



**CITY OF PALOS VERDES ESTATES
PALOS VERDES ESTATES, CALIFORNIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

FOR THE YEAR ENDED JUNE 30, 2024

Prepared by:

Finance Department

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Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024
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INTRODUCTORY SECTION

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July 24, 2025

Honorable Mayor and Members of the City Council:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Palos Verdes Estates (City) for the fiscal year ended June 30, 2024. This report was prepared in accordance with all the appropriate rules and guidelines and independently audited by Vasquez and Company LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion for this fiscal year. The independent auditor's report is presented as the first component of the financial section of the ACFR.

The ACFR contains management's representations concerning the City's finances, is free of material misstatement, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for this report. As the cost of internal controls should not exceed the benefits derived from those controls, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it. Financial data for all funds of the City are included within the ACFR.

Profile of the Government

The City of Palos Verdes Estates is a planned community that is comprised primarily of residential properties, and large areas of permanent open space, with panoramic views overlooking the Pacific Ocean and Los Angeles metropolitan area. The City was incorporated in 1939 and is the oldest of the four cities on the Palos Verdes Peninsula. The City's population of approximately 13,500 resides within an area of 4.75 square miles. As a residential community with almost no commercial tax base, the City has depended significantly on revenues derived from two primary sources, general property taxes, and a special parcel tax, to provide services to residents and the public.

The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in the five-member City Council. City Council members are elected on a non-partisan basis and serve four-year, staggered terms, and receive no compensation. One member is selected by the City Council as Mayor who serves a one-year term. The City Council is responsible for a variety of functions including adopting ordinances, establishing policies, allocating resources, appointing Commission and Committee members, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for all hiring decisions. Voters also elect, every four years, a City Treasurer who is responsible for the City's investment and banking decisions.

City employees provide various public services including: public safety; planning and building; public works, maintenance of City buildings, parkways, medians and streets; and general administrative services. The City contracts with the Los Angeles County Fire Department for fire suppression and paramedic services. The City also contracts with private firms for professional engineering and capital project management; building plan check, permitting and inspection; business license tax management and collection, information technology services; refuse collection; and grounds maintenance. The City has concession agreements for the operation and use of City property that collectively provide recreational venues consisting of a golf course, tennis club, swimming venue and stables for residents and the public.

Financial Policies

Budget Policy - The City Manager presents a proposed budget to the City Council for adoption annually on or before June 30. The Adopted Budget serves as the blueprint for the allocation of resources for the delivery of services. The budget is controlled at the Fund level, and the City Manager is authorized to make transfers between Departments within City Council approved limits. The budget also presents fiscal information at the Department level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted.

Fund Balance Policy - The City Council has adopted a Fund Balance Policy which includes a committed General Fund balance of \$8.0 million for emergency contingencies. The reserve may be used in the event of either a declared federal, state or local emergency or if the City suffers a loss of General Fund revenue in the amount of \$500,000 or more, either through state actions or a local condition affecting a major revenue source.

Investment Policy - The elected City Treasurer is responsible for the custody and investment of surplus City funds. The Treasurer's activities are guided by the City's adopted Investment Policy that defines the objectives and priorities of the investment program. Consistent with the applicable provisions of the California Government Code, the City's Investment Policy prioritizes safety and then liquidity of funds over investment returns.

One-time Revenues and General Fund Surplus Policy -The City has adopted a One-time Revenues and General Fund Surplus Policy that provides prudent and deliberate guidance for the application and/or use of these resources. The Policy provides a consistent focus on priorities needing long-term resolution while reducing or eliminating the allocation of funding for non-strategic investments.

Factors Affecting Financial Condition

The information presented in the financial statements may be best understood when it is considered from the perspective of the specific environment within which the City operates.

Local Economy. The City of Palos Verdes Estates is overwhelmingly residential; predominately comprised of single family homes. The City is nearly fully developed with few vacant parcels. Commercial activity in the City is primarily real estate firms with other business that support real estate activity, including mortgage and title companies, or provide local services. Property tax is the primary component of the City's revenue stream. In this respect, although the City is not diversified in its mix of revenue sources, the City is also not subject to widespread, consumer-driven, economic fluctuations - except to the extent that the real estate market is affected by property sales and valuations. Within the City's two small commercial areas at Malaga Cove and Lunada Bay Plazas, there are small, locally owned retail shops, restaurants and food markets.

From a regional perspective, the City of Palos Verdes Estates is part of the larger South Bay region of Los Angeles County, consisting of 16 incorporated cities and 20 communities. The South Bay is home to many aerospace and defense-related industries including the Los Angeles Air Force Base, as well as manufacturing, software development, entertainment, and travel and tourism focused firms. Located near Los Angeles International Airport and the ports of Los Angeles and Long Beach, the South Bay is an essential component of the Los Angeles County economy.

Palos Verdes Estates Law Enforcement Parcel Tax (Parcel tax). In recent years, made possible by the voter approved temporary Parcel Tax, the City has been able to record a series of annual General Fund budgetary surpluses. The revenues generated since 2018 from the parcel tax have fulfilled their intended purpose of funding the majority of Police Services with annual revenues of approximately \$5.1 million. Since the approval of Parcel Tax, the cost of Police Services for the community has grown by \$880,466 (13.4%) to the current cost of \$7.5 million for fiscal year 2023/24.

Additionally, the above costs do not include the public safety aspects of Parklands fire risk mitigation. These three areas of public safety are key contributors to the city's unique character that residents treasure.

As the parcel tax is due to expire after Fiscal Year 2026-27, it will be necessary for the City to work with citizens to develop an acceptable replacement that sustains desired public service levels while also continuing the City's practice of disciplined financial stewardship.

