944	20,317,944	-
Transfers out	(39,255,611)	(56,036,418)	(53,036,418)	3,000,000
Total other financing sources (uses)	(19,487,836)	(35,718,474)	(32,718,474)	3,000,000
Net change in fund balance	4,040,184	(17,160,182)	11,706,322	28,866,504
Fund balance, beginning	96,441,188	96,441,188	96,441,188	-
Fund balance, ending	\$ 100,481,372	\$ 79,281,006	\$ 108,147,510	\$ 28,866,504

See accompanying notes to required supplementary information

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Tide and Submerged Land - Operating
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Licenses, permits and fees	\$ 92,200	\$ 92,200	\$ 110,943	\$ 18,743
Charges for services	25,300	25,300	65,341	40,041
Fines and forfeitures	31,000	31,000	37,814	6,814
Investment income	134,976	134,976	332,181	197,205
Net increase in fair value of investments	-	-	52,743	52,743
Property income	14,476,011	14,624,011	16,739,019	2,115,008
Other	-	-	78	78
Total revenues	14,759,487	14,907,487	17,338,119	2,430,632
Expenditures:				
General government	576,031	576,031	576,031	-
Public works	1,415,449	1,726,356	1,546,690	179,666
Community development	2,280	15,580	29,506	(13,926)
Community services	2,817,875	2,811,808	2,709,858	101,950
Capital outlay	-	5,561,871	1,160,516	4,401,355
Total expenditures	4,811,635	10,691,646	6,022,601	4,669,045
Excess (deficiency) of revenues over expenditures	9,947,852	4,215,841	11,315,518	7,099,677
Other financing sources:				
Transfers in	12,256,805	12,263,815	12,263,815	-
Transfers out	(19,767,775)	(20,317,944)	(20,317,944)	-
Total other financing sources	(7,510,970)	(8,054,129)	(8,054,129)	-
Net change in fund balance	2,436,882	(3,838,288)	3,261,389	7,099,677
Fund balance, beginning	8,547,722	8,547,722	8,547,722	-
Fund balance, ending	\$ 10,984,604	\$ 4,709,434	\$ 11,809,111	\$ 7,099,677

See accompanying notes to required supplementary information

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Tide and Submerged Land - Harbor Capital
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes and assessments:				
Investment income	\$ 707,038	\$ 707,038	\$ 2,170,732	\$ 1,463,694
Net increase in fair value of investments	-	-	625,833	625,833
Property income	<u>5,954,462</u>	<u>5,954,462</u>	<u>6,711,452</u>	<u>756,990</u>
Total revenues	<u>6,661,500</u>	<u>6,661,500</u>	<u>9,508,017</u>	<u>2,846,517</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>10,422,952</u>	<u>945,092</u>	<u>9,477,860</u>
Excess (deficiency) of revenues over expenditures	6,661,500	(3,761,452)	8,562,925	12,324,377
Other financing sources:				
Transfers in	<u>5,832,875</u>	<u>5,832,875</u>	<u>5,832,875</u>	<u>-</u>
Net change in fund balance	12,494,375	2,071,423	14,395,800	12,324,377
Fund balance, beginning	<u>43,107,346</u>	<u>43,107,346</u>	<u>43,107,346</u>	<u>-</u>
Fund balance, ending	<u>\$ 55,601,721</u>	<u>\$ 45,178,769</u>	<u>\$ 57,503,146</u>	<u>\$ 12,324,377</u>

See accompanying notes to required supplementary information

CITY OF NEWPORT BEACH
Notes to Required Supplementary Information
June 30, 2025

(1) Budgetary Control and Compliance

The City adheres to the following general procedures in establishing the budgetary data reflected in the financial statements:

- During May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at City Council meetings to obtain citizen comments. Prior to July 1, the budget is legally adopted through passage of an appropriation resolution.
- Budgets are adopted on an annual basis consistent with generally accepted accounting principles for General and Special Revenue Funds, except for the Opioid Remediation Fund, for which no budget was adopted.
- The City does not present budget information on Capital Projects Funds since the City approves project-length budgets. These project-length budgets authorize total expenditures over the duration of a construction project rather than through year-by-year budgeting.
- The City does not present budget information on Debt Service and Permanent Funds since the City is not required to and does not adopt an annual budget for these funds.
- The budget is formally integrated into the accounting system and employed as a management control device during the year.
- The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by the City Council.
- At fiscal year-end, budget appropriations lapse. Budget appropriations for incomplete capital projects are re-budgeted in the following fiscal year by City Council action and are included in the revisions noted above. Projects that are not started during the budget year are re-evaluated in the following year.
- Encumbrances represent commitments related to unperformed contracts for goods and services. The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this system, encumbrance accounting for the expenditure of funds is recorded in order to indicate outstanding commitments and is employed in the governmental fund types. Encumbrances outstanding at year-end are reported as committed or restricted fund balances since they do not constitute expenditures or liabilities. Encumbrances and their related budgets are honored in the subsequent year to fulfill these commitments and are presented in the original adopted budget.

CITY OF NEWPORT BEACH
Notes to Required Supplementary Information
June 30, 2025

(1) Budgetary Control and Compliance (Continued)

Expenditures exceeded appropriations in the following governmental fund:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Supplemental Law Enforcement Services	\$250,000	\$250,045	\$(45)

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FINANCIAL SECTION

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

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OTHER GOVERNMENTAL FUNDS

Other Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The City of Newport Beach Special Revenue Funds are as follows:

The **State Gas Tax Fund** accounts for all State Gas Tax related revenues and expenditures, including street repair, construction, and maintenance. State law requires that these funds be used exclusively for maintenance of the street and highway system.

The **SB1 Gas Tax RMRA Fund** accounts for all Road Maintenance and Rehabilitation Account related revenues and expenditures. State law requires that these funds be used exclusively for the transportation system. RMRA revenues are from fuel and vehicle registration taxes imposed by the state's Road Repair and Accountability Act of 2017.

The **Asset Forfeiture Fund** was established to account for all revenues resulting from the seizure of assets in conjunction with criminal cases (primarily drug trafficking) in which judicial proceedings have been completed. All such funds are property of the City, and it is the City's policy that these funds shall be used for enhancement of law enforcement programs.

The **Office of the Traffic Safety (OTS) DUI Grant Fund** is used to account for federal funding of the Selective Traffic Enforcement Program (STEP). These funds are used exclusively for DUI enforcement.

The **Circulation and Transportation Fund** is used to account for fair share revenues collected from developers and restricted for capital improvement projects meeting the circulation element of the City's General Plan.

The **Building Excise Tax Fund** is used to account for revenues received from builders or developers on building or remodeling projects within the City. Expenditures from this fund are used exclusively for public safety, libraries, parks, beaches, or recreational activities.

The **Community Development Block Grant Fund** is used to account for revenues and expenditures relating to the City's Community Development Block Grant program. These funds are received from the Federal Department of Housing and Urban Development and must be expended exclusively on programs for low or moderate income individuals/families.

The **Air Quality Management District Fund** is used to account for revenues received from the South Coast Air Quality Management District restricted for the use of reducing air pollution.

The **Environmental Liability Fund** is used to account for solid waste fees restricted for mitigation of future environmental liability relating to the handling of solid waste.

The **Supplemental Law Enforcement Services Fund (SLESF)** is used to account for revenues received from the county to be used exclusively for front line law enforcement services.

The **Opioid Remediation Fund** is used to account for revenues received from various settlements related to opioid manufacturing and distribution to be used exclusively for opioid remediation activities.

The **Contributions Fund** is used to account for revenues received from other government agencies or private developers and expended for specific streets, highway, construction, or water quality projects.

The **Fostering Interest in Nature (FIIN) Fund** is restricted for recreation and education programming as a mitigation effort by the California Coastal Commission.

The **Restricted Programs Fund** is used to account for revenues received that are restricted for affordable housing, public arts and culture, parking improvements, and disability access training.

The **Measure M Fund** is used to account for the revenues and expenditures of funds received from the Orange County Transportation Authority. Expenditures from this fund are used exclusively for transportation related purposes.

The **Oceanfront Encroachment Fund** is restricted for ocean front restoration and improvement and maintenance to enhance public access and use of ocean beaches as restricted by the Local Coastal Program.

The **PEG Fees Fund** is used to account for cable franchise fees received from cable providers for support of Public, Education, and Government access programming only.

The **Park Fees Fund** is used to account for park in-lieu fees collected in conjunction development agreements and can only be used for specific acquisition, development, or improvement of public parks and recreational facilities.

Other Capital Projects Funds

Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by Enterprise Funds. The City of Newport Beach Capital Projects Funds are as follows:

The **Assessment District Fund** is used to account for the receipt and expenditure of funds received from 1911 Act and 1915 Act Assessment Districts for capital improvement projects.

The **Fire Station Fund** is used to account for the design and construction of new fire stations.

The **Civic Center and Park Fund** is used to account for the design and construction of a new Civic Center Complex. In prior years, this fund was called City Hall Improvements Fund.

The **Police Facility Fund** is used to account for the purchase, design and construction of a new police station.

The **Newport Uptown Undergrounding Fund** is used to account for the receipt and expenditures related to the development within the Newport Uptown Planned Community Development Plan.

The **Parks and Community Centers Fund** is used to account for expenditures for park and community center rehabilitation, expansion and/or replacement in accordance with the Facilities Financing Planning Program.

The **Balboa Village Parking Management District Fund** is used to account for revenues and expenditures associated with parking management improvements in Balboa Village.

The **Facilities Maintenance Fund** is used to account for revenues and expenditures associated with the maintenance of existing facilities.

The ***Neighborhood Enhancement Fund*** is used to account for projects that will enhance neighborhood aesthetics and functionality.

The ***Miscellaneous FFP Projects Fund*** is used to account for expenditures for small scale facility rehabilitation, expansion and/or replacement in accordance with the Facilities Financing Planning Program.

The ***Junior Lifeguards Fund*** is used to account for capital improvement projects related to the Junior Lifeguards program.

The ***Unrestricted Capital Improvements Fund*** is used to separately account for general fund capital improvement projects.

The ***Park Maintenance Fund*** is used to account for capital improvement projects associated with the maintenance of existing parks.

Other Permanent Funds

Permanent Funds are used to report resources that are legally restricted for the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The City of Newport Beach Permanent Funds are as follows:

The ***Bay Dredging Fund*** is used to account for the receipt of permanent endowments intended to fund the ongoing cost of maintaining and dredging of the Upper Newport Bay.

The ***Ackerman Fund*** is used to account for the receipt of permanent endowments intended as follows: 75% of the fund's investment proceeds will be used for the purchase of high-tech library equipment while the remaining 25% will be used for scholarships for needy students.

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 1 of 7

	Special Revenue				
	State Gas Tax	SB1 Gas Tax RMRA	Asset Forfeiture	OTS DUI Grant	Circulation and Transportation
Assets					
Cash and investments	\$ 4,112,410	\$ 1,397,293	\$ 646,928	\$ -	\$ 1,218,284
Receivables:					
Accounts (net of allowance)	-	-	-	-	-
Interest	18,719	6,360	1,711	-	5,547
Intergovernmental receivables	204,277	409,218	-	76,000	-
Lease receivables	-	-	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 4,335,406	\$ 1,812,871	\$ 648,639	\$ 76,000	\$ 1,223,831
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 51,191	\$ 133,786	\$ 1,653	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	76,011	-
Total liabilities	51,191	133,786	1,653	76,011	-
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred amount from leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Restricted	4,284,215	1,679,085	646,986	-	1,223,831
Committed	-	-	-	-	-
Unassigned	-	-	-	(11)	-
Total fund balances (deficits)	4,284,215	1,679,085	646,986	(11)	1,223,831
Total liabilities, deferred inflows of resources and fund balances	\$ 4,335,406	\$ 1,812,871	\$ 648,639	\$ 76,000	\$ 1,223,831

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 2 of 7

	Special Revenue				
	Building Excise Tax	Community Development Block Grant	Air Quality Management District	Environmental Liability	Supplemental Law Enforcement Services
Assets					
Cash and investments	\$ 446,514	\$ 65,752	\$ 1,926,464	\$ 10,264,864	\$ -
Receivables:					
Accounts (net of allowance)	-	-	-	5,582	-
Interest	2,032	-	8,770	46,705	-
Intergovernmental receivables	-	-	28,688	-	-
Lease receivables	-	3,268,884	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-	-
Prepaid items	-	-	-	17,024	-
Total assets	\$ 448,546	\$ 3,334,636	\$ 1,963,922	\$ 10,334,175	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 197,097	\$ 102,881	\$ -	\$ 79,752	\$ -
Accrued payroll	-	-	-	4,327	-
Unearned revenue	-	26,297	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	197,097	129,178	-	84,079	-
Deferred inflows of resources:					
Unavailable revenue	-	-	28,688	-	-
Deferred amount from leases	-	3,162,503	-	-	-
Total deferred inflows of resources	-	3,162,503	28,688	-	-
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	17,024	-
Permanent endowment	-	-	-	-	-
Restricted	251,449	42,955	1,935,234	10,233,072	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	251,449	42,955	1,935,234	10,250,096	-
Total liabilities, deferred inflows of resources and fund balances	\$ 448,546	\$ 3,334,636	\$ 1,963,922	\$ 10,334,175	\$ -

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 3 of 7

	Special Revenue				
	Opioid Remediation	Contributions	FIIN	Restricted Programs	Measure M
Assets					
Cash and investments	\$ 1,407,988	\$ 2,469,601	\$ 1,221,021	\$ 2,981,649	\$ 489,405
Receivables:					
Accounts (net of allowance)	-	412,212	-	7,800	-
Interest	-	-	5,559	13,575	3,913
Intergovernmental receivables	-	-	-	-	1,282,940
Lease receivables	-	-	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 1,407,988	\$ 2,881,813	\$ 1,226,580	\$ 3,003,024	\$ 1,776,258
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 705,175	\$ -	\$ -	\$ 104,238
Accrued payroll	-	-	-	-	-
Unearned revenue	1,407,988	188,779	-	-	394,810
Due to other funds	-	696	-	-	-
Total liabilities	1,407,988	894,650	-	-	499,048
Deferred inflows of resources:					
Unavailable revenue	-	412,211	-	7,800	806,435
Deferred amount from leases	-	-	-	-	-
Total deferred inflows of resources	-	412,211	-	7,800	806,435
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Restricted	-	1,574,952	1,226,580	2,995,224	470,775
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	-	1,574,952	1,226,580	2,995,224	470,775
Total liabilities, deferred inflows of resources and fund balances	\$ 1,407,988	\$ 2,881,813	\$ 1,226,580	\$ 3,003,024	\$ 1,776,258

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 4 of 7

	Special Revenue			Capital Projects	
	Oceanfront Encroachment	PEG Fees	Park Fees	Assessment District	Fire Station
Assets					
Cash and investments	\$ 1,276,211	\$ 3,935,844	\$ 127,731	\$ -	\$ 9,585,255
Receivables:					
Accounts (net of allowance)	18,355	69,652	-	-	-
Interest	5,809	17,916	581	121,120	43,633
Intergovernmental receivables	-	-	-	-	-
Lease receivables	-	-	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	19,933,423	306,531
Prepaid items	-	-	-	-	-
Total assets	\$ 1,300,375	\$ 4,023,412	\$ 128,312	\$ 20,054,543	\$ 9,935,419
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 37,374	\$ -	\$ -	\$ 2,403,459	\$ 28,503
Accrued payroll	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	1,771,077	-
Total liabilities	37,374	-	-	4,174,536	28,503
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred amount from leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Restricted	1,263,001	4,023,412	128,312	15,880,007	306,531
Committed	-	-	-	-	9,600,385
Unassigned	-	-	-	-	-
Total fund balances (deficits)	1,263,001	4,023,412	128,312	15,880,007	9,906,916
Total liabilities, deferred inflows of resources and fund balances	\$ 1,300,375	\$ 4,023,412	\$ 128,312	\$ 20,054,543	\$ 9,935,419