Pension Debt and other Unmet Needs. Pension Debt, Infrastructure and Parklands continue to be the primary funding needs for the City. With the adoption of the One-time Revenue and General Fund Surplus policy, a limited source of funding for these needs has been identified. Like other cities, long-term planning for meeting our obligations created by Memorandums of Understanding, State mandates, pensions, insurance, etc. is paramount to the City's long-term financial health.

Throughout California, the fluctuating costs associated with the long-term funding of employee pensions obscure the understanding of each city's financial condition. CalPERS posted a loss of 6.1% for FY 2021-22 and a gain of 5.8% for FY 2022-23; a miss of over 13% and 1.5%, respectively from their stated investment return goal. This investment return shortfall will result in growth of the City's pension debt. While the State's Public Employees Pension Reform Act reduces pension costs for newer employees, it remains critical that Palos Verdes Estates continues to carefully monitor these costs and invest in strategies designed to lower its long-term post-employment expenses.

Long-term Financial Planning. Infrastructure maintenance, replacement, and upgrade are critical components of the City’s financial planning and fiscal needs. Like other cities, long-term planning is also necessary for meeting the obligations of State mandates, pension, insurance, healthcare and contract increases. As the City is dependent on voter approved revenues for assistance in balancing the budget, infrastructure enhancement, and on-going maintenance, options for future needs must be critically evaluated. Revenues must be evaluated for having the lowest impact to our residents with the greatest affect for funding expected City service levels; infrastructure maintenance, replacement and upgrade; and Parkland’ fire mitigation efforts. Refining a long-range model that clarifies the long-term infrastructure and operating needs of this City is critical to maintaining the quality of life and services that residents expect and desire.

Acknowledgments

We sincerely thank the City Council for its leadership. The City Council continues to focus on the standards of professionalism, ethics, and prudent financial planning while managing the City’s finances. We also thank the City staff for their integrity, hard work, and dedication in service to the City, its residents, businesses, and visitors.

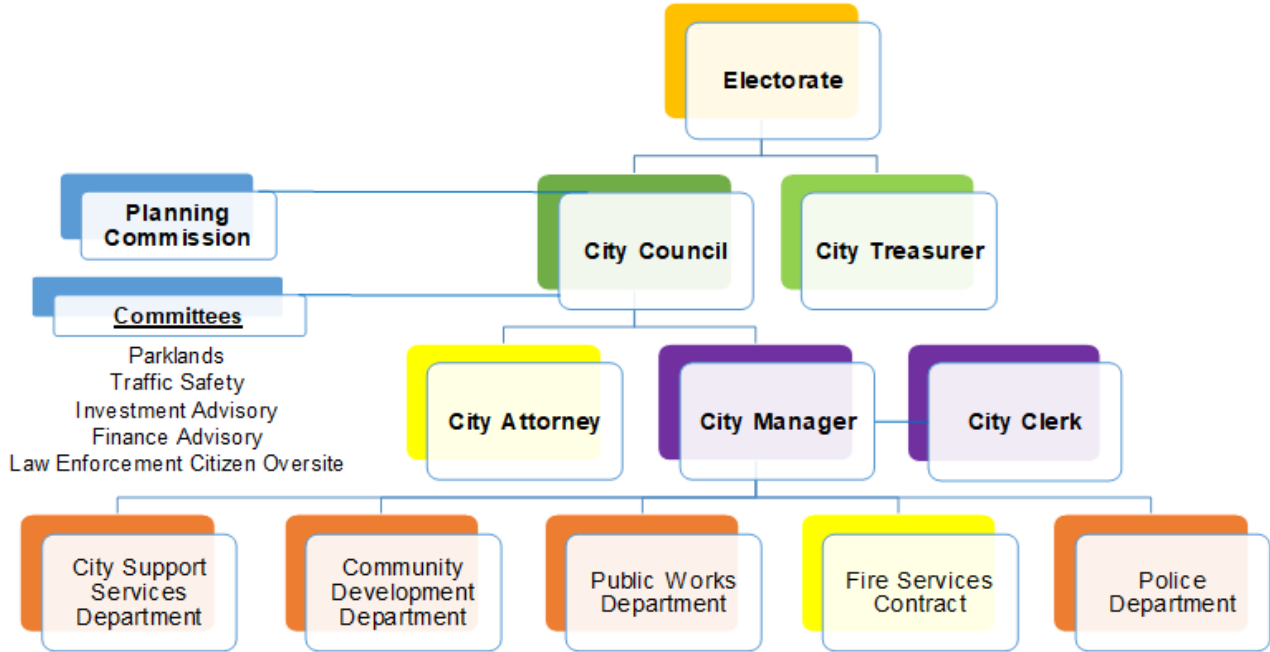
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kerry Kallman', written in a cursive style.

Kerry Kallman
City Manager

Organization Chart

Fiscal Year 2023 -2024



***Elected Officials and Executive Team**

Fiscal Year 2023 – 2024

CITY COUNCIL

Mayor	Dawn Murdock
Mayor Pro-Tem	Victoria A. Lozzi
Council member	David McGowan
Council member	Michael Kemps
Council member	Jim Roos

CITY TREASURER

Martin J. Petersen

EXECUTIVE TEAM

City Manager	Kerry Kallman
Deputy City Manager	George Gabriel
City Attorney	Trevor Rusin
City Support Services Director	Vacant
Chief of Police	Luke Hellinga
Community Development Director	Sheryl Brady
Community Development Public Works Director	Oscar Antillon

**This information is as of the issuance date of the report.*

FINANCIAL SECTION

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
of the City of Palos Verdes Estates, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palos Verdes Estates, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palos Verdes Estates, California as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 on pages 5 through 14 and the required supplementary information on pages 61 through 69 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 fund financial statements and budgetary comparison schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report July 24, 2025 on our consideration of the City of Palos Verdes Estates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vasquez & Company LLP

**Glendale, California
July 24, 2025**

This discussion and analysis of the City of Palos Verdes Estates' (City) financial performance provides an overview of the financial activities of the City for the fiscal year ended June 30, 2024. It is suggested that this overview be read in conjunction with the letter of transmittal (pages i-iv) and the accompanying financial statements.

Financial Highlights

- The General Fund ended the year in a higher position as compared to FY 2023-24. As of June 30, 2024, the General Fund balance was \$26.2 million, an increase of approximately \$0.5 million, or 2.1%.

General Fund expenditures exceeded revenues by \$6.7 million before transfers. Net transfers into the General Fund totaled \$7.3 million of which \$5.0 million was from PVE Law Enforcement Special Revenue Tax Fund. FY 2023-24 results include General Fund revenue of \$20.1 million and expenditures of \$26.9 million.

- During the year, the City's governmental revenues totaled \$31.3 million, an increase of approximately \$5.3 million, or 20.1%, from the prior year. Governmental funds expenditures totaled \$33.1 million for the fiscal year, an increase in expenditures of \$10.4 million, or 45.9% from the prior year. In total, governmental expenditures exceeded revenues by \$1.8 million, excluding transfers.
- The City maintained its prudent reserve posture. The City's current adopted Fund Balance Policy provides for a minimum General Fund committed fund balance of \$8.0 million for emergency contingencies. The restricted fund balance includes funds for public works in the amount of \$6.5 million and public safety in the amount of \$1.9 million. The assigned fund balance includes the exchange of Rule 20A Southern California Edison credits with the City of Rolling Hills in the amount of \$675,295. Additionally, \$5.5 million of resources identified by the City Council for Parklands and Capital Project needs were unused and assigned at fiscal year-end for future application in these areas.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: the Government-wide Financial Statements, the Fund Financial Statements, and the Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements, including non-major fund financial statements and a statistical section.

Basic Financial Statements

The Basic Financial Statements contain the Government-wide Financial Statements, the Fund Financial Statements and the Notes to the Basic Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the Basic Financial Statements.

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

The *Statement of Net Position* presents information on all of the City’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

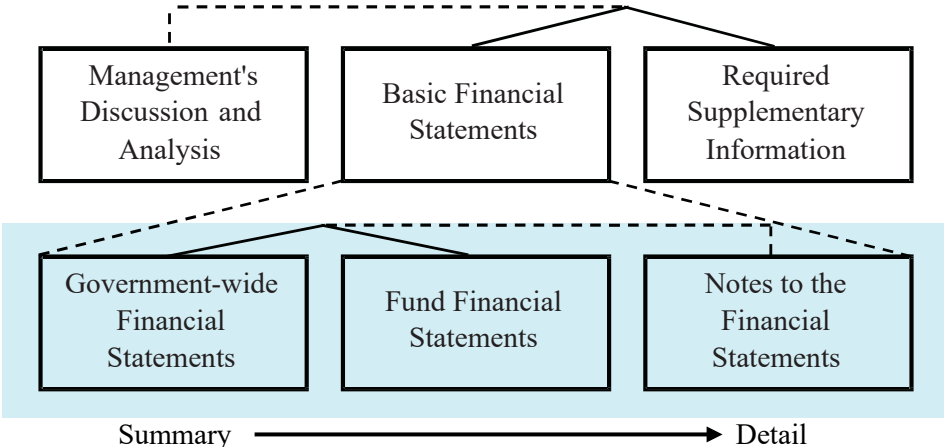
The *Statement of Activities* provides information about the City’s revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City’s programs. The Statement of Activities explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements reflect functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). **The City does not maintain or report business-type activities.** The governmental activities of the City include general government, public safety, public works, parks and recreation. Capital projects are reported as governmental activities according to the nature of the project. The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth by the Government Accounting Standards Board (GASB). Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities.

The Notes to the Basic Financial Statements. The Notes to the Basic Financial Statements provide additional information and narrative disclosures that are essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 26-60 of this report.

**REQUIRED COMPONENTS OF
THE ANNUAL FINANCIAL REPORT**



Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and budgetary comparison schedules can be found on pages 72-92.

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

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

The City maintains individual governmental funds. Information is presented separately in the balance sheet and in the statement of revenues, expenditures and changes in fund balances for the General Fund and the PVE Law Enforcement and American Rescue Plan Act (ARPA) Special Revenue Funds and General Capital Improvements Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with this budget.

The basic fund financial statements can be found on pages 17-20 of this report.

Proprietary funds. The City maintains a single Internal Service Fund (ISF), one type of proprietary fund, to accumulate and allocate costs among the City's various governmental functions. The City uses its ISF to accumulate resources and to account for the costs of equipment replacement (vehicles, computer systems and furniture). Because these services benefit governmental functions, the net revenue (expenses) have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2024

Financial Highlights
Government-wide / Full Accrual Basis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2024, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$51.1 million, a decrease of \$1.8 million, or -3.34%, from the prior fiscal year.

Net investment in capital assets accounted for \$27.5 million, or 53.85% of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Net investment in capital assets decreased by \$2.1 million, or 7.14%, from the prior fiscal year. This decrease is mostly attributable to the recognition of \$2.2 million in depreciation.

Restricted net position amounted to \$8.5 million, representing 16.60% of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. This component of the City's net position increased \$0.6 million, or 8.22%.

The remaining unrestricted component of \$15.1 million, representing 29.55% of total net position, decreased \$296 thousand, or -1.92%, from the prior fiscal year.