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 5 of 7

	Capital Projects				
	Civic Center and Park	Police Facility	Newport Uptown Undergrounding	Parks and Community Centers	Balboa Village Parking Management District
Assets					
Cash and investments	\$ 524,741	\$ 719,958	\$ 3,570	\$ 14,301,823	\$ 169,874
Receivables:					
Accounts (net of allowance)	-	-	-	-	-
Interest	2,161	3,277	16	65,101	768
Intergovernmental receivables	-	-	-	-	-
Lease receivables	-	-	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 526,902	\$ 723,235	\$ 3,586	\$ 14,366,924	\$ 170,642
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 970,917	\$ -
Accrued payroll	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	970,917	-
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred amount from leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Restricted	-	-	3,586	-	-
Committed	526,902	723,235	-	13,396,007	170,642
Unassigned	-	-	-	-	-
Total fund balances (deficits)	526,902	723,235	3,586	13,396,007	170,642
Total liabilities, deferred inflows of resources and fund balances	\$ 526,902	\$ 723,235	\$ 3,586	\$ 14,366,924	\$ 170,642

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 6 of 7

	Capital Projects				
	Facilities Maintenance	Neighborhood Enhancement	Miscellaneous Facilities Financing	Junior Lifeguards	Unrestricted Capital Improvements
Assets					
Cash and investments	\$ 4,198,589	\$ 8,844,258	\$ 7,168,328	\$ 56,181	\$ 19,555,928
Receivables:					
Accounts (net of allowance)	-	-	-	-	-
Interest	19,114	40,258	32,630	256	-
Intergovernmental receivables	-	-	-	-	-
Lease receivables	-	-	-	-	-
Restricted cash and investments with fiscal agent	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 4,217,703	\$ 8,884,516	\$ 7,200,958	\$ 56,437	\$ 19,555,928
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,177,585	\$ 69,355	\$ 20,404	\$ -	\$ 1,099,910
Accrued payroll	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,177,585	69,355	20,404	-	1,099,910
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Deferred amount from leases	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balances (deficits):					
Nonspendable:					
Prepaid items	-	-	-	-	-
Permanent endowment	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	3,040,118	8,815,161	7,180,554	56,437	18,456,018
Unassigned	-	-	-	-	-
Total fund balances (deficits)	3,040,118	8,815,161	7,180,554	56,437	18,456,018
Total liabilities, deferred inflows of resources and fund balances	\$ 4,217,703	\$ 8,884,516	\$ 7,200,958	\$ 56,437	\$ 19,555,928

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Balance Sheet
June 30, 2025
Page 7 of 7

	Capital Projects	Permanent Funds		Total Other Governmental Funds
	Park Maintenance	Bay Dredging	Ackerman Donation	
Assets				
Cash and investments	\$ 2,225,058	\$ 5,892,680	\$ 1,264,903	\$ 108,499,105
Receivables:				
Accounts (net of allowance)	-	-	-	513,601
Interest	10,128	26,822	5,758	508,239
Intergovernmental receivables	-	-	-	2,001,123
Lease receivables	-	-	-	3,268,884
Restricted cash and investments with fiscal agent	-	-	-	20,239,954
Prepaid items	-	-	-	17,024
Total assets	\$ 2,235,186	\$ 5,919,502	\$ 1,270,661	\$ 135,047,930
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 500,120	\$ -	\$ 4,901	\$ 7,688,301
Accrued payroll	-	-	-	4,327
Unearned revenue	-	-	-	2,017,874
Due to other funds	-	-	-	1,847,784
Total liabilities	500,120	-	4,901	11,558,286
Deferred inflows of resources:				
Unavailable revenue	-	-	-	1,255,134
Deferred amount from leases	-	-	-	3,162,503
Total deferred inflows of resources	-	-	-	4,417,637
Fund balances (deficits):				
Nonspendable:				
Prepaid items	-	-	-	17,024
Permanent endowment	-	3,857,000	772,781	4,629,781
Restricted	-	2,062,502	492,979	50,724,688
Committed	1,735,066	-	-	63,700,525
Unassigned	-	-	-	(11)
Total fund balances (deficits)	1,735,066	5,919,502	1,265,760	119,072,007
Total liabilities, deferred inflows of resources and fund balances	\$ 2,235,186	\$ 5,919,502	\$ 1,270,661	\$ 135,047,930

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 1 of 7

	Special Revenue				
	State Gas Tax	SB1 Gas Tax RMRA	Asset Forfeiture	OTS DUI Grant	Circulation and Transportation
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,396,189	2,322,193	28,708	289,817	-
Charge for services	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	246,773
Property income	-	-	-	-	-
Investment income	138,825	50,637	29,759	-	46,290
Net increase in fair value of investments	37,164	11,313	8,966	-	12,619
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	2,572,178	2,384,143	67,433	289,817	305,682
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	237,845	289,817	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	1,085,764	1,531,057	-	-	-
Total expenditures	1,085,764	1,531,057	237,845	289,817	-
Excess (deficiency) of revenues over expenditures	1,486,414	853,086	(170,412)	-	305,682
Other financing sources:					
Transfers in	-	-	-	148	-
Total other financing sources	-	-	-	148	-
Net change in fund balances	1,486,414	853,086	(170,412)	148	305,682
Fund balances (deficits), beginning	2,797,801	825,999	817,398	(159)	918,149
Fund balances (deficits), ending	\$ 4,284,215	\$ 1,679,085	\$ 646,986	\$ (11)	\$ 1,223,831

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 2 of 7

	Special Revenue				
	Building Excise Tax	Community Development Block Grant	Air Quality Management District	Environmental Liability	Supplemental Law Enforcement Services
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ 1,021,443	\$ -
Intergovernmental	-	256,812	109,233	-	250,045
Charge for services	-	-	-	-	-
Licenses, permits and fees	116,386	-	-	-	-
Property income	-	419,494	-	-	-
Investment income	15,700	5,029	71,265	402,385	-
Net increase in fair value of investments	4,409	-	20,454	116,159	-
Donations	-	-	-	-	-
Other	-	-	-	48,261	-
Total revenues	136,495	681,335	200,952	1,588,248	250,045
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	250,045
Public works	-	-	-	411,971	-
Community development	-	197,235	-	-	-
Community services	-	-	-	-	-
Capital outlay	255,865	211,523	10,987	887,170	-
Total expenditures	255,865	408,758	10,987	1,299,141	250,045
Excess (deficiency) of revenues over expenditures	(119,370)	272,577	189,965	289,107	-
Other financing sources:					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Net change in fund balances	(119,370)	272,577	189,965	289,107	-
Fund balances (deficits), beginning	370,819	(229,622)	1,745,269	9,960,989	-
Fund balances (deficits), ending	\$ 251,449	\$ 42,955	\$ 1,935,234	\$ 10,250,096	\$ -

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 3 of 7

	Special Revenue				
	Opioid Remediation	Contributions	FIIN	Restricted Programs	Measure M
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,931,959	-	-	2,912,762
Charge for services	-	-	-	92,129	-
Licenses, permits and fees	-	-	-	75,000	-
Property income	-	-	-	26,700	-
Investment income	-	24	45,978	106,242	59,134
Net increase in fair value of investments	-	10	13,453	30,155	28,380
Donations	-	3,324,078	278,407	123,539	-
Other	-	-	-	71,894	-
Total revenues	-	5,256,071	337,838	525,659	3,000,276
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	23,411	-
Community services	-	-	206,058	17,586	-
Capital outlay	-	7,883,088	-	-	5,061,553
Total expenditures	-	7,883,088	206,058	40,997	5,061,553
Excess (deficiency) of revenues over expenditures	-	(2,627,017)	131,780	484,662	(2,061,277)
Other financing sources:					
Transfers in	-	5,489	-	-	-
Total other financing sources	-	5,489	-	-	-
Net change in fund balances	-	(2,621,528)	131,780	484,662	(2,061,277)
Fund balances (deficits), beginning	-	4,196,480	1,094,800	2,510,562	2,532,052
Fund balances (deficits), ending	\$ -	\$ 1,574,952	\$ 1,226,580	\$ 2,995,224	\$ 470,775

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 4 of 7

	Special Revenue			Capital Projects	
	Oceanfront Encroachment	PEG Fees	Park Fees	Assessment District	Fire Station
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charge for services	-	-	-	-	-
Licenses, permits and fees	-	287,312	125,786	-	-
Property income	279,559	-	-	-	-
Investment income	47,784	144,787	2,155	1,023,092	199,245
Net increase in fair value of investments	13,732	41,307	371	222,273	45,705
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	341,075	473,406	128,312	1,245,365	244,950
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	10,327,269	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	261,626	-	-	-	425,123
Total expenditures	261,626	-	-	10,327,269	425,123
Excess (deficiency) of revenues over expenditures	79,449	473,406	128,312	(9,081,904)	(180,173)
Other financing sources:					
Transfers in	-	-	-	-	6,800,000
Total other financing sources	-	-	-	-	6,800,000
Net change in fund balances	79,449	473,406	128,312	(9,081,904)	6,619,827
Fund balances (deficits), beginning	1,183,552	3,550,006	-	24,961,911	3,287,089
Fund balances (deficits), ending	\$ 1,263,001	\$ 4,023,412	\$ 128,312	\$ 15,880,007	\$ 9,906,916

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 5 of 7

	Capital Projects				
	Civic Center and Park	Police Facility	Newport Uptown Undergrounding	Parks and Community Centers	Balboa Village Parking Management District
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charge for services	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Property income	-	-	-	-	-
Investment income	18,105	27,402	136	798,122	8,007
Net increase in fair value of investments	5,241	7,925	39	252,696	3,353
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	23,346	35,327	175	1,050,818	11,360
Expenditures:					
Current:					
General government	1,610	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	4,568,234	151,311
Total expenditures	1,610	-	-	4,568,234	151,311
Excess (deficiency) of revenues over expenditures	21,736	35,327	175	(3,517,416)	(139,951)
Other financing sources:					
Transfers in	-	-	-	805,874	-
Total other financing sources	-	-	-	805,874	-
Net change in fund balances	21,736	35,327	175	(2,711,542)	(139,951)
Fund balances (deficits), beginning	505,166	687,908	3,411	16,107,549	310,593
Fund balances (deficits), ending	\$ 526,902	\$ 723,235	\$ 3,586	\$ 13,396,007	\$ 170,642

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 6 of 7

	Capital Projects				
	Facilities Maintenance	Neighborhood Enhancement	Miscellaneous Facilities Financing	Junior Lifeguards	Unrestricted Capital Improvements
Revenues:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charge for services	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Property income	-	-	-	-	-
Investment income	219,646	403,858	266,597	2,746	-
Net increase in fair value of investments	68,496	125,543	76,346	1,234	-
Donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>288,142</u>	<u>529,401</u>	<u>342,943</u>	<u>3,980</u>	<u>-</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	<u>3,916,165</u>	<u>3,445,072</u>	<u>185,216</u>	<u>74,984</u>	<u>10,021,184</u>
Total expenditures	<u>3,916,165</u>	<u>3,445,072</u>	<u>185,216</u>	<u>74,984</u>	<u>10,021,184</u>
Excess (deficiency) of revenues over expenditures	<u>(3,628,023)</u>	<u>(2,915,671)</u>	<u>157,727</u>	<u>(71,004)</u>	<u>(10,021,184)</u>
Other financing sources:					
Transfers in	<u>2,500,000</u>	<u>-</u>	<u>500,000</u>	<u>5,295</u>	<u>12,757,055</u>
Total other financing sources	<u>2,500,000</u>	<u>-</u>	<u>500,000</u>	<u>5,295</u>	<u>12,757,055</u>
Net change in fund balances	<u>(1,128,023)</u>	<u>(2,915,671)</u>	<u>657,727</u>	<u>(65,709)</u>	<u>2,735,871</u>
Fund balances (deficits), beginning	<u>4,168,141</u>	<u>11,730,832</u>	<u>6,522,827</u>	<u>122,146</u>	<u>15,720,147</u>
Fund balances (deficits), ending	<u>\$ 3,040,118</u>	<u>\$ 8,815,161</u>	<u>\$ 7,180,554</u>	<u>\$ 56,437</u>	<u>\$ 18,456,018</u>

(continued)

CITY OF NEWPORT BEACH
Other Governmental Funds
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025
Page 7 of 7

	<u>Capital Projects</u>	<u>Permanent Funds</u>		<u>Total Other Governmental Funds</u>
	<u>Park Maintenance</u>	<u>Bay Dredging</u>	<u>Ackerman Donation</u>	
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ 1,021,443
Intergovernmental	-	-	-	10,497,718
Charge for services	-	-	-	92,129
Licenses, permits and fees	-	-	-	851,257
Property income	-	-	-	725,753
Investment income	103,050	224,280	48,181	4,508,461
Net increase in fair value of investments	34,123	64,865	13,969	1,260,300
Donations	-	-	-	3,726,024
Other	-	-	-	120,155
	<u>137,173</u>	<u>289,145</u>	<u>62,150</u>	<u>22,803,240</u>
Total revenues				
	<u>137,173</u>	<u>289,145</u>	<u>62,150</u>	<u>22,803,240</u>
Expenditures:				
Current:				
General government	-	-	-	1,610
Public safety	-	-	-	777,707
Public works	-	-	-	10,739,240
Community development	-	-	4,900	225,546
Community services	-	-	7,422	231,066
Capital outlay	1,661,709	-	-	41,637,631
	<u>1,661,709</u>	<u>-</u>	<u>12,322</u>	<u>53,612,800</u>
Total expenditures				
	<u>1,661,709</u>	<u>-</u>	<u>12,322</u>	<u>53,612,800</u>
Excess (deficiency) of revenues over expenditures	<u>(1,524,536)</u>	<u>289,145</u>	<u>49,828</u>	<u>(30,809,560)</u>
Other financing sources:				
Transfers in	2,300,000	-	-	25,673,861
	<u>2,300,000</u>	<u>-</u>	<u>-</u>	<u>25,673,861</u>
Total other financing sources				
	<u>2,300,000</u>	<u>-</u>	<u>-</u>	<u>25,673,861</u>
Net change in fund balances	775,464	289,145	49,828	(5,135,699)
Fund balances (deficits), beginning	959,602	5,630,357	1,215,932	124,207,706
Fund balances (deficits), ending	<u>\$ 1,735,066</u>	<u>\$ 5,919,502</u>	<u>\$ 1,265,760</u>	<u>\$ 119,072,007</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 2,153,871	\$ 2,153,871	\$ 2,396,189	\$ 242,318
Investment income	95,646	95,646	138,825	43,179
Net increase in fair value of investments	-	-	37,164	37,164
Total revenues	<u>2,249,517</u>	<u>2,249,517</u>	<u>2,572,178</u>	<u>322,661</u>
Expenditures:				
Capital outlay	-	3,635,129	1,085,764	2,549,365
Net change in fund balance	2,249,517	(1,385,612)	1,486,414	2,872,026
Fund balance, beginning	<u>2,797,801</u>	<u>2,797,801</u>	<u>2,797,801</u>	-
Fund balance, ending	<u>\$ 5,047,318</u>	<u>\$ 1,412,189</u>	<u>\$ 4,284,215</u>	<u>\$ 2,872,026</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
SB1 Gas Tax RMRA Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 2,063,464	\$ 2,063,464	\$ 2,322,193	\$ 258,729
Investment income	16,378	16,378	50,637	34,259
Net increase in fair value of investments	-	-	11,313	11,313
Total revenues	<u>2,079,842</u>	<u>2,079,842</u>	<u>2,384,143</u>	<u>304,301</u>
Expenditures:				
Capital outlay	-	2,038,000	1,531,057	506,943
Net change in fund balance	2,079,842	41,842	853,086	811,244
Fund balance, beginning	<u>825,999</u>	<u>825,999</u>	<u>825,999</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,905,841</u>	<u>\$ 867,841</u>	<u>\$ 1,679,085</u>	<u>\$ 811,244</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 28,708	\$ 28,708
Investment income	-	-	29,759	29,759
Net increase in fair value of investments	-	-	8,966	8,966
Total revenues	-	-	67,433	67,433
Expenditures:				
Public safety	311,000	311,000	237,845	73,155
Net change in fund balance	(311,000)	(311,000)	(170,412)	140,588
Fund balance, beginning	817,398	817,398	817,398	-
Fund balance, ending	<u>\$ 506,398</u>	<u>\$ 506,398</u>	<u>\$ 646,986</u>	<u>\$ 140,588</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
OTS DUI Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ 522,434	\$ 289,817	\$ (232,617)
Total revenues	-	522,434	289,817	(232,617)
Expenditures:				
Public safety	-	522,434	289,817	232,617
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources:				
Transfers in	-	148	148	-
Net change in fund balance	-	148	148	-
Fund balance (deficit), beginning	(159)	(159)	(159)	-
Fund balance (deficit), ending	<u>\$ (159)</u>	<u>\$ (11)</u>	<u>\$ (11)</u>	<u>\$ -</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Circulation and Transportation Special Revenue Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and fees	\$ 33,462	\$ -	\$ 246,773	\$ 246,773
Investment income	1,386	1,386	46,290	44,904
Net increase (decrease) in fair value of investments	<u>(1,747)</u>	<u>(1,747)</u>	<u>12,619</u>	<u>14,366</u>
Total revenues	<u>33,101</u>	<u>(361)</u>	<u>305,682</u>	<u>306,043</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>159,798</u>	<u>-</u>	<u>159,798</u>
Net change in fund balance	33,101	(160,159)	305,682	465,841
Fund balance, beginning	<u>918,149</u>	<u>918,149</u>	<u>918,149</u>	<u>-</u>
Fund balance, ending	<u>\$ 951,250</u>	<u>\$ 757,990</u>	<u>\$ 1,223,831</u>	<u>\$ 465,841</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Building Excise Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Licenses, permits and fees	\$ 179,843	\$ 179,843	\$ 116,386	\$ (63,457)
Investment income	4,748	4,748	15,700	10,952
Net increase in fair value of investments	-	-	4,409	4,409
Total revenues	184,591	184,591	136,495	(48,096)
Expenditures:				
Capital outlay	-	507,772	255,865	251,907
Net change in fund balance	184,591	(323,181)	(119,370)	203,811
Fund balance, beginning	370,819	370,819	370,819	-
Fund balance, ending	<u>\$ 555,410</u>	<u>\$ 47,638</u>	<u>\$ 251,449</u>	<u>\$ 203,811</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 385,974	\$ 836,956	\$ 256,812	\$ (580,144)
Property income	305,000	305,773	419,494	113,721
Net increase in fair value of investments	-	-	5,029	5,029
 Total revenues	 690,974	 1,142,729	 681,335	 (461,394)
Expenditures:				
Community development	183,586	491,976	197,235	294,741
Capital outlay	-	657,648	211,523	446,125
Debt service:				
Principal	208,000	888	-	888
Interest and fiscal charges	2,548	-	-	-
 Total expenditures	 394,134	 1,150,512	 408,758	 741,754
 Net change in fund balance	 296,840	 (7,783)	 272,577	 280,360
Fund balance (deficit), beginning	(229,622)	(229,622)	(229,622)	-
Fund balance (deficit), ending	\$ 67,218	\$ (237,405)	\$ 42,955	\$ 280,360