Net Position
June 30, 2024 and 2023

	2024	2023	Change (in dollars)	Change (in percentage)
Current and other assets	\$ 41,819,077	\$ 41,525,505	\$ 293,572	0.71%
Capital assets	<u>27,962,845</u>	29,734,636	(1,771,791)	-5.96%
Total assets	<u>69,781,922</u>	<u>71,260,141</u>	<u>(1,478,219)</u>	<u>-2.07%</u>
Deferred outflows	<u>8,406,540</u>	9,314,811	(908,271)	-9.75%
Current liabilities	4,384,821	5,063,079	(678,258)	-13.40%
Compensated absences	671,279	704,502	(33,223)	-4.72%
Net pension liability	20,230,001	20,043,547	186,454	0.93%
Other postemployment benefit liability	337,713	361,847	(24,134)	-6.67%
Total liabilities	<u>25,623,814</u>	<u>26,172,975</u>	<u>(549,161)</u>	<u>-2.10%</u>
Deferred inflows	<u>1,447,627</u>	1,518,508	(70,881)	-4.67%
Net investment in capital assets	27,524,966	29,640,076	(2,115,110)	-7.14%
Restricted	8,485,957	7,841,117	644,840	8.22%
Unrestricted	<u>15,106,098</u>	<u>15,402,276</u>	<u>(296,178)</u>	<u>-1.92%</u>
Total net position	<u>\$ 51,117,021</u>	<u>\$ 52,883,469</u>	<u>\$ (1,766,448)</u>	<u>-3.34%</u>

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2024

Governmental activities. During FY 2023-24, governmental activities net position decreased by \$1.8 million to a total of \$51.1 million.

Total revenues for governmental activities increased \$5.3 million, or 20.13%. Program Revenues, that is revenues derived from charges for services and grants, increased by \$3.8 million, or 35.15%. General Revenues such as revenues from taxes and investments, increased \$1.5 million, or 9.69%. This resulted from several factors, including a \$724,248 increase in tax revenues and a \$765,654 increase in investment income.

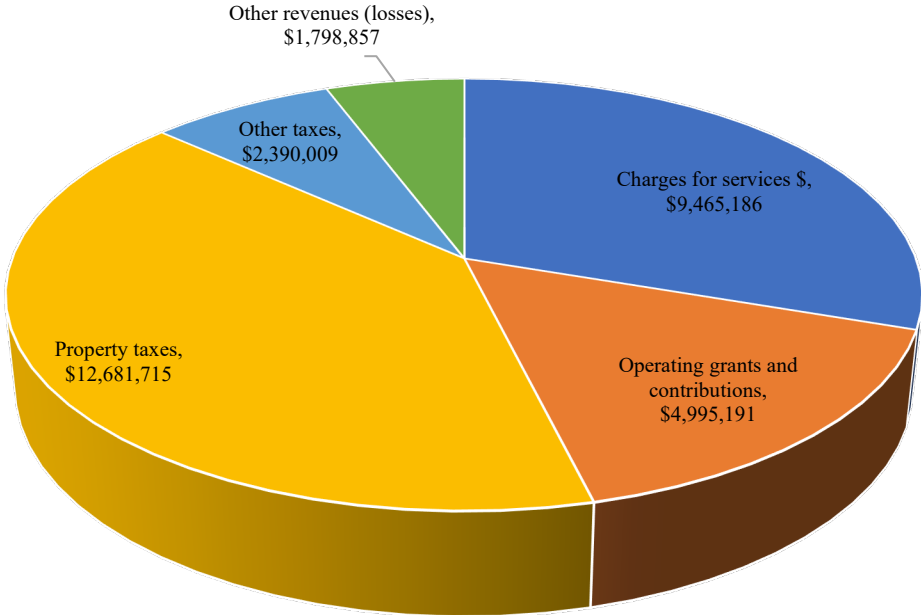
Governmental Activities expenses increased by \$10.4 million, or 45.94%.

The following table presents condensed information from the statement of activities for the fiscal years 2024 and 2023. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

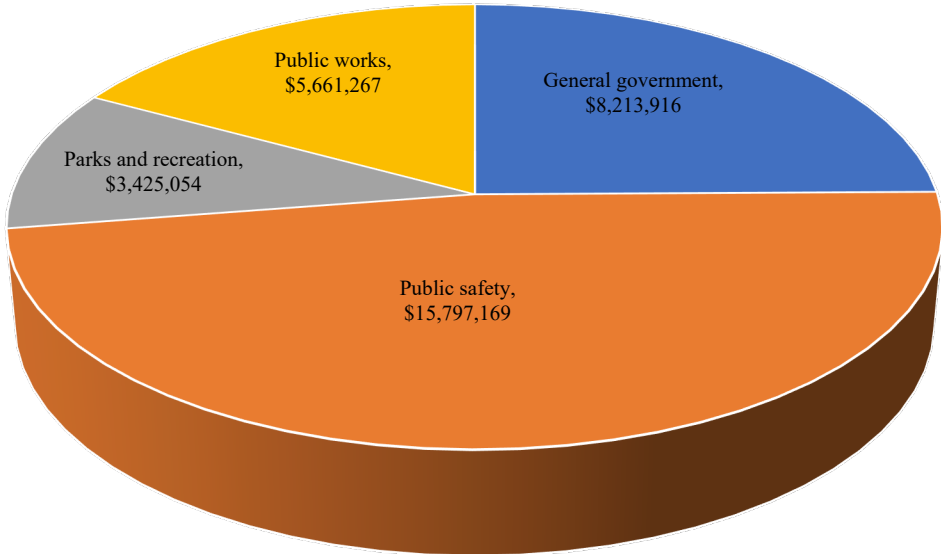
Changes in Net Position
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Change (in dollars)</u>	<u>Change (in percentage)</u>
Program revenues:				
Charges for services	\$ 9,465,186	\$ 8,843,128	\$ 622,058	7.03%
Operating grants and contributions	4,995,191	1,856,289	3,138,902	169.10%
General revenues:				
Property taxes	12,681,715	11,887,420	794,295	6.68%
Other taxes	2,390,009	2,460,056	(70,047)	-2.85%
Other revenues (losses)	1,798,857	1,033,203	765,654	74.10%
Total revenues	<u>31,330,958</u>	<u>26,080,096</u>	<u>5,250,862</u>	<u>20.13%</u>
Expenses:				
General government	8,213,916	5,039,653	3,174,263	62.99%
Public safety	15,797,169	13,699,518	2,097,651	15.31%
Parks and recreation	3,425,054	1,103,747	2,321,307	210.31%
Public works	5,661,267	2,836,390	2,824,877	99.59%
Total expenses	<u>33,097,406</u>	<u>22,679,308</u>	<u>10,418,098</u>	<u>45.94%</u>
Change in net position	(1,766,448)	3,400,788	(5,167,236)	151.94%
Net position beginning	<u>52,883,469</u>	<u>49,482,681</u>	<u>3,400,788</u>	<u>6.87%</u>
Net position end	<u>\$ 51,117,021</u>	<u>\$ 52,883,469</u>	<u>\$ (1,766,448)</u>	<u>-3.34%</u>

Governmental Activities Revenues



Governmental Activities Expenses



Fund Financial Statements / Budgetary Basis

Governmental Funds

The City's governmental funds ending fund balances totaled \$36.1 million, which is an increase of \$1.1 million from the prior year. This increase is largely due to interest earned and unrealized gain on investments for fiscal year 2024. In addition, restricted funds received from the County of Los Angeles for transportation projects were not fully spent during the year.

At June 30, 2024, the total of all restricted fund balances for governmental funds was \$8.5 million while assigned fund balance was \$6.1 million.

Major funds

The General Fund ended the year with a fund balance of \$26.2 million, an increase of \$0.5 million or 2.07% over the prior fiscal year. This change includes the transfer of \$8.2 million from the PVE Law Enforcement and ARPA Special Revenue Funds to the General Fund.

The General Fund committed fund balance is \$8.0 million, as required by City policy. The unassigned fund balance of the General Fund totaled \$13.4 million, a \$3.9 million increase from last year's balance. The portion of the increase is a result of the reallocation of fund balance from nonspendable amounts and assignments to capital projects. Total assets for the General Fund have increased by \$2.6 million and total liabilities have increased by \$341 thousand.

General Fund revenues have increased by \$2.0 million, or 10.98%, from the prior year. The increase resulted primarily from the \$1.1 million increase in Use of Money and Property, which includes investment returns. As with most agencies, the City capitalized on the rapid increase in interest rates beginning in the summer of 2022, particularly on the short end of the yield curve.

The following schedule provides a year-over-year comparison for the General fund:

General Fund
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Change (in dollars)</u>	<u>Change (in percentage)</u>
Revenues	\$ 20,138,037	\$ 18,145,274	\$ 1,992,763	10.98%
Expenditures	26,881,540	21,672,570	5,208,970	24.03%
Excess revenues/expenditures	(6,743,503)	(3,527,296)	(3,216,207)	91.18%
Transfers In	8,169,410	5,089,296	3,080,114	60.52%
Transfers Out	(893,796)	(564,118)	(329,678)	58.44%
Net transfers	7,275,614	4,525,178	2,750,436	60.78%
Net change in fund balance	532,111	997,882	(465,771)	-46.68%
Beginning fund balance	25,689,078	24,691,196	997,882	4.04%
Ending fund balance	\$ 26,221,189	\$ 25,689,078	\$ 532,111	2.07%

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2024

The General Capital Improvements Fund (CIF) ended the year with a fund balance of \$1.4 million, a slight decrease of just over \$40,000 from the prior year. Although expenditures for various capital improvement projects increased by approximately \$316,000, these costs were almost entirely reimbursed from transfers from the General Fund and restricted funds that fund the projects. The other major governmental fund, the PVE Law Enforcement Special Revenue Fund reflects no material variation in any activity based (P&L) or point in time (BS) financial data since the underlying parcel tax is essentially fixed. In fiscal year 2024, the American Rescue Plan Act Fund's funding was transferred to the General Fund and expended on allowable costs associated with public safety. The following schedule provides a year-over-year comparison for all governmental funds:

Total Governmental Funds
Years Ended June 30, 2024 and 2023

	2024	2023	Change (in dollars)	Change (in percentage)
Revenues	\$ 31,096,081	\$ 25,894,977	\$ 5,201,104	20.09%
Expenditures	29,961,776	24,243,299	5,718,477	23.59%
Excess revenues/expenditures	1,134,305	1,651,678	(517,373)	-31.32%
Transfers In	10,530,572	7,147,573	3,382,999	47.33%
Transfers Out	(10,530,572)	(7,357,503)	(3,173,069)	43.13%
Net transfers	-	(209,930)	209,930	-100.00%
Net change in fund balance	1,134,305	1,441,748	(307,443)	-21.32%
Beginning fund balance	35,003,782	33,562,034	1,441,748	4.30%
Ending fund balance	\$ 36,138,087	\$ 35,003,782	\$ 2,576,053	7.36%

Proprietary funds. The only proprietary fund of the City is the internal service fund for equipment replacement and technology enhancement. Total Net Position for the Internal Service Fund at year end equaled to \$1.9 million. This reflects an overall increase of \$64 thousand from prior year.