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Air Quality Management District Special Revenue Fund
For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 109,900	\$ 109,900	\$ 109,233	\$ (667)
Investment income	31,872	31,872	71,265	39,393
Net increase in fair value of investments	<u>-</u>	<u>-</u>	<u>20,454</u>	<u>20,454</u>
Total revenues	<u>141,772</u>	<u>141,772</u>	<u>200,952</u>	<u>59,180</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>986,616</u>	<u>10,987</u>	<u>975,629</u>
Net change in fund balance	141,772	(844,844)	189,965	1,034,809
Fund balance, beginning	<u>1,745,269</u>	<u>1,745,269</u>	<u>1,745,269</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,887,041</u>	<u>\$ 900,425</u>	<u>\$ 1,935,234</u>	<u>\$ 1,034,809</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Environmental Liability Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other taxes	\$ 711,563	\$ 711,563	\$ 1,021,443	\$ 309,880
Investment income	153,829	153,829	402,385	248,556
Net increase in fair value of investments	-	-	116,159	116,159
Other revenue	68,409	68,409	48,261	(20,148)
Total revenues	933,801	933,801	1,588,248	654,447
Expenditures:				
Public works	469,961	470,504	411,971	58,533
Capital outlay	-	1,635,454	887,170	748,284
Total expenditures	469,961	2,105,958	1,299,141	806,817
Net change in fund balance	463,840	(1,172,157)	289,107	1,461,264
Fund balance, beginning	9,960,989	9,960,989	9,960,989	-
Fund balance, ending	<u>\$ 10,424,829</u>	<u>\$ 8,788,832</u>	<u>\$ 10,250,096</u>	<u>\$ 1,461,264</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Supplemental Law Enforcement Services Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 250,045	\$ 45
Expenditures:				
Public safety	250,000	250,000	250,045	(45)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Opioid Remediation Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Other	\$ -	\$ 350,790	\$ -	\$ (350,790)
Expenditures:				
General Government	-	350,790	-	350,790
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Contributions Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ -	\$ 2,578,076	\$ 1,931,959	\$ (646,117)
Investment income	2,945	2,945	24	(2,921)
Net increase in fair value of investments	-	-	10	10
Donations	-	3,740,336	3,324,078	(416,258)
Other	-	42,650	-	(42,650)
Total revenues	2,945	6,364,007	5,256,071	(1,107,936)
Expenditures:				
Capital outlay	-	14,242,874	7,883,088	6,359,786
Excess (deficiency) of revenues over expenditures	2,945	(7,878,867)	(2,627,017)	5,251,850
Other financing sources:				
Transfers in	-	5,489	5,489	-
Total other financing sources	-	5,489	5,489	-
Net change in fund balance	2,945	(7,873,378)	(2,621,528)	5,251,850
Fund balance, beginning	4,196,480	4,196,480	4,196,480	-
Fund balance (deficit), ending	<u>\$ 4,199,425</u>	<u>\$ (3,676,898)</u>	<u>\$ 1,574,952</u>	<u>\$ 5,251,850</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
FIIN Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 21,727	\$ 21,727	\$ 45,978	\$ 24,251
Net increase in fair value of investments	3,612	3,612	13,453	9,841
Donations	-	-	278,407	278,407
	<u>25,339</u>	<u>25,339</u>	<u>337,838</u>	<u>312,499</u>
Total revenues				
Expenditures:				
Community services	<u>223,759</u>	<u>224,830</u>	<u>206,058</u>	<u>18,772</u>
Net change in fund balance	(198,420)	(199,491)	131,780	331,271
Fund balance, beginning	<u>1,094,800</u>	<u>1,094,800</u>	<u>1,094,800</u>	<u>-</u>
Fund balance, ending	<u>\$ 896,380</u>	<u>\$ 895,309</u>	<u>\$ 1,226,580</u>	<u>\$ 331,271</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Restricted Programs Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ -	\$ -	\$ 92,129	\$ 92,129
Licenses, permits and fees	150,000	150,000	75,000	(75,000)
Property income	31,749	31,749	26,700	(5,049)
Investment income	-	-	106,242	106,242
Net increase in fair value of investments	-	-	30,155	30,155
Donations	35,000	35,000	123,539	88,539
Other	-	-	71,894	71,894
	<u>216,749</u>	<u>216,749</u>	<u>525,659</u>	<u>308,910</u>
Total revenues				
	<u>216,749</u>	<u>216,749</u>	<u>525,659</u>	<u>308,910</u>
Expenditures:				
Community development	-	35,000	23,411	11,589
Community services	-	50,086	17,586	32,500
	<u>-</u>	<u>85,086</u>	<u>40,997</u>	<u>44,089</u>
Total expenditures				
	<u>-</u>	<u>85,086</u>	<u>40,997</u>	<u>44,089</u>
Net change in fund balance				
	<u>216,749</u>	<u>131,663</u>	<u>484,662</u>	<u>352,999</u>
Fund balance, beginning				
	<u>2,510,562</u>	<u>2,510,562</u>	<u>2,510,562</u>	<u>-</u>
Fund balance, ending				
	<u>\$ 2,727,311</u>	<u>\$ 2,642,225</u>	<u>\$ 2,995,224</u>	<u>\$ 352,999</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Measure M Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 2,831,037	\$ 7,938,425	\$ 2,912,762	\$ (5,025,663)
Investment income	48,285	48,285	59,134	10,849
Net increase in fair value of investments	-	-	28,380	28,380
Total revenues	<u>2,879,322</u>	<u>7,986,710</u>	<u>3,000,276</u>	<u>(4,986,434)</u>
Expenditures:				
Capital outlay	-	9,995,630	5,061,553	4,934,077
Net change in fund balance	2,879,322	(2,008,920)	(2,061,277)	(52,357)
Fund balance, beginning	<u>2,532,052</u>	<u>2,532,052</u>	<u>2,532,052</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,411,374</u>	<u>\$ 523,132</u>	<u>\$ 470,775</u>	<u>\$ (52,357)</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Oceanfront Encroachment Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property income	\$ 272,000	\$ 272,000	\$ 279,559	\$ 7,559
Investment income	21,787	21,787	47,784	25,997
Net increase in fair value of investments	-	-	13,732	13,732
Total revenues	<u>293,787</u>	<u>293,787</u>	<u>341,075</u>	<u>47,288</u>
Expenditures:				
Capital outlay	-	1,126,814	261,626	865,188
Net change in fund balance	293,787	(833,027)	79,449	912,476
Fund balance, beginning	<u>1,183,552</u>	<u>1,183,552</u>	<u>1,183,552</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,477,339</u>	<u>\$ 350,525</u>	<u>\$ 1,263,001</u>	<u>\$ 912,476</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
PEG Fees Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Licenses, permits and fees	\$ 360,000	\$ 360,000	\$ 287,312	\$ (72,688)
Investment income	2,931	2,931	144,787	141,856
Net increase in fair value of investments	-	-	41,307	41,307
 Total revenues	 362,931	 362,931	 473,406	 110,475
Expenditures:				
General government	-	7,883	-	7,883
 Net change in fund balance	 362,931	 355,048	 473,406	 118,358
Fund balance, beginning	3,550,006	3,550,006	3,550,006	-
Fund balance, ending	<u>\$ 3,912,937</u>	<u>\$ 3,905,054</u>	<u>\$ 4,023,412</u>	<u>\$ 118,358</u>

CITY OF NEWPORT BEACH
Budgetary Comparison Schedule
Park Fees Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Licenses, permits and fees	\$ -	\$ 558,389	\$ 125,786	\$ (432,603)
Investment income	-	-	2,155	2,155
Net increase in fair value of investments	-	-	371	371
 Total revenues	 -	 558,389	 128,312	 (430,077)
Expenditures:				
General government	-	-	-	-
 Net change in fund balance	 -	 558,389	 128,312	 (430,077)
 Fund balance, beginning	 -	 -	 -	 -
 Fund balance, ending	 \$ -	 \$ 558,389	 \$ 128,312	 \$ (430,077)

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FINANCIAL SECTION

SUPPLEMENTARY INFORMATION

INTERNAL SERVICE FUNDS

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to allocate the cost of providing goods and services by one department to other departments on a cost reimbursement basis.

The City of Newport Beach Internal Service Funds are listed below:

The ***Insurance Reserve Fund*** is used to account for the City's self-insured general liability and workers' compensation program.

The ***Compensated Absences Fund*** is used to account for the City's accumulated liability for compensated absences.

The ***Retiree Insurance Fund*** is used to account for the cost of providing post-employment health care benefits.

The ***Equipment Maintenance Fund*** is used to account for the cost of maintaining and replacing the City's rolling stock fleet, parking equipment, coordinated communications system equipment, fire equipment and recreation equipment.

The ***Information Technology Fund*** is used to account for the cost of maintaining and replacing the City's computers, printers, copiers and telecommunication services to other departments.

CITY OF NEWPORT BEACH
Internal Service Funds
Combining Statement of Net Position
June 30, 2025

	Insurance Reserve	Compensated Absences	Retiree Insurance	Equipment Maintenance	Information Technology	Total Internal Service Funds
Assets						
Current assets:						
Cash and investments	\$ 38,243,734	\$ 9,662,553	\$ 1,000,934	\$ 17,809,845	\$ 14,850,371	\$ 81,567,437
Receivables:						
Accounts (net of allowance)	-	-	5,909	28,750	-	34,659
Interest	161,728	43,317	4,034	80,845	67,041	356,965
Intergovernmental receivables	-	-	-	195,387	-	195,387
Inventories	-	-	-	502,830	-	502,830
Prepaid items	-	-	68,414	4,896,627	733,051	5,698,092
Total current assets	<u>38,405,462</u>	<u>9,705,870</u>	<u>1,079,291</u>	<u>23,514,284</u>	<u>15,650,463</u>	<u>88,355,370</u>
Noncurrent assets:						
Capital assets:						
Equipment	-	-	-	46,823,756	3,568,652	50,392,408
Intangible right to use equipment	-	-	-	-	363,725	363,725
Structures	-	-	-	39,581	-	39,581
Software	-	-	-	-	4,360,625	4,360,625
Intangible right to use subscriptions	-	-	-	1,723,597	375,566	2,099,163
Less accumulated depreciation/amortization	-	-	-	(31,198,677)	(7,422,237)	(38,620,914)
Total capital assets (net of accumulated depreciation/amortization)	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,388,257</u>	<u>1,246,331</u>	<u>18,634,588</u>
Total assets	<u>38,405,462</u>	<u>9,705,870</u>	<u>1,079,291</u>	<u>40,902,541</u>	<u>16,896,794</u>	<u>106,989,958</u>
Deferred outflows of resources:						
Deferred amount from pension plans	-	-	-	599,572	1,201,767	1,801,339
Deferred amount from OPEB	-	-	-	100,442	201,328	301,770
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,014</u>	<u>1,403,095</u>	<u>2,103,109</u>
Liabilities						
Current liabilities:						
Accounts payable	263,325	-	-	541,557	150,885	955,767
Accrued payroll	14,833	123,099	183,122	63,202	125,614	509,870
Due to other funds	-	-	353,001	-	-	353,001
Workers' compensation - current	4,497,885	-	-	-	-	4,497,885
General liability - current	3,941,299	-	-	-	-	3,941,299
Compensated absences - current	-	8,097,760	-	-	-	8,097,760
Lease liability - current	-	-	-	-	67,339	67,339
Subscription liability - current	-	-	-	170,375	-	170,375
Total current liabilities	<u>8,717,342</u>	<u>8,220,859</u>	<u>536,123</u>	<u>775,134</u>	<u>343,838</u>	<u>18,593,296</u>
Noncurrent liabilities:						
Workers' compensation	20,992,090	-	-	-	-	20,992,090
General liability	6,658,815	-	-	-	-	6,658,815
Compensated absences	-	6,394,937	-	-	-	6,394,937
Subscription liability	-	-	-	1,130,571	-	1,130,571
Net pension liability	-	-	-	1,905,114	3,818,611	5,723,725
Net OPEB liability	-	-	-	60,711	121,697	182,408
Total noncurrent liabilities	<u>27,650,905</u>	<u>6,394,937</u>	<u>-</u>	<u>3,096,396</u>	<u>3,940,308</u>	<u>41,082,546</u>
Total liabilities	<u>36,368,247</u>	<u>14,615,796</u>	<u>536,123</u>	<u>3,871,530</u>	<u>4,284,146</u>	<u>59,675,842</u>
Deferred inflows of resources:						
Deferred amount from pension plans	-	-	-	1,613	3,231	4,844
Deferred amount from OPEB	-	-	-	23,656	47,414	71,070
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,269</u>	<u>50,645</u>	<u>75,914</u>
Net Position						
Invested in capital assets	-	-	-	15,805,661	1,178,992	16,984,653
Unrestricted	2,037,215	(4,909,926)	543,168	21,900,095	12,786,106	32,356,658
Total net position	<u>\$ 2,037,215</u>	<u>\$ (4,909,926)</u>	<u>\$ 543,168</u>	<u>\$ 37,705,756</u>	<u>\$ 13,965,098</u>	<u>\$ 49,341,311</u>

CITY OF NEWPORT BEACH
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended June 30, 2025

	<u>Insurance Reserve</u>	<u>Compensated Absences</u>	<u>Retiree Insurance</u>	<u>Equipment Maintenance</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
Operating revenues:						
Charges for services	\$ 18,475,042	\$ 3,262,108	\$ 395,002	\$ 8,614,875	\$ 8,365,963	\$ 39,112,990
Intergovernmental	-	-	-	\$ 195,387	-	195,387
Employee contributions	-	-	22,086	-	-	22,086
Other	3,679,765	-	2,705,816	10,453	112	6,396,146
Total operating revenues	<u>22,154,807</u>	<u>3,262,108</u>	<u>3,122,904</u>	<u>8,820,715</u>	<u>8,366,075</u>	<u>45,726,609</u>
Operating expenses:						
Salaries and wages	1,531	-	-	1,408,150	3,244,603	4,654,284
Depreciation/amortization	-	-	-	3,635,505	640,172	4,275,677
Professional services	-	-	-	250,663	745,620	996,283
Maintenance and supplies	-	-	-	2,260,337	1,842,503	4,102,840
Fleet parts and supplies	-	-	-	545,348	-	545,348
Telecommunication	-	-	-	-	188,617	188,617
System maintenance	-	-	-	27,692	-	27,692
Hardware	-	-	-	-	534,370	534,370
Software	-	-	-	-	369,728	369,728
Workers' compensation	7,107,333	-	-	-	-	7,107,333
Claims and judgments	10,384,659	-	-	-	-	10,384,659
Compensated absences	-	2,576,984	-	-	-	2,576,984
OPEB	-	-	847,328	-	-	847,328
Other	-	-	2,227,349	-	-	2,227,349
Total operating expenses	<u>17,493,523</u>	<u>2,576,984</u>	<u>3,074,677</u>	<u>8,127,695</u>	<u>7,565,613</u>	<u>38,838,492</u>
Operating income (loss)	<u>4,661,284</u>	<u>685,124</u>	<u>48,227</u>	<u>693,020</u>	<u>800,462</u>	<u>6,888,117</u>
Nonoperating revenues:						
Investment income	1,315,623	334,620	19,677	697,625	548,867	2,916,412
Net increase in fair value of investments	459,747	92,326	7,872	231,339	155,388	946,672
Gain on sale of capital assets	-	-	-	425,594	-	425,594
Interest expense	-	-	-	(7,660)	(643)	(8,303)
Total nonoperating revenues	<u>1,775,370</u>	<u>426,946</u>	<u>27,549</u>	<u>1,346,898</u>	<u>703,612</u>	<u>4,280,375</u>
Income (loss) before transfers	<u>6,436,654</u>	<u>1,112,070</u>	<u>75,776</u>	<u>2,039,918</u>	<u>1,504,074</u>	<u>11,168,492</u>
Transfers in	-	-	-	6,160	15,729	21,889
Change in net position	<u>6,436,654</u>	<u>1,112,070</u>	<u>75,776</u>	<u>2,046,078</u>	<u>1,519,803</u>	<u>11,190,381</u>
Net position, beginning	<u>(4,399,439)</u>	<u>(6,021,996)</u>	<u>467,392</u>	<u>35,659,678</u>	<u>12,445,295</u>	<u>38,150,930</u>
Net position, ending	<u>\$ 2,037,215</u>	<u>\$ (4,909,926)</u>	<u>\$ 543,168</u>	<u>\$ 37,705,756</u>	<u>\$ 13,965,098</u>	<u>\$ 49,341,311</u>

CITY OF NEWPORT BEACH
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2025

	Insurance Reserve	Compensated Absences	Retiree Insurance	Equipment Maintenance	Information Technology	Total Internal Service Funds
Cash flows from operating activities:						
Receipts from user departments	\$ 18,501,258	\$ 3,262,108	\$ 389,950	\$ 8,586,125	\$ 8,365,963	\$ 39,105,404
Payments to employees	(5,066,472)	(1,760,961)	-	(1,387,212)	(3,226,564)	(11,441,209)
Payments to suppliers	(24,678,245)	-	(3,075,692)	(7,910,764)	(3,666,047)	(39,330,748)
Other operating cash receipts	3,679,765	-	2,727,902	10,453	112	6,418,232
Net cash provided (used) by operating activities	(7,563,694)	1,501,147	42,160	(701,398)	1,473,464	(5,248,321)
Cash flows from noncapital financing activities:						
Cash received from other funds	-	-	-	6,160	15,729	21,889
Net cash provided by noncapital financing activities	-	-	-	6,160	15,729	21,889
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	-	-	(3,401,778)	(55,061)	(3,456,839)
Lease liabilities and related	-	-	-	-	(73,663)	(73,663)
Subscription liabilities and related	-	-	-	(177,101)	(35,446)	(212,547)
Proceeds from sale of capital assets	-	-	-	425,594	-	425,594
Net cash (used) for capital and related financing activities	-	-	-	(3,153,285)	(164,170)	(3,317,455)
Cash flows from investing activities:						
Investment income	1,754,280	408,418	26,746	914,987	678,610	3,783,041
Net cash provided by investing activities	1,754,280	408,418	26,746	914,987	678,610	3,783,041
Net increase (decrease) in cash and cash equivalents	(5,809,414)	1,909,565	68,906	(2,933,536)	2,003,633	(4,760,846)
Cash and cash equivalents, beginning	44,053,148	7,752,988	932,028	20,743,381	12,846,738	86,328,283
Cash and cash equivalents, ending	\$ 38,243,734	\$ 9,662,553	\$ 1,000,934	\$ 17,809,845	\$ 14,850,371	\$ 81,567,437
Reconciliation to the statement of net position:						
Cash and investments reported on statement of net position	\$ 38,243,734	\$ 9,662,553	\$ 1,000,934	\$ 17,809,845	\$ 14,850,371	\$ 81,567,437
Cash and cash equivalents	\$ 38,243,734	\$ 9,662,553	\$ 1,000,934	\$ 17,809,845	\$ 14,850,371	\$ 81,567,437
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 4,661,284	\$ 685,124	\$ 48,227	\$ 693,020	\$ 800,462	\$ 6,888,117
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	-	-	-	3,635,505	640,172	4,275,677
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	26,216	-	(5,052)	(28,750)	-	(7,586)
(Increase) in inventories	-	-	-	(39,048)	-	(39,048)
(Increase) decrease in prepaid items	-	-	1,451	(4,838,790)	(64,855)	(4,902,194)
Increase (decrease) in accounts payable and accrued payroll	(14,049,402)	(28,508)	(2,466)	70,455	94,486	(13,915,435)
Increase in workers' compensation	2,039,412	-	-	-	-	2,039,412
(Decrease) in general liability	(241,204)	-	-	-	-	(241,204)
Increase in compensated absences	-	844,531	-	-	-	844,531
(Decrease) in net pension liability and deferred cash flows	-	-	-	(23,676)	(47,456)	(71,132)
Increase in net OPEB liability and deferred cash flows	-	-	-	25,273	50,655	75,928
Total adjustments	(12,224,978)	816,023	(6,067)	(1,394,418)	673,002	(12,136,438)
Net cash provided (used) by operating activities	\$ (7,563,694)	\$ 1,501,147	\$ 42,160	\$ (701,398)	\$ 1,473,464	\$ (5,248,321)
Noncash financing and investing activities:						
Capital assets financed by ending accounts payable	-	-	-	281,650	-	281,650
Total of noncash activities	\$ -	\$ -	\$ -	\$ 281,650	\$ -	\$ 281,650



FINANCIAL SECTION

SUPPLEMENTARY INFORMATION

CUSTODIAL FUNDS

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CUSTODIAL FUNDS

Custodial Funds are used to account for assets held by the City in a trustee capacity, or as an agent for other government entities, private organizations, or individuals.

The City of Newport Beach Custodial Funds are listed below:

The ***Special Assessment District Fund*** is used to account for funds received from affected property owners and payable to holders of 1911 Act and 1915 Act special assessment bonds.

The ***Tourism Business Improvement Fund*** is used to account for the Newport Beach Tourism Business Improvement District's special assessment on short term room rental revenue collected by the City for Visit Newport Beach Inc.

The ***Other Business Improvement Fund*** is used to account for monies collected from local business districts for district property improvements and business enhancement.

The ***Police Custodial Fund*** is used to account for monies received by the City's police department in a custodial capacity, such as warrants and items pending adjudication.

CITY OF NEWPORT BEACH
Custodial Funds
Combining Statement of Fiduciary Net Position
June 30, 2025

	Custodial Funds				
	Special Assessment District	Tourism Business Improvement	Other Business Improvement	Police Custodial	Total Custodial Funds
Assets					
Cash and investments	\$ 1,332,953	\$ 6,420	\$ 4,106	\$ 239,043	\$ 1,582,522
Restricted cash and investments with fiscal agent	2,699,066	-	-	-	2,699,066
Receivable:					
Interest	15,167	-	-	-	15,167
Intergovernmental receivable	34,320	-	-	-	34,320
Total assets	<u>4,081,506</u>	<u>6,420</u>	<u>4,106</u>	<u>239,043</u>	<u>4,331,075</u>
Liabilities					
Due to others	1,944	6,420	4,106	23,146	35,616
Total liabilities	<u>1,944</u>	<u>6,420</u>	<u>4,106</u>	<u>23,146</u>	<u>35,616</u>
Net Position					
Restricted for:					
Individuals, organizations, and other governments	4,079,562	-	-	215,897	4,295,459
Total net position	<u>\$ 4,079,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,897</u>	<u>\$ 4,295,459</u>

CITY OF NEWPORT BEACH
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Custodial Funds				
	Special Assessment District	Tourism Business Improvement	Other Business Improvement	Police Custodial	Total Custodial Funds
Additions					
Special assessments	\$ 3,022,899	\$ -	\$ -	\$ -	\$ 3,022,899
Investment earnings	154,493	-	-	700	155,193
Other	-	-	-	101,760	101,760
Total additions	<u>3,177,392</u>	<u>-</u>	<u>-</u>	<u>102,460</u>	<u>3,279,852</u>
Deductions					
Debt service	3,317,230	-	-	-	3,317,230
Administrative	97,408	-	-	-	97,408
Other	-	-	-	133,537	133,537
Total deductions	<u>3,414,638</u>	<u>-</u>	<u>-</u>	<u>133,537</u>	<u>3,548,175</u>
Net change in fiduciary net position	<u>(237,246)</u>	<u>-</u>	<u>-</u>	<u>(31,077)</u>	<u>(268,323)</u>
Net position, beginning of year	<u>4,316,808</u>	<u>-</u>	<u>-</u>	<u>246,974</u>	<u>4,563,782</u>
Net position, end of year	<u>\$ 4,079,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,897</u>	<u>\$ 4,295,459</u>

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An aerial photograph of a coastal city, likely Los Angeles, showing a long pier extending into the ocean on the left, a sandy beach, and a dense urban area with many buildings and palm trees. The sky is clear and blue.

STATISTICAL SECTION

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FINANCIAL TRENDS

This section of the City of Newport 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 have 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 years.

CITY OF NEWPORT BEACH
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2016 ¹	2017 ²	2018 ³	2019	2020
Governmental activities:					
Net investment in capital assets	\$ 2,193,773,102	\$ 2,201,552,683	\$ 2,208,832,391	\$ 2,218,040,304	\$ 2,217,852,660
Restricted	44,033,677	45,753,736	49,791,908	56,426,811	67,708,225
Unrestricted	(130,468,268)	(133,461,197)	(122,024,754)	(102,035,181)	(90,214,086)
Total governmental activities	<u>\$ 2,107,338,511</u>	<u>\$ 2,113,845,222</u>	<u>\$ 2,136,599,545</u>	<u>\$ 2,172,431,934</u>	<u>\$ 2,195,346,799</u>
Business-type activities:					
Net investment in capital assets	\$ 117,055,576	\$ 116,238,944	\$ 119,375,596	\$ 119,346,350	\$ 120,291,689
Unrestricted	23,430,189	28,890,311	29,183,382	30,331,669	30,276,662
Total business-type activities	<u>\$ 140,485,765</u>	<u>\$ 145,129,255</u>	<u>\$ 148,558,978</u>	<u>\$ 149,678,019</u>	<u>\$ 150,568,351</u>
Primary government:					
Net investment in capital assets	\$ 2,310,828,678	\$ 2,317,791,627	\$ 2,328,207,987	\$ 2,337,386,654	\$ 2,338,144,349
Restricted	44,033,677	45,753,736	49,791,908	56,426,811	67,708,225
Unrestricted	(107,038,079)	(104,570,886)	(92,841,372)	(71,703,512)	(59,937,424)
Total primary government	<u>\$ 2,247,824,276</u>	<u>\$ 2,258,974,477</u>	<u>\$ 2,285,158,523</u>	<u>\$ 2,322,109,953</u>	<u>\$ 2,345,915,150</u>

(continued)

¹ Reflects restatement of net position due to deferred outflow adjustments related to fiscal year ended June 30, 2017.

² Reflects restatement of net position due to implementation of GASB 75 in fiscal year ended June 30, 2018.

³ Reflects restatement of net position due to adjustments for capital assets and compensated absences liability in fiscal year ended June 30, 2019.

⁴ 2022 data varies from trend due to receipt of revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year.

⁵ Reflects restatement of net position due to unbilled receivables adjustments related to fiscal year ended June 30, 2023.

⁶ 2025 data varies from trend due to receipt of revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year and the decline of net pension and net OPEB liabilities.

The City of Newport Beach implemented GASB 75 for the fiscal year ended June 30, 2018.

The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022.

The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.

CITY OF NEWPORT BEACH
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	2021	2022	2023 ⁵	2024	2025
Governmental activities:					
Net investment in capital assets	\$ 2,227,572,605	\$ 2,223,773,786	\$ 2,256,305,577	\$ 2,275,099,514	\$ 2,292,549,844
Restricted	67,189,020	78,100,496	79,152,428	123,444,563	131,011,162
Unrestricted	(72,301,558)	(8,183,288)	20,117,377	28,001,461	58,401,174
Total governmental activities	<u>\$ 2,222,460,067</u>	<u>\$ 2,293,690,994</u>	<u>\$ 2,355,575,382</u>	<u>\$ 2,426,545,538</u>	<u>\$ 2,481,962,180</u>
Business-type activities:					
Net investment in capital assets	\$ 124,775,772	\$ 128,244,924	\$ 131,015,969	\$ 132,331,781	\$ 135,138,380
Unrestricted	27,039,499	28,559,633	25,105,814	20,202,940	22,455,779
Total business-type activities	<u>\$ 151,815,271</u>	<u>\$ 156,804,557</u>	<u>\$ 156,121,783</u>	<u>\$ 152,534,721</u>	<u>\$ 157,594,159</u>
Primary government:					
Net investment in capital assets	\$ 2,352,348,377	\$ 2,352,018,710	\$ 2,387,321,546	\$ 2,407,431,295	\$ 2,427,688,224
Restricted	67,189,020	78,100,496	79,152,428	123,444,563	131,011,162
Unrestricted	(45,262,059)	20,376,345 ⁴	45,223,191	48,204,401	80,856,953 ⁶
Total primary government	<u>\$ 2,374,275,338</u>	<u>\$ 2,450,495,551</u>	<u>\$ 2,511,697,165</u>	<u>\$ 2,579,080,259</u>	<u>\$ 2,639,556,339</u>