General Fund Budgetary Highlights

Revenues. The originally adopted revenue budget of \$18.6 million was not changed during the year, which is not unusual. Actual revenues totaled \$20.1 million, a favorable variance of \$1.5 million. The variance was the result of better than expected revenues in three areas: (1) Property Tax revenues ended the year \$57 thousand over the budgeted estimate, which is likely the result of a high number of sales in the prior year that resulted in a reassessment of those properties to the market value (sales price); (2) Use of Money & Property, which included investment earnings and concession revenue, was \$1.2 million higher than the \$2.1 million budget. This is the result of several factors, including the increase in interest rates, which resulted in higher returns to the City, and strong performance of the concessionaires (golf club, tennis club, and beach & athletic club); and (3) Licenses & Permits revenues ended the year \$100 thousand above budgeted estimates due to more building activity than expected. Revenue in the prior year were slightly higher than this fiscal year, so the favorable variance is driven by the reduced expectation built into the revenue budget.

Expenditures. The adopted expenditure budget of \$23.0 million increased during the fiscal year based on amendments approved by City Council to \$26.0 million. Total expenditures were above budget by almost \$851 thousand. This variance was largely driven by overspending in the General Government and Public Works expenditure category. In the General Government category, which includes the administrative departments and City Council, actual expenditures were \$1.6 million over budget. This variance is directly the result of the recognition of a contingency liability reserve for \$1.7 million related to legal settlement activity that was unanticipated.

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management’s Discussion and Analysis
Year Ended June 30, 2024

Other Financing Sources. This includes inter-fund transfers. The General Fund’s budget included a \$3.2 million transfer from the ARPA Fund to cover fire services. However, these funds will be used in fiscal year 2024/25, which resulted in a variance at year-end.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental activities as of June 30, 2024, totaled \$28.0 million (net of accumulated depreciation). This is a decrease of \$1.8 million compared to the prior year. This investment in capital assets includes land, buildings, improvements, machinery/equipment, vehicles, furniture, streets, sewers and storm drains. During the year, governmental fund capital additions totaled \$460 thousand, including \$400 thousand in capital construction costs and \$60 thousand in vehicle purchases. The most significant change in balances has to do with annual depreciation cost incurred, which totaled \$2.2 million in fiscal year 2024.

Capital Assets (Net of Depreciation)
June 30, 2024 and 2023

Capital Assets	2024	2023	Change (in dollars)	Change (in percentage)
Land	\$ 4,487,892	\$ 4,487,892	\$ -	0.0%
Construction in progress	731,616	1,500,242	(768,626)	-51.2%
Building and improvements	3,002,967	3,417,501	(414,534)	-12.1%
Machinery	170,846	315,879	(145,033)	-45.9%
Furniture and fixtures	7,149	9,983	(2,834)	-28.4%
Vehicles	306,752	388,898	(82,146)	-21.1%
Infrastructure	19,255,623	19,614,241	(358,618)	-1.8%
Total	<u>\$ 27,962,845</u>	<u>\$ 29,734,636</u>	<u>\$ (1,771,791)</u>	<u>-6.0%</u>

Additional information on the City’s capital assets can be found in Note 3 beginning on page 41 of this report.

Long-term debt. The City has no debt instruments outstanding but does record existing liabilities in the area of vested employee benefits. At the end of the current fiscal year, the City’s net pension liability under GASB 68 was \$20.2 million consisting of \$5.4 million for the Miscellaneous Plan and \$14.8 million for the Safety Plan. The City’s total other postemployment benefit liability under GASB 75 was \$338 thousand at the end of the current fiscal year. Additional information on long-term debt can be found in Note 5, Note 7, and Note 8 of the report.

Economic Factors and Next Year’s Budget

Economic Factors

Approximately 82% of total General Fund estimated fiscal year 2024/25 revenues are derived from taxes. The largest of these is property taxes, making up 53% of the total General Fund revenue budget. Historically, property taxes in California have been a stable revenue source for local agencies. Over the last decade, due to historically low interest rates, the real estate market has been extremely strong, leading to strong growth in property taxes during this same period. Although the recent increase in interest rates has dramatically affected real estate sales and, as a result, will result in moderated growth for the next few years, property taxes will continue to be a key and strong revenue source for the City, helping to pay for the increasing costs of providing services in the community.

The City of Palos Verdes Estates also receives parcel taxes from Measure E approved by City voters in April 2018. Measure E was approved to pay for a portion of law enforcement services. Unlike property taxes, which can be expected to grow from 3-5% annually, this parcel tax is fixed, generating approximately \$5.1 million per

year. Making up 21% of total revenues, it represents a key component of the General Fund revenue portfolio. However, due to its fixed nature, it essentially will continue to fall behind in supporting law enforcement costs that have grown and will continue to grow since its approval in 2018.

Other revenues that are susceptible to fluctuation in concert with economic conditions include those tied to building and development. The City receives approximately \$1 million annually from a combination of building and planning related fees. Often times, during economic slowdowns or, in the current case, when interest rates are rising, building and development projects wane, resulting in lower revenues. Fortunately, given that these revenues make up less than 5% of total General Fund revenues, fluctuations in revenues do have materially affected the overall finances of the City.

Economic factors also need to be considered relating to expenditures. As a result of deferred maintenance, the landscaping and fire abatement costs are significantly increasing. The entire Peninsula is considered a high fire risk zone, and the community needs to comply with strategies to mitigate these risks. The Peninsula is also experiencing risks related to water and land movement concerns that need consistent monitoring and potential expense. Additionally, the city's infrastructures are aging, and significant unfunded investments will need to be made in coming years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of City Support Services, 340 Palos Verdes Drive West, Palos Verdes Estates, California 90274 (or via email at pvefinance@pvestates.org).