CITY OF NEWPORT BEACH
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 19,335,275	\$ 20,443,569	\$ 19,011,099	\$ 20,549,224	\$ 20,714,050
Public safety	91,046,455	102,494,314	107,647,562	111,556,065	119,194,302
Public works	45,443,988	54,039,601	47,615,000	53,339,878	60,054,860
Community development	9,943,868	12,056,086	12,377,394	11,493,204	12,842,020
Community services	22,700,052	26,583,440	27,307,115	27,758,097	26,668,079
Interest on long-term debt	7,615,094	7,472,188	7,381,743	7,187,971	7,064,521
Total governmental activities expenses	196,084,732	223,089,198	221,339,913	231,884,439	246,537,832
Business-type activities:					
Water	21,605,197	22,004,013	23,724,918	26,898,075	27,387,120
Wastewater	3,818,165	4,218,926	4,158,155	4,222,228	4,291,755
Total business-type activities expenses	25,423,362	26,222,939	27,883,073	31,120,303	31,678,875
Total primary government expenses	221,508,094	249,312,137	249,222,986	263,004,742	278,216,707
Program revenues:					
Governmental activities:					
Charges for services:					
General government	3,722,557	5,089,123	5,355,887	5,887,265	3,846,962
Public safety	19,108,222	19,899,242	20,733,883	21,979,376	22,232,248
Public works	5,319,510	5,214,426	5,789,579	5,778,441	5,054,694
Community development	8,419,588	10,838,114	9,956,226	9,902,445	9,599,848
Community services	13,964,018	13,653,466	13,974,329	13,556,360	16,936,285
Operating grants and contributions:	17,826,914	11,632,188	11,943,941	14,021,506	14,659,016
Capital grants and contributions:	2,717,504	27,993,317 ¹	1,815,464	6,638,356	7,352,407
Total governmental activities program revenues	71,078,313	94,319,876	69,569,309	77,763,749	79,681,460
Business-type activities:					
Charges for services:					
Water	24,499,952	25,371,307	26,931,193	26,843,751	27,100,429
Wastewater	3,065,762	3,161,114	3,445,772	4,069,265	4,110,815
Operating grants and contributions:	-	-	-	-	-
Total business-type activities program revenues	27,565,714	28,532,421	30,376,965	30,913,016	31,211,244
Total primary government program revenues	98,644,027	122,852,297	99,946,274	108,676,765	110,892,704
Net revenues (expenses):					
Governmental activities	(125,006,419)	(128,769,322)	(151,770,604)	(154,120,690)	(166,856,372)
Business-type activities	2,142,352	2,309,482	2,493,892	(207,287)	(467,631)
Total net revenues (expenses)	\$ (122,864,067)	\$ (126,459,840)	\$ (149,276,712)	\$ (154,327,977)	\$ (167,324,003)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax	\$ 91,516,611	\$ 96,964,060	\$ 101,593,290	\$ 108,365,261	\$ 113,313,535
Sales tax	33,937,986	33,702,895	36,373,253	37,168,063	36,232,969
Sales tax in-lieu	2,870,474	-	-	-	-
Transient occupancy tax	21,083,199	22,382,361	22,857,737	24,697,446	21,097,384
Business license tax	4,024,386	4,149,016	4,282,935	4,428,440	4,882,419
Franchise tax	4,047,584	4,026,005	4,228,469	4,286,496	4,394,156
Other taxes	327,009	358,209	3,346,987	2,633,720	2,592,369
Investment income	584,259	589,001	632,808	2,644,319	2,621,488
Net increase (decrease) in fair value of investments	376,311	-	-	2,234,249	2,520,033
Other	4,001,486	2,290,482	3,416,348	3,495,085	2,116,884
Transfers	-	(3,500,000)	-	-	-
Total governmental activities	162,769,305	160,962,029	176,731,827	189,953,079	189,771,237
Business-type activities:					
Investment income	216,576	77,752	184,906	713,970	732,099
Net increase (decrease) in fair value of investments	148,527	-	-	612,358	625,864
Other	2,375,000	-	-	-	-
Capital contributions	22,516	-	-	-	-
Transfers	-	3,500,000	-	-	-
Total business-type activities	2,762,619	3,577,752	184,906	1,326,328	1,357,963
Total primary government	165,531,924	164,539,781	176,916,733	191,279,407	191,129,200
Changes in net position					
Governmental activities	37,762,886	32,192,707	24,961,223	35,832,389	22,914,865
Business-type activities	4,904,971	5,887,234	2,678,798	1,119,041	890,332
Total primary government	\$ 42,667,857	\$ 38,079,941	\$ 27,640,021	\$ 36,951,430	\$ 23,805,197

(continued)

¹ Data varies from trend because of one-time receipt of developer contributions.

CITY OF NEWPORT BEACH
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Expenses:					
Governmental activities:					
General government	\$ 20,177,482	\$ 19,374,179	\$ 26,911,510	\$ 28,392,550	\$ 20,365,624
Public safety	119,184,958	104,767,466	121,309,057	151,625,944	143,920,632
Public works	63,689,155	65,031,715	75,904,138	88,359,562	87,889,339
Community development	12,157,226	9,664,500	13,048,442	16,813,900	17,104,756
Community services	28,214,205	24,508,702	27,937,349	33,034,132	33,510,164
Interest on long-term debt	7,321,612	6,877,577	6,666,044	6,215,237	6,171,195
Total governmental activities expenses	250,744,638	230,224,139	271,776,540	324,441,325	308,961,710
Business-type activities:					
Water	28,943,243	27,117,471	30,701,834	37,322,293	36,561,497
Wastewater	5,223,245	4,094,448	5,343,891	6,959,273	6,282,179
Total business-type activities expenses	34,166,488	31,211,919	36,045,725	44,281,566	42,843,676
Total primary government expenses	284,911,126	261,436,058	307,822,265	368,722,891	351,805,386
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,914,007	3,625,809	12,386,628	15,953,090	8,911,980
Public safety	22,038,904	23,156,703	26,273,944	27,903,642	30,839,794
Public works	5,067,478	7,538,103	8,770,525	9,397,103	8,890,609
Community development	10,491,970	11,119,757	11,269,905	10,849,048	12,723,330
Community services	17,601,288	22,302,788	15,753,446	17,370,410	18,883,733
Operating grants and contributions:	20,361,620	16,800,039	20,131,513	34,497,961	22,765,783
Capital grants and contributions:	7,658,387	8,693,429	5,809,562	35,646,295	5,260,117
Total governmental activities program revenues	86,133,654	93,236,628	100,395,523	151,617,549	108,275,346
Business-type activities:					
Charges for services:					
Water	30,739,726	32,104,202	32,033,631	33,842,356	40,463,909
Wastewater	4,618,186	4,825,249	4,666,685	5,274,889	5,980,769
Operating grants and contributions:	-	116,629	-	115,499	26,184
Total business-type activities program revenues	35,357,912	37,046,080	36,700,316	39,232,744	46,470,862
Total primary government program revenues	121,491,566	130,282,708	137,095,839	190,850,293	154,746,208
Net revenues (expenses):					
Governmental activities	(164,610,984)	(136,987,511)	(171,381,017)	(172,823,776)	(200,686,364)
Business-type activities	1,191,424	5,834,161	654,591	(5,048,823)	3,627,186
Total net revenues (expenses)	\$ (163,419,560)	\$ (131,153,350)	\$ (170,726,426)	\$ (177,872,599)	\$ (197,059,178)
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property tax	\$ 119,157,057	\$ 124,335,985	\$ 138,358,730	\$ 146,136,873	\$ 154,182,579
Sales tax	38,956,275	46,164,860	46,552,459	43,444,542	45,934,260
Sales tax in-lieu	-	-	-	-	-
Transient occupancy tax	16,886,197	26,677,331	30,201,649	31,736,961	33,174,268
Business license tax	4,481,349	4,363,145	4,901,385	4,896,557	5,086,253
Franchise tax	4,204,224	4,561,278	4,996,526	5,152,384	5,052,778
Other taxes	4,166,549	4,333,071	181,800	203,135	246,787
Investment income	2,603,982	1,995,214	3,208,250	5,834,247	6,747,045
Net increase (decrease) in fair value of investments	(2,086,189)	(6,856,640)	(687,766)	3,534,164	2,346,015
Other	3,354,808	2,644,194	5,552,372	2,855,069	3,333,021
Transfers	-	-	-	-	-
Total governmental activities	191,724,252	208,218,438	233,265,405	243,793,932	256,103,006
Business-type activities:					
Investment income	525,295	345,218	520,736	893,332	1,119,040
Net increase (decrease) in fair value of investments	(469,799)	(1,190,093)	(262,867)	568,429	313,212
Other	-	-	-	-	-
Capital contributions	-	-	-	-	-
Transfers	-	-	-	-	-
Total business-type activities	55,496	(844,875)	257,869	1,461,761	1,432,252
Total primary government	191,779,748	207,373,563	233,523,274	245,255,693	257,535,258
Changes in net position					
Governmental activities	27,113,268	71,230,927	61,884,388	70,970,156	55,416,642
Business-type activities	1,246,920	4,989,286	912,460	(3,587,062)	5,059,438
Total primary government	\$ 28,360,188	\$ 76,220,213	\$ 62,796,848	\$ 67,383,094	\$ 60,476,080

CITY OF NEWPORT BEACH
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
General fund:					
Nondisposable	\$ 15,210,896	\$ 14,434,017	\$ 14,050,930	\$ 13,147,221	\$ 11,864,115
Restricted	3,083,133	3,797,009	4,412,302	4,757,437	5,710,434
Committed	2,726,020	10,570,638 ¹	13,444,487	13,335,675	2,210,811
Assigned	4,201,311	567,132	590,368	1,199,682	2,598,828
Unassigned	56,618,041	60,009,244	61,415,049	64,146,123	76,699,284
Total general fund	<u>\$ 81,839,401</u>	<u>\$ 89,378,040 ¹</u>	<u>\$ 93,913,136</u>	<u>\$ 96,586,138</u>	<u>\$ 99,083,472</u>
All other governmental funds:					
Nondisposable	\$ 4,629,781	\$ 4,666,256	\$ 4,787,243	\$ 4,715,545	\$ 4,646,529
Restricted	33,662,859	31,950,139	38,629,419	45,958,167	53,310,518
Committed	40,248,977	49,510,047	41,731,742	40,732,124	48,032,259
Unassigned	(15,422,984)	(6,308,331)	(376,162)	(253)	(50,137)
Total all other governmental funds	<u>\$ 63,118,633</u>	<u>\$ 79,818,111</u>	<u>\$ 84,772,242</u>	<u>\$ 91,405,583</u>	<u>\$ 105,939,169</u>
Total all governmental funds	<u>\$ 144,958,034</u>	<u>\$ 169,196,151</u>	<u>\$ 178,685,378</u>	<u>\$ 187,991,721</u>	<u>\$ 205,022,641</u>

(continued)

¹ Data varies from trend due to additional funds set aside for seawall construction and pension-related items.

² Data varies from trend due to the relocation of restricted funds to special revenue funds.

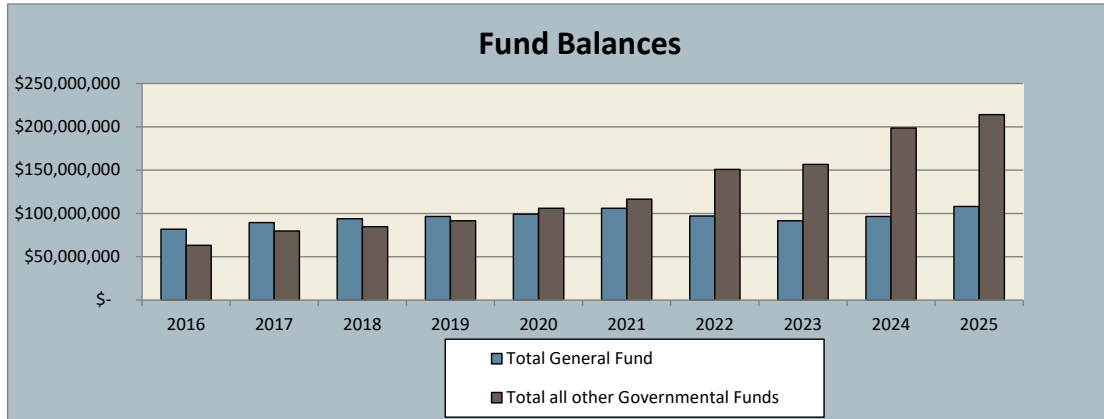
³ Data varies from trend due to additional funds set aside mainly in the Facilities Financial Planning Reserve Fund and Unrestricted Capital Improvements Fund.

⁴ Data varies from trend due to issuance of special Assessment District bonds.

CITY OF NEWPORT BEACH
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
General fund:					
Nonspendable	\$ 10,637,097	\$ 9,407,143	\$ 8,239,567	\$ 7,052,603	\$ 5,982,334
Restricted	4,876,025	- ²	-	-	-
Committed	3,235,746	4,429,573	5,465,426	6,786,845	3,785,866
Assigned	1,489,350	-	-	-	-
Unassigned	85,715,180	83,302,665	77,737,532	82,601,740	98,379,310
Total general fund	<u>\$ 105,953,398</u>	<u>\$ 97,139,381</u>	<u>\$ 91,442,525</u>	<u>\$ 96,441,188</u>	<u>\$ 108,147,510</u>
All other governmental funds:					
Nonspendable	\$ 4,707,330	\$ 4,690,430	\$ 4,650,931	\$ 4,771,150	\$ 4,710,334
Restricted	63,914,627	73,013,208	73,657,409	112,762,753 ⁴	120,738,919
Committed	47,863,154	73,243,534 ³	78,218,834	81,317,521	88,500,124
Unassigned	(136,299)	(119,371)	(11,625)	(229,781)	(11)
Total all other governmental funds	<u>\$ 116,348,812</u>	<u>\$ 150,827,801</u>	<u>\$ 156,515,549</u>	<u>\$ 198,621,643</u>	<u>\$ 213,949,366</u>
Total all governmental funds	<u>\$ 222,302,210</u>	<u>\$ 247,967,182</u>	<u>\$ 247,958,074</u>	<u>\$ 295,062,831</u>	<u>\$ 322,096,876</u>



CITY OF NEWPORT BEACH
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 158,386,385	\$ 162,184,218	\$ 171,982,240	\$ 183,455,182	\$ 182,983,069
Intergovernmental	17,262,147	17,073,653	16,148,754	15,818,543	12,672,931
Licenses, permits and fees	6,571,123	9,844,908	6,405,668	6,302,603	5,783,862
Charges for services	18,827,991	19,197,065	19,828,786	19,472,866	21,125,622
Fines and forfeitures	3,684,602	3,590,700	3,181,823	3,347,714	3,509,883
Investment income	1,157,539	772,546	1,143,210	3,490,992	3,765,753
Net increase (decrease) in fair value of investments	769,460	-	-	2,938,136	3,477,299
Property income	22,259,425	23,553,188	25,430,217	26,674,107	25,651,360
Donations	4,190,822	16,827,889	414,123	402,709	795,561
Special assessments	-	-	-	-	-
Other	2,982,924	2,277,322	2,893,770	5,173,716	5,950,279
Total revenues	236,092,418	255,321,489	247,428,591	267,076,568	265,715,619
Expenditures:					
Current:					
General government	14,629,672	15,086,397	16,099,310	16,769,920	15,968,085
Public safety	96,225,784	98,750,981	109,760,129	116,054,531	118,290,847
Public works	36,000,905	35,961,024	38,012,230	44,132,877	45,730,965
Community development	10,913,205	11,696,779	12,979,656	12,310,621	12,612,751
Community services	21,784,680	23,607,284	25,538,966	26,372,495	24,474,242
Capital outlay	31,934,463	30,822,972	24,054,866	26,347,312	20,376,106
Debt service:					
Principal	4,272,000	4,401,000	3,335,000	3,470,000	3,576,000
Interest and fiscal charges	7,839,341	7,704,957	7,617,107	7,428,469	7,265,703
Total expenditures	223,600,050	228,031,394	237,397,264	252,886,225	248,294,699
Excess (deficiency) of revenues over (under) expenditures	12,492,368	27,290,095	10,031,327	14,190,343	17,420,920
Other financing sources (uses):					
Transfers in	48,523,132	45,342,446	45,308,862	54,664,532	40,373,981
Transfers out	(54,185,192)	(49,390,226)	(45,850,962)	(59,548,532)	(40,763,981)
Proceeds from sale	-	995,802	-	-	-
Premium on certificates of participation issued	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-
Inception of subscription-based IT arrangements	-	-	-	-	-
Total other financing sources (uses)	(5,662,060)	(3,051,978)	(542,100)	(4,884,000)	(390,000)
Net change in fund balances	\$ 6,830,308	\$ 24,238,117	\$ 9,489,227	\$ 9,306,343	\$ 17,030,920
Debt service as a percentage of noncapital expenditures	7.2%	6.0%	5.3%	4.8%	4.8%

(continued)

¹ Data varies from trend due to implementation of GASB 96 for the fiscal year ended June 30, 2023.

CITY OF NEWPORT BEACH
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Revenues:					
Taxes	\$ 188,351,057	\$ 211,259,402	\$ 226,067,296	\$ 232,533,623	\$ 244,698,368
Intergovernmental	22,233,872	19,683,307	21,080,285	27,715,232	18,174,489
Licenses, permits and fees	6,566,555	6,995,700	6,719,969	6,688,111	7,312,477
Charges for services	18,434,439	22,897,475	25,214,184	25,217,364	27,124,189
Fines and forfeitures	3,923,726	4,191,518	3,892,875	4,195,196	4,382,650
Investment income	3,201,376	2,756,712	4,525,340	9,386,746	11,685,818
Net increase (decrease) in fair value of investments	(2,634,682)	(8,900,762)	(465,873)	4,584,645	3,254,274
Property income	28,842,374	33,770,750	35,830,362	41,198,758	43,984,960
Donations	5,491,871	1,805,249	717,157	6,070,830	5,590,173
Special assessments	-	8,086,594	4,948,430	26,843,142	-
Other	3,504,103	1,441,813	3,412,302	1,175,255	1,323,117
Total revenues	277,914,691	303,987,758	331,942,327	385,608,902	367,530,515
Expenditures:					
Current:					
General government	17,154,507	17,397,786	20,680,878	22,007,758	22,497,676
Public safety	126,006,313	127,590,486	132,441,032	140,132,544	146,585,112
Public works	46,817,293	54,293,534	56,046,234	65,532,190	67,522,613
Community development	12,996,840	13,021,562	14,735,582	15,734,543	16,761,680
Community services	26,745,189	26,421,141	27,558,760	30,060,134	31,402,329
Capital outlay	33,728,085	28,603,393	68,434,127	50,776,034	43,743,239
Debt service:					
Principal	3,247,000	5,138,250	5,296,166	5,335,081	5,518,576
Interest and fiscal charges	7,306,143	7,141,264	6,908,693	6,698,344	6,443,356
Total expenditures	274,001,370	279,607,416	332,101,472	336,276,628	340,474,581
Excess (deficiency) of revenues over (under) expenditures	3,913,321	24,380,342	(159,145)	49,332,274	27,055,934
Other financing sources (uses):					
Transfers in	70,379,824	76,061,564	128,499,591	97,432,054	84,443,642
Transfers out	(65,965,012)	(74,776,934)	(128,879,043)	(103,234,554)	(84,465,531)
Proceeds from sale	-	-	-	-	-
Premium on certificates of participation issued	1,373,936	-	-	-	-
Leases (as lessee)	-	-	-	3,259,414	-
Inception of subscription-based IT arrangements	-	-	529,489 ¹	315,569	-
Total other financing sources (uses)	5,788,748	1,284,630	150,037	(2,227,517)	(21,889)
Net change in fund balances	\$ 9,702,069	\$ 25,664,972	\$ (9,108)	\$ 47,104,757	\$ 27,034,045
Debt service as a percentage of noncapital expenditures	4.2%	4.8%	4.5%	4.2%	4.0%

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REVENUE CAPACITY

This section of the City of Newport 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 factors 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 years.

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

Fiscal Year Ended June 30	Secured			Unsecured	Total Taxable Assessed Value	Change	Total Direct Tax Rate
	Residential	Commercial	Other				
2016	39,263,791,190	5,264,898,550	1,394,764,145	1,465,016,213	47,388,470,098	5.89%	1.000%
2017	41,834,060,284	5,539,551,197	1,398,481,252	1,569,593,832	50,341,686,565	6.23%	1.000%
2018	44,862,969,434	5,953,148,011	1,499,414,812	1,464,683,763	53,780,216,020	6.83%	1.000%
2019	48,246,937,786	6,466,645,074	1,474,416,367	1,513,162,553	57,701,161,781	7.29%	1.000%
2020	50,791,887,238	6,807,750,346	1,552,189,492	1,592,979,478	60,744,806,554	5.27%	1.000%
2021	53,636,707,086	6,979,031,018	1,428,005,141	1,645,923,436	63,689,666,681	4.85%	1.000%
2022	56,171,689,696	7,152,717,180	1,745,857,017	1,509,466,705	66,579,730,598	4.54%	1.000%
2023	60,461,442,254	7,647,078,297	1,489,884,026	1,731,351,434	71,329,756,011	7.13%	1.000%
2024	64,292,506,871	8,048,003,322	1,681,329,931	1,908,193,032	75,930,033,156	6.45%	1.000%
2025	68,275,551,951	8,131,924,877	1,609,850,784	1,947,105,447	79,964,433,059	5.31%	1.000%

NOTE:

In 1978, the voters of the State of California passed Proposition 13 which limited 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 as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price or economic value 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: HdL, Coren & Cone

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City Direct Rates:										
City basic rate	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000
Total City Direct Rate	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates:										
Water districts	0.047	0.047	0.047	0.047	0.032	0.047	0.047	0.047	0.051	0.055
School districts	0.183	0.173	0.176	0.161	0.173	0.186	0.170	0.175	0.158	0.160
Total Overlapping Rate	0.230	0.220	0.223	0.208	0.205	0.233	0.217	0.222	0.209	0.214
Total Direct & Overlapping Rate	<u>\$ 1.230</u>	<u>\$ 1.220</u>	<u>\$ 1.223</u>	<u>\$ 1.208</u>	<u>\$ 1.205</u>	<u>\$ 1.233</u>	<u>\$ 1.217</u>	<u>\$ 1.222</u>	<u>\$ 1.209</u>	<u>\$ 1.214</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which 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: HdL, Coren & Cone

CITY OF NEWPORT BEACH
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
The Irvine Company	\$ 744,453,388	1	0.93%	\$ 1,652,910,320	1	4.11%
Fashion Island Retail LLC	620,154,002	2	0.78%	N/A	-	0.00%
PH Finance LLC	352,137,130	3	0.44%	N/A	-	0.00%
Newport Center Hotel LLC	237,276,108	4	0.30%	N/A	-	0.00%
520 Newport Center Drive LLC	196,982,672	5	0.25%	N/A	-	0.00%
HG Newport Owner LLC	192,171,697	6	0.24%	N/A	-	0.00%
Newport Bluffs LLC	177,028,000	7	0.22%	149,368,474	3	0.37%
650 Newport Center Drive LLC	176,061,294	8	0.22%	N/A	-	0.00%
Bay Island Club	166,670,502	9	0.21%	98,384,212	7	0.24%
Balboa Bay Club Ventures	161,082,009	10	0.20%	132,740,207	4	0.33%
	<u>\$ 3,024,016,802</u>		<u>3.79%</u>	<u>\$ 2,033,403,213</u>		<u>5.05%</u>

Source: HdL, Coren & Cone

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount ¹	Percent of Levy		Amount	Percent of Levy
2016	84,166,940	81,762,526	97.14%	612,863	82,375,389	97.87%
2017	86,264,321	84,019,053	97.40%	574,124	84,593,177	98.06%
2018	92,139,181	90,279,099	97.98%	581,969	90,861,068	98.61%
2019	98,471,700	96,356,203	97.85%	646,203	97,002,406	98.51%
2020	102,636,451	100,701,002	98.11%	886,688	101,587,690	98.98%
2021	107,647,017	105,781,072	98.27%	862,772	106,643,844	99.07%
2022	113,318,692	110,354,271	97.38%	789,969	111,144,240	98.08%
2023	123,844,578	121,011,910	97.71%	1,020,161	122,032,071	98.54%
2024	129,506,001	126,637,893	97.79%	1,087,720	127,725,613	98.63%
2025	136,129,648	133,012,676	97.71%	- ³	133,012,676	97.71%

¹ Net collections reflect deductions for refunds and impoundments.

² Exclusive of penalty charges.

³ The total amount of Fiscal Year 2025 delinquent taxes collected in subsequent years was not available as of the date the information was collected for the City's Annual Comprehensive Financial Report.

Source: Orange County Auditor Controller's Office

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DEBT CAPACITY

This section of the City of Newport 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
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Debt
- 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 years.

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

Page 1 of 2

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Certificates of Participation ¹	Pre- Annexation Agreement	CDBG Loan	Leases ³	Subscription- based Information Technology Arrangements ³	
2016	114,137,212	1,200,000	1,207,000	-	-	116,544,212
2017	110,956,659	-	1,066,000	-	-	112,022,659
2018	107,651,106	-	916,000	-	-	108,567,106
2019	104,220,553	-	756,000	-	-	104,976,553
2020	100,695,000	-	585,000	-	-	101,280,000
2021	106,781,026	-	403,000	-	-	107,184,026
2022	102,698,895	-	208,000	13,321,040	-	116,227,935
2023	98,616,764	-	-	12,274,149	2,235,132	113,126,045
2024	94,389,633	-	-	14,339,382	1,832,755	110,561,770
2025	90,012,502	-	-	13,066,931	1,543,723	104,623,156

(continued)

NOTE:

This schedule excludes claims and judgments, employee compensated absence, pension, OPEB, and Early Retirement Incentive Plan liabilities. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Amounts include any applicable bond premium.

² These ratios are calculated using personal income and population for the prior calendar year.

³ The GASB 87 and GASB 96 debts on this schedule are not money borrowed by the City, but are present-value calculations of estimated future payments by the City based on assumptions specified in GASB 87 and GASB 96. The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022. The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.

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

Page 2 of 2

Fiscal Year Ended June 30	Business-type Activities			Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
	Leases ³	Subscription- based Information Technology Arrangements ³	Total Business-type Activities			
2016	-	-	-	116,544,212	1.77%	1,383
2017	-	-	-	112,022,659	1.66%	1,319
2018	-	-	-	108,567,106	1.48%	1,245
2019	-	-	-	104,976,553	1.36%	1,204
2020	-	-	-	101,280,000	1.24%	1,181
2021	-	-	-	107,184,026	1.31%	1,248
2022	1,512,574	-	1,512,574	117,740,509	1.34%	1,406
2023	3,820,774	-	3,820,774	116,946,819	1.27%	1,402
2024	3,776,654	-	3,776,654	114,338,424	1.22%	1,387
2025	3,732,290	110,383	3,842,673	108,465,829	1.32%	1,312

CITY OF NEWPORT BEACH
Ratios of General Bonded Debt
Last Ten Fiscal Years

Fiscal Year Ended June 30	Certificates of Participation ¹	Amounts Restricted for Debt Service	Total	Percent of Assessed Value ²	General Bonded Debt Per Capita
2016	114,137,212	(2,362,904)	111,774,308	0.24%	1,326
2017	110,956,659	(2,364,034)	108,592,625	0.22%	1,279
2018	107,651,106	(2,384,338)	105,266,768	0.20%	1,207
2019	104,220,553	(2,362,228)	101,858,325	0.18%	1,168
2020	100,695,000	(1,159,389)	99,535,611	0.16%	1,160
2021	106,781,026	(2,255,795)	104,525,231	0.16%	1,217
2022	102,698,895	(2,199,363)	100,499,532	0.15%	1,200
2023	98,616,764	(2,183,979)	96,432,785	0.14%	1,156
2024	94,389,633	(2,323,115)	92,066,518	0.12%	1,117
2025	90,012,502	(2,024,393)	87,988,109	0.11%	1,065

¹ Amounts include any applicable bond premium.

² Assessed value was used because the actual value of taxable property is not readily available in the State of California.

CITY OF NEWPORT BEACH
Direct and Overlapping Debt Related to Governmental Activities
June 30, 2025

City Net Assessed Valuation: \$ 79,964,433,058

	Percentage Applicable ⁽¹⁾	Outstanding Debt 6/30/25	Estimated Share of Overlapping Debt
OVERLAPPING DEBT:			
Metropolitan Water District	1.964%	\$ 17,155,000	\$ 336,924
Coast Community College District	35.427%	854,816,084	302,835,694
Rancho Santiago Community College District	2.508%	132,145,756	3,314,216
Rancho Santiago Community College District School Facilities Improvement District No. 1	4.720%	138,730,000	6,548,056
Laguna Beach Unified School District	14.573%	7,690,000	1,120,664
Laguna Beach Unified School District Community Facilities District No. 98-1	100.000%	6,005,000	6,005,000
Newport Mesa Unified School District	73.688%	206,519,744	152,180,269
Santa Ana Unified School District	5.819%	401,142,561	23,342,486
Irvine Ranch Water District Improvement Districts	2.658% - 100.000%	384,477,033	41,027,239
Bonita Canyon Public Facilities Financing Authority Community Facilities District No. 98-1	100.000%	10,390,000	10,390,000
California Statewide Community Development Authority Community Facilities District No. 2018-3	100.000%	8,110,000	8,110,000
City of Newport Beach 1915 Act Bonds	100.000%	35,124,813	35,124,813
Orange County Newport Coast Assessment District No. 01-1	100.000%	2,944,000	2,944,000
Orange County Newport Coast Reassessment District No. 17-1R	100.000%	17,680,000	17,680,000
Orange County General Fund Obligations	9.863%	429,065,000	42,318,681
Orange County Board of Education General Fund Obligations	9.863%	9,120,000	899,506
Coast Community College District General Fund Obligations	35.427%	660,000	233,818
Coast Community College District Pension Obligation Bonds	35.427%	465,000	164,736
Santa Ana Unified School District General Fund Obligations	5.819%	38,301,736	2,228,778
TOTAL OVERLAPPING DEBT		<u><u>\$ 2,700,541,727</u></u>	<u><u>\$ 656,804,879</u></u>
DIRECT DEBT:			
City of Newport Beach Certificates of Participation	100.000%	\$ 90,012,502	\$ 90,012,502
Leases ⁽³⁾	100.000%	13,066,931	13,066,931
Subscription-based Information Technology Arrangements ⁽³⁾	100.000%	1,543,723	1,543,723
TOTAL DIRECT DEBT		<u><u>\$ 104,623,156</u></u>	<u><u>\$ 104,623,156</u></u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 761,428,035</u></u>
GROSS COMBINED TOTAL DEBT ⁽²⁾			\$ 761,428,035

⁽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, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

⁽³⁾ The GASB 87 and GASB 96 debts on this schedule are not money borrowed by the City, but are present-value calculations of estimated future payments by the City based on assumptions specified in GASB 87 and GASB 96. The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022. The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.

Ratios to 2024-25 Net Assessed Valuation:

Total Overlapping Debt	0.82%
Total Direct Debt (\$104,623,156)	0.13%
Gross Combined Total Debt	0.95%

Source: California Municipal Statistics, Inc.

CITY OF NEWPORT BEACH
Legal Debt Margin Information
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 47,388,470,098	\$ 50,341,686,565	\$ 53,780,216,020	\$ 57,701,161,781	\$ 60,744,806,554
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,847,117,525	12,585,421,641	13,445,054,005	14,425,290,445	15,186,201,639
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,777,067,629	1,887,813,246	2,016,758,101	2,163,793,567	2,277,930,246
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,777,067,629</u>	<u>\$ 1,887,813,246</u>	<u>\$ 2,016,758,101</u>	<u>\$ 2,163,793,567</u>	<u>\$ 2,277,930,246</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

(continued)

NOTE:

The State of California Government Code Section 43605 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.

Source: City Administrative Services Department

CITY OF NEWPORT BEACH
Legal Debt Margin Information
Last Ten Fiscal Years

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Assessed valuation	\$ 63,689,666,681	\$ 66,579,730,598	\$ 71,329,756,011	\$ 75,930,033,156	\$ 79,964,433,059
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	15,922,416,670	16,644,932,650	17,832,439,003	18,982,508,289	19,991,108,265
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	2,388,362,501	2,496,739,897	2,674,865,850	2,847,376,243	2,998,666,240
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 2,388,362,501</u>	<u>\$ 2,496,739,897</u>	<u>\$ 2,674,865,850</u>	<u>\$ 2,847,376,243</u>	<u>\$ 2,998,666,240</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Source: City Administrative Services Department

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DEMOGRAPHIC AND ECONOMIC INFORMATION

This section of the City of Newport 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 years.

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

Fiscal Year	Population ¹⁽¹⁾	Personal Income (in thousands)	Per Capita Income ⁽²⁾	Unemployment Rate ²⁽³⁾
2016	84,270	6,574,071	78,012	3.4%
2017	84,915	6,736,392	79,331	3.1%
2018	87,182	7,334,970	84,134	2.9%
2019	87,180	7,704,445	88,374	2.6%
2020	85,780	8,183,755	95,404	4.6%
2021	85,865	8,175,464	95,213 ⁽⁴⁾	6.0%
2022	83,727	8,791,502	105,002	3.0%
2023	83,411	9,219,835	110,535	3.0%
2024	82,419	9,389,008	113,918	3.5%
2025	82,654	8,242,257	99,720	3.7%

¹ Population estimates are as of January 1 of the year shown and do not reflect revised estimates made available after the date the information was collected for the City's Annual Comprehensive Financial Report.