CITY OF PALOS VERDES ESTATES
Statement of Net Position
June 30, 2024

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 40,430,002
Receivables:	
Accounts	498,919
Interest	199,704
Taxes	620,638
Prepaid costs	69,814
Total current assets	41,819,077
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	5,219,508
Capital assets being depreciated, net	22,743,337
Total noncurrent assets	27,962,845
Total Assets	69,781,922
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to pensions	8,368,920
Related to other post employment benefits	37,620
Total Deferred Outflows of Resources	8,406,540
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	3,400,690
Accrued salaries and benefits	368,318
Unearned revenue	615,813
Due within one year- compensated absences	614,000
Total current liabilities	4,998,821
Noncurrent liabilities:	
Due in more than one year- compensated absences	57,279
Net pension liability	20,230,001
Other postemployment benefit liability	337,713
Total Liabilities	25,623,814
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to pensions	1,325,129
Related to other post employment benefits	122,498
Total Deferred Inflows of Resources	1,447,627
 <u>NET POSITION</u>	
Net investment in capital assets	27,524,966
Restricted for:	
Public safety	1,928,673
Public works	6,557,284
Unrestricted	15,106,098
Total Net Position	\$ 51,117,021

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Statement of Activities
Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 8,213,916	\$ 197,572	\$ -	\$ -	\$ (8,016,344)
Public safety	15,797,169	5,279,490	3,368,339	-	(7,149,340)
Parks and recreation	3,425,054	2,190,999	-	-	(1,234,055)
Public works	5,661,267	1,797,125	1,626,852	-	(2,237,290)
Total Governmental Activities	\$ 33,097,406	\$ 9,465,186	\$ 4,995,191	\$ -	\$ (18,637,029)
General revenues:					
Taxes:					
Property taxes					12,681,715
Sales and use taxes					1,147,659
Franchise taxes					651,050
Business licenses taxes					242,234
Other taxes					349,066
Investment income					1,572,077
Gain on sale of capital assets					7,450
Miscellaneous					219,330
Total general revenues					16,870,581
Change in net position					(1,766,448)
Net position at beginning of year					52,883,469
Net position at end of year					\$ 51,117,021

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES

**Balance Sheet
Governmental Funds
June 30, 2024**

	General Fund	Special Revenue Funds		Capital Project Fund	Other Governmental Funds	Total Governmental Funds
		PVE Law Enforcement	American Rescue Plan Act	General Capital Improvements		
Assets:						
Cash and investments	\$ 28,904,680	\$ -	\$ -	\$ 1,850,086	\$ 8,379,461	\$ 39,134,227
Accounts receivable	354,587	-	-	84,297	59,641	498,525
Interest receivable	199,704	-	-	-	-	199,704
Taxes receivable	412,161	116,938	-	-	91,539	620,638
Due from other funds	-	-	-	-	-	-
Prepaid costs	69,814	-	-	-	-	69,814
Inventory - materials	-	-	-	-	-	-
Total Assets	\$ 29,940,946	\$ 116,938	\$ -	\$ 1,934,383	\$ 8,530,641	\$ 40,522,908
Liabilities:						
Accounts payable	\$ 2,801,189	\$ -	\$ -	\$ 437,879	\$ 161,622	\$ 3,400,690
Accrued salaries and benefits	368,318	-	-	-	-	368,318
Unearned revenue	550,250	-	-	65,563	-	615,813
Due to other funds	-	-	-	-	-	-
Total Liabilities	3,719,757	-	-	503,442	161,622	4,384,821
Fund Balances:						
Nonspendable:						
Prepaid costs	69,814	-	-	-	-	69,814
Restricted for:						
Public safety	-	116,938	-	-	1,811,735	1,928,673
Public works	-	-	-	-	6,557,284	6,557,284
Committed to:						
Emergency contingencies	8,000,000	-	-	-	-	8,000,000
Assigned to:						
Nonrecurring expenditures	675,295	-	-	-	-	675,295
Capital projects	4,042,704	-	-	1,430,941	-	5,473,645
Unassigned	13,433,376	-	-	-	-	13,433,376
Total Fund Balances	26,221,189	116,938	-	1,430,941	8,369,019	36,138,087
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,940,946	\$ 116,938	\$ -	\$ 1,934,383	\$ 8,530,641	\$ 40,522,908

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2024

Fund balances - total governmental funds		\$ 36,138,087
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets, net of depreciation have not been included as financial resources in governmental fund activity.</p>		
Capital assets	\$ 117,566,616	
Less accumulated depreciation	<u>(90,185,201)</u>	27,381,415
<p>Long-term debt and compensated absences that have not been included in the governmental fund activity:</p>		
Compensated absences		(671,279)
<p>Pension-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities.</p>		
Deferred outflows of resources	8,368,920	
Deferred inflows of resources	(1,325,129)	
Net pension liability	<u>(20,230,001)</u>	(13,186,210)
<p>OPEB-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is 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.</p>		
Deferred outflows of resources	37,620	
Deferred inflows of resources	(122,498)	
Total OPEB liability	<u>(337,713)</u>	(422,591)
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.</p>		
		<u>1,877,599</u>
Net position of governmental activities		<u>\$ 51,117,021</u>