² Unemployment rate represents an average of all monthly unemployment rates within a fiscal year.

Sources:

⁽¹⁾ California State Department of Finance, E-4 Population Estimates for Cities, Counties and State and E-1 Population and Housing Estimates for Cities, Counties and the State.

⁽²⁾ U.S. Census Bureau - American Community Survey 1-Year Estimates

⁽³⁾ State of California, Employment Development Department

⁽⁴⁾ HdL, Coren & Cone

CITY OF NEWPORT BEACH
Principal Employers¹
Current Year and 9 years ago

Employer	2025			2016		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Hoag Memorial Hospital	5,690	1	7.15%	4,800	1	5.90%
Pacific Life Insurance	1,734	2	2.18%	1,274	2	1.57%
Irvine Management Company	1,483	3	1.86%	N/A ²	-	N/A
PIMCO	1,103	4	1.39%	1,072	3	1.32%
Newport-Mesa Unified School District	810	5	1.02%	988	5	1.21%
City of Newport Beach	775	6	0.97%	730	8	0.90%
Balboa Bay Club and Resort	710	7	0.89%	650	9	0.80%
Resort at Pelican Hill	650	8	0.82%	756	7	0.93%
Glidewell Dental	635	9	0.80%	1,043	4	1.28%
Tower Semiconductor	411	10	0.52%	822 ³	6	1.01%
Marriott Newport Coast Villas	375	11	0.47%	N/A ²	-	N/A
CBRE Inc.	347	12	0.44%	N/A ²	-	N/A

¹ Figures reflect number of employees of employer at the time the information was collected.

² Company listed was unable to provide employee data for 2016.

³ Tower Semiconductor was formerly Jazz Semiconductor.

Source: Data obtained from companies listed and compiled by City Administrative Services Department.

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OPERATING INFORMATION

This section of the City of Newport 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:

- Full Time City Employees by Functions
- Operating Indicators by Function
- Capital Asset Statistics by Function
- Water Sold by Customer Type
- Utility Rates
- Major Water Customers

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

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	77	77	79	80	78	80	81	85	94	95
Public safety	374	371	372	375	375	376	376	377	385	389
Community development	52	52	53	53	53	52	53	56	59	64
Public works	104	99	98	96	99	98	98	102	104	104
Community services	79	81	79	78	78	78	78	79	80	80
Water	32	31	33	33	33	33	33	32	34	33
Wastewater	12	13	11	11	11	11	11	11	10	11
Total	<u>730</u>	<u>724</u>	<u>725</u>	<u>726</u>	<u>727</u>	<u>728</u>	<u>730</u>	<u>741</u>	<u>766</u>	<u>775</u>

Source: City Administrative Services Department

CITY OF NEWPORT BEACH
Operating Indicators by Function
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Police:					
Adult Arrests	3,158	3,178	3,266	3,520	3,093
Parking Citations Issued	64,762	69,246	56,685	67,048	73,372
Fire:					
Fire Responses	300	247	248	209	11,913 ¹
Fire Inspections	1,201	1,216	1,307	1,033	2,842
General Services:					
Street Patching (tons of mix)	1,890	1,439	1,403	1,402	913
Sidewalk Repair (square feet)	27,000	20,490	22,925	14,840	11,729
Recreation & Senior Services:					
Co-Sponsored Youth Organization Attendance	305,000	425,000	437,751	469,959	439,954
Senior Transportation Services	14,000	13,500	13,071	13,386	9,300
Water:					
New Connections	194	229	210	210	256
Average Daily Consumption (hundred cubic feet)	11.66	13.80	14.07	13.75	13.44
Sewer:					
New Connections	17	41	137	46	10
Miles of Pipe Cleaned	250	202	211	196	221
Library Services:					
Library Circulation of Materials	1,575,000	1,464,640	1,424,594	1,376,041	1,084,206 (continued)

¹ Data varies with trend due to inclusion of responses to fires, hazardous materials, medical and other emergencies.

² Data varies with trend due to COVID-19 restrictions in 2021.

³ Data varies with trend due to COVID-19 restrictions being lifted in 2022.

Source: City of Newport Beach

CITY OF NEWPORT BEACH
Operating Indicators by Function
Last Ten Fiscal Years

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Police:					
Adult Arrests	2,872	2,650	2,800	2,615	3,259
Parking Citations Issued	86,439	83,307	85,003	86,002	76,012
Fire:					
Fire Responses	12,204	13,251	13,486	13,493	13,994
Fire Inspections	475 ²	3,015 ³	2,807	2,824	3,312
General Services:					
Street Patching (tons of mix)	920	901	903	739	1,016
Sidewalk Repair (square feet)	7,805	13,590	12,885	16,069	12,368
Recreation & Senior Services:					
Co-Sponsored Youth Organization Attendance	455,442	392,605	454,418	527,754	502,722
Senior Transportation Services	6,287	8,805	10,048	10,190	10,599
Water:					
New Connections	160	252	184	176	160
Average Daily Consumption (hundred cubic feet)	14.87	14.28	11.06	10.77	11.89
Sewer:					
New Connections	25	3	12	9	13
Miles of Pipe Cleaned	240	209	178	192	230
Library Services:					
Library Circulation of Materials	1,043,629	1,195,151	1,172,951	1,213,486	1,213,252

Source: City of Newport Beach

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

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	8	8	8	8	8
Lifeguard Headquarters	1	1	1	1	1
Public works:					
Streets (miles)	399	400	400	400	400
Streetlights	5,978	5,978	5,978	5,971	5,972
Traffic Signals	808	808	808	808	808
Recreation & Senior Services:					
Parks	64	64	64	65	65
Community Centers (includes leased property)	15	15	15	15	15
Aquatic Center	1	1	1	1	1
Water:					
Water Mains (miles)	299.77	300.64	300.30	300.88	300.82
Maximum Daily Capacity (thousands of gallons)	27,800	27,800	27,800	27,800	27,800
Wastewater:					
Sanitary Sewers (miles)	202.75	202.72	203.56	203.99	204.10
Storm Sewers (miles)	92.08	94.74	95.12	95.35	95.89
Library Services:					
Libraries	4	4	4	4	4

(continued)

Source: City of Newport Beach

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

Page 2 of 2

	Fiscal Year				
	2021	2022	2023	2024	2025
Police:					
Stations	1	1	1	1	1
Fire:					
Fire Stations	8	8	8	8	8
Lifeguard Headquarters	1	1	1	1	1
Public works:					
Streets (miles)	400	400	401	399	399
Streetlights	5,973	5,974	5,974	5,974	5,974
Traffic Signals	808	808	808	808	808
Recreation & Senior Services:					
Parks	65	66	66	66	66
Community Centers (includes leased property)	15	14	14	15	15
Aquatic Center	1	1	1	1	1
Water:					
Water Mains (miles)	301.23	301.13	301.48	301.39	301.01
Maximum Daily Capacity (thousands of gallons)	27,800	27,800	27,800	27,800	27,800
Wastewater:					
Sanitary Sewers (miles)	204.13	204.30	204.72	204.81	204.81
Storm Sewers (miles)	96.18	97.37	97.81	104.28	105.81
Library Services:					
Libraries	4	4	4	4	4

Source: City of Newport Beach

CITY OF NEWPORT BEACH
Water Sold by Type of Customer
Last Ten Fiscal Years
(in hundred cubic feet)

Page 1 of 2

	Fiscal Year				
	2016	2017	2018	2019	2020
Type of Customer:					
Residential	3,072,589	3,564,203	3,603,927	3,439,655	3,747,408
Commercial	1,847,372	2,142,952	2,201,254	2,075,812	2,081,860
Government	263,116	305,214	289,738	256,398	270,638
Total	<u>5,183,077</u>	<u>6,012,369</u>	<u>6,094,919</u>	<u>5,771,865</u>	<u>6,099,906</u>
Total direct rate per 100 cubic ft.	\$ 3.08	\$ 3.08	\$ 3.08	\$ 3.08	\$ 3.11 ¹

(continued)

- ¹ Reflects increase in commodity rate effective January 1, 2020
² Reflects increase in commodity rate effective January 1, 2021
³ Reflects increase in commodity rate effective January 1, 2022
⁴ Reflects increase in commodity rate effective January 1, 2023
⁵ Reflects increase in commodity rate effective January 1, 2024
⁶ Reflects increase in commodity rate effective January 1, 2025

Source: City Utilities Department

CITY OF NEWPORT BEACH
Water Sold by Type of Customer
Last Ten Fiscal Years
(in hundred cubic feet)

Page 2 of 2

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Type of Customer:					
Residential	3,811,231	3,714,134	3,242,477	3,154,529	3,294,352
Commercial	2,231,809	2,078,199	1,728,975	1,698,963	1,868,134
Government	<u>299,442</u>	<u>314,128</u>	<u>256,850</u>	<u>224,058</u>	<u>280,676</u>
Total	<u><u>6,342,482</u></u>	<u><u>6,106,461</u></u>	<u><u>5,228,302</u></u>	<u><u>5,077,550</u></u>	<u><u>5,443,162</u></u>
Total direct rate per 100 cubic ft.	\$ 3.35 ²	\$ 3.60 ³	\$ 3.87 ⁴	\$ 4.16 ⁵	\$ 4.26 ⁶

Source: City Utilities Department

CITY OF NEWPORT BEACH

Utility Rates¹

Last Ten Fiscal Years

Fiscal Year Ended June 30	Monthly Base Rate	Rate per 100 cubic ft
2016	21.77	3.43
2017	21.77	3.43
2018	23.73	3.46
2019	24.34	3.50
2020	28.09	3.57
2021	30.25	3.85
2022	32.03	4.14
2023	33.77	4.41
2024	37.64	4.69
2025	44.44	4.81

¹ Rates are based on 5/8" or 3/4" meter, which are the standard household meter sizes. Rates include sewer service. The City charges an excess-use rate above normal demand.

Source: City Revenue Division

CITY OF NEWPORT BEACH
Major Water Customers
Current Year and Nine Years Ago

Water Customer	2025			2016		
	Water Charges	Rank	Percent of Total Water Revenues	Water Charges	Rank	Percent of Total Water Revenues
Irvine Company Apartment	\$ 878,950	1	2.11%	\$ 320,311	1 ¹	1.29%
Irvine Company Office	731,541	2	1.75%	356,057	1 ¹	1.43%
Hoag Memorial Hospital	525,140	3	1.26%	285,276	2	1.15%
Newport Beach Country Club	472,025	4	1.13%	168,306	6	0.68%
Big Canyon Country Club	429,437	5	1.03%	217,509	5	0.88%
UDR Newport Beach	364,956	6	0.87%	243,261	3	0.98%
Bluffs Homeowners Association	363,672	9	0.87%	156,211	8	0.63%
Newport-Mesa Unified School District	347,777	7	0.83%	152,434	9	0.61%
Park Newport Ltd	324,952	11	0.78%	230,698	4	0.93%
Irvine Company LLC	294,126	8	0.70%	140,771	10	0.57%
Newport Dunes Resort	195,847	12	0.47%	88,257	20	0.36%
Jasmine Creek Community Association	176,743	10	0.42%	95,766	16	0.39%
Spyglass Hill Community Association	170,418	13	0.41%	112,756	11	0.45%
Villa Balboa Community Association	164,010	14	0.39%	111,351	12	0.45%
One Ford Road Community Association	162,498	15	0.39%	94,645	17	0.38%
	<u>\$ 5,602,092</u>		<u>13.42%</u>	<u>\$ 2,773,609</u>		<u>11.18%</u>

¹ Company listed operated under The Irvine Company in 2016.

Source: City Revenue Division

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City of Newport Beach
100 Civic Center Drive
Newport Beach, CA 92660
(949) 644-3123
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ATTACHMENT B

REQUIRED AUDIT COMMUNICATIONS

REQUIRED AUDIT COMMUNICATIONS

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (City) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 28, 2026. Professional standards require that we advise you of the following matters during our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 12, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included assisting in preparation of the financial statements, recording journal entries detected during the audit process, assisting in updating

infrastructure records, assisting in preparation of the State Controller's Report, and assisting in entering City leases into the City's software. To mitigate the risk, management has reviewed the financial statements and compared amounts to the accounting records, reviewed proposed journal entries to supporting documentation and posted the journal entries to the accounting records. Management has reviewed the updates to infrastructure records and compared amounts to underlying supporting documentation. In addition, management has reviewed the information generated from the lease software, compared amounts to underlying documentation and reviewed and posted the journal entries generated by the software. Furthermore, management has reviewed the State Controller's Report and agreed the amounts to its accounting records.

Significant Risks Identified

We have identified the following significant risks:

- The new compensated absences accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, we reviewed the City's calculations and ensured the financial statements and footnotes are accurate and complete.
- Compliance with federal grant requirements. We plan to review the City's Schedule of Expenditure of Federal Awards and select major programs to test for compliance with federal grant requirements. This work is scheduled to begin in January.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 7 to the financial statements, during the year, the City changed its method of accounting for compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Additionally, the City changed accounting policies regarding risk disclosures related to government vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, *Certain Risk Disclosures*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension liability.
- Management's estimate of the net OPEB liability.
- Management's estimates of the claims payable liabilities related to general liability and workers' compensation claims.

Management's estimate of the pension liability, OPEB liability and claims payable liabilities are based on actuarial valuation reports. We evaluated the key factors and assumptions used to develop the pension liability, OPEB liability, and claims payable liabilities and determined they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to pensions in Note 11 and OPEB in Note 12. The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements recorded as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested and received certain written representations from management, which are included in a separate letter dated January 28, 2026.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
January 28, 2026

ATTACHMENT C

REPORT ON INTERNAL CONTROL AND OTHER MATTERS

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (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, and have issued our report thereon dated January 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Farr LLP

Irvine, California
January 28, 2026



Financial Statement Audit Results



Discussion Topics

2

- ❑ Scope of Audit
- ❑ Management Responsibilities
- ❑ Auditor Responsibilities
- ❑ Results of Audit

Scope of Engagement

3

- ❑ Annual financial audit of the City
- ❑ Single Audit of Federal financial assistance
- ❑ Agreed-upon procedures applied to Gann limit

Management Responsibilities

4

- ❑ Preparation and fair presentation of financial statements, including notes
- ❑ Prepared in accordance with generally accepted accounting principles
- ❑ Design, implement and maintain a system of internal control
- ❑ Financial statements free from material misstatement, whether due to fraud or error
- ❑ Evaluation of going concern

Auditor Responsibilities

5

- ❑ Express opinion on financial statements
- ❑ Conduct audit in accordance with generally accepted auditing standards and *Government Auditing Standards*
- ❑ Plan and perform audit to obtain reasonable, not absolute assurance, that financial statements are free from material misstatement, whether due to fraud or error

Auditor Responsibilities

6

- ❑ Exercise professional judgment and maintain professional skepticism
- ❑ Identify and assess risks of material misstatement
- ❑ Obtain an understanding of internal control
- ❑ Evaluate appropriateness of accounting policies and estimates made by management
- ❑ Evaluate going concern

Results of Audit

7

- ❑ Initial communication to Finance Committee at 5/8/25 meeting
- ❑ Timing
 - ❑ Interim – June 2025
 - ❑ Final – November 2025 through January 2026
- ❑ Unmodified (“clean”) opinion issued

Results of Audit

8

- ❑ Financial results at government-wide level:
 - ❑ Assets and deferred outflows decreased \$6.4 million
 - ❑ Liabilities and deferred inflows decreased \$66.8 million
 - ❑ Net position increased \$60.4 million
 - ❑ Revenues decreased \$23.8 million
 - ❑ Expenses decreased \$16.9 million

Results of Audit

9

- ❑ Significant Risks
 - ❑ Implementation of GASB 101, *Compensated Absences*
 - ❑ Compliance with federal grant requirements
- ❑ Estimates in preparing statements
 - ❑ Useful lives of assets, pension liability, OPEB liability and claims payable
 - ❑ All found to be reasonable and have a sound basis

Results of Audit

10

- ❑ No significant unusual transactions
- ❑ No audit adjustments
- ❑ No uncorrected misstatements
- ❑ No difficulties or disagreements with management
- ❑ Management provided representations to us at the end of the audit
- ❑ No consultations with other accountants
- ❑ We remain available as a resource throughout the year



Questions





CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 5B
February 12, 2026

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Administrative Services Department
Jason Al-Imam, Administrative Services Director / Treasurer
949-644-3126, jalimam@newportbeachca.gov

SUBJECT: SECOND QUARTER BUDGET UPDATE

SUMMARY:

The Administrative Services Department prepares quarterly financial reports to review the status of revenues and expenditures for the City's General Fund and to monitor budgetary trends across other City funds. This report presents information on revenues, expenditures, and the estimated fund balance for the second quarter of Fiscal Year 2025–26.

The second quarter financial report for FY 2025–26 provides an analysis of the City's financial activity from October through December 2025. Based on information available through the end of the second quarter, an unrestricted General Fund operating surplus of \$12.9 million is projected for FY 2025–26.

RECOMMENDED ACTION:

Review and discuss this report and provide any recommendations for consideration by the City Manager and City Council.

DISCUSSION:

Economic Overview

Property tax, the City's largest revenue source, is experiencing projected growth by 5.8% in FY 2025-26, driven primarily by strong property sales and rising median home prices.

Sales tax, the City's second largest revenue source and approximately 15% of General Fund revenues, grew 5.7% in FY 2024–25 and is projected to increase 3.0% in FY 2025–26, reflecting a resilient local economy.

Transient Occupancy Tax (TOT), the City's third-largest revenue source, is declining in Fiscal Year 2025/26 due to both continued softness in international tourism and commercial hotel activity and the absence of a one-time increase in hotel stays that occurred in the prior year. In Fiscal Year 2024/25, TOT demand was temporarily elevated by regional displacement following the Los Angeles wildfires, which resulted in atypically high hotel occupancy. As this non-recurring demand has subsided and travel activity has returned to more typical levels, TOT revenues are projected to decrease year over year.

Overall, the City's diverse and stable revenue base, coupled with prudent fiscal management, positions it well to maintain long-term financial sustainability.

General Fund Revenues

General Fund Revenues are projected to end the year by approximately 0.27%, or \$0.9 million, higher than projected in the first quarter. This is primarily due to increase in the following categories: sales tax, license and permits, property income, miscellaneous revenues, fines and penalties. Projections for key revenue categories have been updated based on current economic conditions and revenue forecasts.

The table below summarizes the changes to projected General Fund revenues versus the quarter one projected amounts for FY 2025–26. Details explaining the reasons for the material variances follow.

FY 2025-26 Projected General Fund Revenues

Revenues by Category	Revised Budget	A	B	C = B - A Variance	D = C/B % Variance
		Q1 Projected Actuals	Q2 Projected Actuals		
Property Taxes	163,128,525	163,128,525	163,128,525	-	0.00%
Sales Tax	48,091,080	48,091,080	48,793,625	702,545	1.44%
Transient Occupancy Tax*	33,600,771	33,747,971	32,821,827	(926,144)	-2.82%
Other Taxes	10,318,398	10,318,398	10,318,398	-	0.00%
Service Fees & Charges	26,121,476	26,569,121	26,492,369	(76,752)	-0.29%
Parking Revenue	8,976,102	8,976,102	8,924,261	(51,841)	-0.58%
Licenses and Permits	5,598,575	5,757,997	6,213,317	455,320	7.33%
Property Income	9,552,739	9,544,279	10,117,997	573,718	5.67%
Fines & Penalties	4,169,867	4,324,224	4,431,438	107,214	2.42%
Intergovernmental	4,943,347	4,684,876	4,531,502	(153,374)	-3.38%
Investment Earnings	1,577,249	1,577,249	1,577,249	-	0.00%
Misc Revenues	806,648	660,554	934,015	273,462	29.28%
Operating Transfers In	20,753,116	20,753,116	20,753,116	-	0.00%
Total Revenues	337,637,893	338,133,491	339,037,638	904,147	0.27%

*Gross TOT revenues are projected at approximately \$39.8 million, consisting of \$30.4 million in hotel TOT and \$9.4 million in residential TOT. Effective January 1, 2025, VNB's share increased to 23% of hotel TOT and 0% of residential TOT. VNB is projected to receive about \$7.0 million, resulting in net TOT revenues of \$32.8 million.

Property Tax – Property taxes are the City’s single largest General Fund revenue and represent approximately 50% of all General Fund revenues. As reported in the first quarter budget update, property tax revenue was projected at \$163 million, reflecting an increase of \$1.5 million, or 1.3%, over the prior year. Second quarter projections remain consistent with the previous forecast, and no adjustment is recommended. Accordingly, property tax revenues are expected to remain stable for the remainder of the fiscal year, supporting the City’s overall General Fund outlook.

Sales Tax – The second-largest funding source for the General Fund is sales tax revenue, which accounts for more than 15 percent of total General Fund revenues. The City’s sales tax base is primarily generated from four industry groups: autos and transportation; general consumer goods; restaurants and hotels; and the State and County pools. As reported in the first quarter, sales tax revenue was projected at \$48.1 million. However, an updated projection provided by the City’s sales tax consultant reflects a 1.44 percent, or \$0.7 million, increase over the first-quarter projection. Overall, sales tax revenue is now estimated at \$48.8 million for the current fiscal year, which is \$2.9 million, or 6.2 percent, higher than the prior year. A major contributor to this growth is the autos and transportation sector, which is projected to increase by \$1.3 million, or 12.2 percent, compared to the prior year.

Transient Occupancy Tax – The third largest funding source for the General Fund is TOT, making up more than 10% of General Fund revenues. TOT is projected to decline as temporary, non-recurring hotel demand related to Los Angeles wildfire displacement in FY 2024–25 subsides and international tourism and commercial hotel activity remain soft. For FY 2025–26, after distributions to Visit Newport Beach, net General Fund TOT revenues are projected at \$32.8 million. This includes a downward revision of \$0.9 million (2.8%) from the previous TOT forecast in the first quarter.

All Other Revenue – This category includes all other revenue sources other than the top three (property tax, sales tax and TOT). All other revenue is made up of other taxes, service fees and charges, parking revenue, licenses and permits, property income, fines and penalties, intergovernmental revenues, investment earnings, and miscellaneous revenues. Changes in projected amounts are proposed in the following categories:

- Property Income includes City owned and managed income producing properties, long-term ground leases to concessions, restaurants, hotels and other businesses and organizations, and rental of City facilities to the public. Second quarter projections show a \$0.6 million, or 5.67% increase over first quarter projections and are attributed to various properties around the City.
- Licenses and Permits include fees for processing building-related permits, street closure permits, dog licenses, and police tow franchise fees. Budget projections indicate an increase of \$0.5 million, or 7.33%, above the first quarter projection. This variance is primarily attributed to higher building and plumbing permits, reflecting an overall increase in residential and commercial development projects.

- Miscellaneous Revenues include restricted revenue, damage to City property, bad debt recoveries, donations and contributions, non-operating revenues such as proceeds from the sale of materials and equipment, and other miscellaneous revenues. This category is projected to be \$0.3 million, or 29.3% higher than first quarter projections. Contributing factors include an increase in one-time receipts.
- Fines & Penalties include parking citation fines collected by the City, administrative citation fines, fines remitted to the City from the County for vehicle code violations, and false alarm penalties. Second quarter projections are expected to exceed first quarter projections by \$0.1 million, or 2.42% due to higher administrative citation fine activity in the Police Department.

General Fund Expenditures

The FY 2025-26 General Fund revised expenditure budget totals \$363.4 million. Spending trends in FY 2025-26 are generally consistent with prior years and do not indicate any cause for concern. As of quarter two, additional expenditure savings of \$1.7 million are projected at this time largely due to year-to-date savings from vacancies.

The following table summarizes budgeted expenditures compared to amounts based on data through the second quarter, along with expenditure savings by budget category. Details highlighting the reasons for the material variances follow.

FY 2025-26 Projected General Fund Expenditures

Expenses by Category	Revised Budget	A	B	C = A - B Variance	D = C/B % Variance
		Q1 Projected Actuals	Q2 Projected Actuals		
Salary & Benefits	195,963,383	193,425,260	191,525,260	1,900,000	0.99%
Contract Services	42,960,522	42,485,199	41,891,862	593,337	1.42%
Grant Operating	1,570,592	1,108,329	1,097,146	11,183	1.02%
Utilities	4,722,621	4,654,138	4,966,968	(312,831)	-6.30%
Supplies & Materials	5,363,627	4,945,456	5,087,980	(142,524)	-2.80%
Maintenance & Repair	6,676,879	6,518,171	6,587,024	(68,852)	-1.05%
Travel & Training	873,529	872,569	865,405	7,164	0.83%
General Expenses	4,700,681	4,709,539	5,036,800	(327,261)	-6.50%
Internal Svc Charge	29,444,147	29,444,147	29,444,147	-	0.00%
Capital Expenditures	1,790,189	1,504,462	1,188,003	316,460	26.64%
Operating Transfers Out	57,267,367	57,007,367	57,267,367	(260,000)	-0.45%
Total Expenditures	351,333,538	346,674,637	344,957,962	1,716,675	0.50%

Significant expenditure budget variances are as follows:

- The revised salary and benefits budget totals \$196.0 million. An analysis of second-quarter salary and benefit activity indicates that \$1.9 million in personnel savings accrued during the quarter, in addition to the personnel salary savings realized in the first quarter.

- The contract services budget is expected to have \$0.6 million in savings. As of the second quarter, the variance is primarily due to timing of projects. As these savings are preliminary, staff will continue to monitor activity to refine projections as additional data becomes available.
- The capital expenditures budgets are trending lower than first quarter projections due to timing of planned project expenditures.
- The utilities, supplies & materials, maintenance & repair, and general expense budget show a combined \$0.9 million in overages due to higher-than-expected consumption related to facility usage, maintenance requirements, and increase operational demand.

General Fund Sources, Uses, and Projected Surplus

The City continues to maintain a strong and stable financial position. Conservative budgeting practices and adherence to sound financial policies have supported consistent General Fund operating surpluses and healthy reserve levels over the past several years. These practices position the City to sustain current service levels and strategically allocate surplus resources toward key community priorities. Unrestricted General Fund resources are currently projected to total \$12.9 million at the end of FY 2025–26. As in prior years, staff anticipate that additional budget savings will be realized in subsequent quarters as the fiscal year progresses.

FY 2025-26 Projected General Fund Sources, Uses, and Budget Surplus

Category	Revised Budget	A Q1 Projection	B Q2 Projection	C=B-A Variance	D=C/B % Variance
Beginning Fund Balance Reserves	\$ 25,714,088	\$ 25,714,088	\$ 25,714,088	\$ -	0.00%
Operating Resources:					
Operating Revenues	316,884,777	317,380,375	318,284,522	904,147	0.28%
Prior Year Resources Carried Forward	3,785,541	3,785,541	3,785,541	-	0.00%
Transfers In from Other Funds	20,753,116	20,753,116	20,753,116	-	0.00%
Repayment of Advances	1,250,000	1,250,000	1,250,000	-	0.00%
Total Operating Resources	\$ 342,673,435	\$ 343,169,032	\$ 344,073,180	\$ 904,147	0.26%
Operating Uses:					
Operating Expenditures	294,066,171	289,667,270	287,690,595	1,976,675	0.69%
Transfers Out	45,330,867	43,229,779	43,489,779	(260,000)	-0.60%
Total Operating Uses	\$ 339,397,038	\$ 332,897,049	\$ 331,180,374	\$ 1,716,675	0.52%
Net Operating Surplus	\$ 3,276,397	\$ 10,271,983	\$ 12,892,805	\$ 2,620,822	20.33%
Non-Operating Resources & Uses					
Use of FY 2024-25 Surplus:					
Purchase of Real Property on Campus Drive	(11,936,500)	(11,936,500)	(11,936,500)	-	0.00%
Transfers out to the FFP	(13,777,588)	(13,777,588)	(13,777,588)	-	0.00%
Total Non-Operating Resources & Uses	\$ (25,714,088)	\$ (25,714,088)	\$ (25,714,088)	\$ -	0.00%
Net Change in Fund Balance	(22,437,691)	(15,442,105)	(12,821,283)	2,620,822	-20.44%
Ending Fund Balance Reserves	\$ 3,276,397	\$ 10,271,983	\$ 12,892,805	\$ 2,620,822	20.33%

Major Funds

Staff have evaluated the fiscal condition of other major operating funds.

An analysis of the budget performance for other major operating funds indicates that a budget adjustment is not necessary and variances between budgeted and actual amounts are within reason.

Conclusion

Staff recommends that the Finance Committee review and discuss this report and provide any recommendations for City Manager and City Council consideration.

Prepared and Submitted by:

/s/ Jessica Nguyen

Jessica Nguyen
Budget Manager

Newport Beach Finance Committee Work Plan

Scheduled Date	Agenda Title	Report Type	Agenda Description
April 2026			
Thursday, April 16, 2026	Facilities Financial Plan (FFP) and Harbor & Beaches Master Plan (HBMP)	Presentation	Staff will provide an update on the current status of FFP and HBMP.
	Fiscal Year 2025-26 Fee Study Update	Presentation	Review and discuss the proposed fee updates for Fiscal Year 2025-26
	Overview of Proposed Fiscal Year 2026–27 Revenues and Expenditures	Presentation	Staff will provide the Committee with an overview of revenue projections and expenditure budget for Fiscal Year 2026-27.
	Budget Amendments for Quarter Ending March 31, 2026	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
May 2026			
Thursday, May 14, 2026			
	Follow-Up Discussion of Proposed FY 2026-27 Budget	Discussion	Staff will provide the Committee with a copy of the Fiscal Year 2026-27 proposed budget document. Should the Committee wish to continue April's discussion of the Fiscal Year 2026-27 budget, this is also an opportunity to do so.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
Tuesday, May 26, 2026	Joint City Council and Finance Committee Study Session	Presentation	Staff will present the Fiscal Year 2026-27 proposed budget to the City Council and Finance Committee.
Thursday, May 28, 2026	Committee Recommendation to Council for the FY 2026-27 Budget	Discussion	Discussion of the Study Session earlier in the week and formulation of any recommendations to be presented to the City Council at the budget public hearing in June.
	Third Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2025-26 budget performance.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
June 2026			
<i>Committee Recess</i>			
July 2026			
<i>Committee Recess</i>			
August 2026			
<i>Committee Recess</i>			
September 2026			
Thursday, September 10, 2026	Financial Statement Auditor's Communication with the Finance Committee acting as the City's Audit Committee	Presentation	The City's external auditors will discuss with the Audit Committee the planned scope and timing of the financial statement audit for the Fiscal Year Ending June 30, 2026.
	Annual Review of Investment Performance	Presentation	The City's investment advisor, Chandler Asset Management, will report on the performance of the City's investment portfolio for the fiscal year ending June 30, 2026.
	Annual Review of Investment Policy	Presentation	Staff will provide a presentation regarding any proposed changes to the City's Investment Policy prior to the Investment Policy being approved by the City Council.
	Budget Amendments for Quarter Ending June 30, 2026	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.

Newport Beach Finance Committee Work Plan

Scheduled Date	Agenda Title	Report Type	Agenda Description
October 2026			
Thursday, October 15, 2026	Budget Amendments for Quarter Ending September 30, 2026	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Year-End Budget Results and Surplus Allocation	Presentation	Staff will provide a presentation regarding the year-end budget results for Fiscal Year 2025-26 and recommendations for allocation of any year-end budget surplus.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
November 2026			
Thursday, November 12, 2026	First Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2026-27 budget performance.
	OPEB Actuarial Valuation Report Update	Presentation	Staff will provide the Committee with an overview of the Fiscal Year 2025-26 actuarial valuation report prepared by the City's actuary.
	CalPERS Update	Presentation	Staff will provide the Committee with an overview of the data from the latest actuarial reports from CalPERS as well as their impact on prior projections of the paydown of the City's unfunded pension liability.
	Internal Audit Program Update	Presentation	Presentation of internal audit reports, findings, and recommendations from the Fiscal Year 2025-26 audit program.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
December 2026			
Committee Recess			