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	General Fund	Special Revenue Funds		Capital Project Fund	Other Governmental Funds	Total Governmental Funds
		PVE Law Enforcement	American Rescue Plan Act	General Capital Improvements		
Revenues:						
Property taxes	\$ 10,747,298	\$ -	\$ -	\$ -	\$ -	\$ 10,747,298
Special assessments	-	5,071,821	-	-	-	5,071,821
Other taxes	1,829,178	-	-	-	-	1,829,178
Licenses and permits	1,013,256	-	-	-	-	1,013,256
Revenue from other agencies	2,009,417	-	3,175,184	-	2,410,684	7,595,285
Charges for services	1,084,554	-	-	-	-	1,084,554
Use of money and property	3,266,223	-	-	-	300,355	3,566,578
Fines and forfeitures	129,018	-	-	-	-	129,018
Miscellaneous	59,093	-	-	-	-	59,093
Total Revenues	20,138,037	5,071,821	3,175,184	-	2,711,039	31,096,081
Expenditures:						
Current:						
General government	7,394,821	-	-	-	13,142	7,407,963
Public safety	14,248,613	-	-	-	5,751	14,254,364
Parks and recreation	3,102,876	-	-	-	-	3,102,876
Public works	2,135,230	-	-	2,403,785	657,558	5,196,573
Total Expenditures	26,881,540	-	-	2,403,785	676,451	29,961,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,743,503)	5,071,821	3,175,184	(2,403,785)	2,034,588	1,134,305
Other Financing Sources (Uses):						
Transfers in	8,169,410	-	-	2,361,162	-	10,530,572
Transfers out	(893,796)	(4,994,226)	(3,175,184)	-	(1,467,366)	(10,530,572)
Total Other Financing Sources (Uses)	7,275,614	(4,994,226)	(3,175,184)	2,361,162	(1,467,366)	-
Net Change in Fund Balances	532,111	77,595	-	(42,623)	567,222	1,134,305
Fund Balances at Beginning of Year	25,689,078	39,343	-	1,473,564	7,801,797	35,003,782
Fund Balances at End of Year	\$ 26,221,189	\$ 116,938	\$ -	\$ 1,430,941	\$ 8,369,019	\$ 36,138,087

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 1,134,305

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay, net of dispositions	\$ 75,348	
Depreciation expense	<u>(2,074,140)</u>	(1,998,792)

Expenditures that do not use current financial resources are not reported in governmental funds but are recorded as expenses in the statement of activities.

Pension expense	(1,022,583)	
OPEB expense	22,873	
Compensated absences (net)	<u>33,223</u>	(966,487)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added with governmental activities.

64,526

Change in net position of governmental activities \$ (1,766,448)

CITY OF PALOS VERDES ESTATES
Statement of Net Position
Proprietary Funds
June 30, 2024

	Governmental Activities
	Internal Service Fund
Assets:	
Current Assets:	
Cash and investments	\$ 1,295,775
Accounts receivable	394
Prepaid costs	-
	-
Total Current Assets	1,296,169
Capital Assets:	
Construction in Progress	324,705
Capital asset not being depreciated	324,705
Machinery and equipment	3,565,334
Furniture and fixtures	306,694
Vehicles	1,848,858
Less accumulated depreciation	(5,464,161)
Capital assets being depreciated, net	256,725
Net Capital Assets	581,430
Total Assets	1,877,599
Net Position:	
Net investment in capital assets	581,430
Unrestricted	1,296,169
	1,296,169
Total Net Position	\$ 1,877,599

CITY OF PALOS VERDES ESTATES
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

	Governmental Activities <hr/> Internal Service Fund
Operating Revenues:	
Charges for services	\$ <u>175,648</u>
Total Operating Revenues	<u>175,648</u>
Operating Expenses:	
Material and supplies	12,676
Depreciation expense	<u>157,675</u>
Total Operating Expenses	<u>170,351</u>
Operating Income	<u>5,297</u>
Nonoperating Revenues:	
Interest revenue	51,779
Gain on disposal of capital assets	<u>7,450</u>
Total Nonoperating Revenues	<u>59,229</u>
Changes in Net Position	64,526
Net Position at Beginning of Year	<u>1,813,073</u>
Net Position at End of Year	<u>\$ <u>1,877,599</u></u>

CITY OF PALOS VERDES ESTATES
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from user departments	\$ 175,261
Cash paid to suppliers for goods and services	287,222
Net Cash Provided by Operating Activities	462,483
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(384,676)
Net Cash Used in Capital and Related Financing Activities	(384,676)
Cash Flows from Investing Activity:	
Proceeds from sales of capital assets	7,450
Interest received	51,779
Cash Provided by Investing Activity	59,229
Net Increase in Cash and Cash Equivalents	137,036
Cash and Cash Equivalents at Beginning of Year	1,158,739
Cash and Cash Equivalents at End of Year	\$ 1,295,775
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 5,297
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	157,675
Increase in accounts receivable	(387)
Decrease in prepaid costs	299,898
Total Adjustments	457,186
Net Cash Provided by Operating Activities	\$ 462,483

CITY OF PALOS VERDES ESTATES
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Custodial Funds
Assets:	
Cash and investments	\$ 293,536
Total Assets	293,536
Liabilities:	
Deposits payable	9,568
Total Liabilities	9,568
Net position:	
Held for organizations and individuals	283,968
Total liabilities and net position	\$ 293,536

CITY OF PALOS VERDES ESTATES
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds
Additions:	
Investment earnings	\$ 13,126
Other revenue	233
	13,359
Total Additions	13,359
Deductions	
Administrative expenses	-
	-
Total Deductions	-
Change in Net Position	13,359
Net Position at Beginning of Year	270,609
Net Position at End of Year	\$ 283,968

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Palos Verdes Estates, California (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City was incorporated under the General Laws of the State of California on December 20, 1939. The City operates under a Council - City Manager form of government. The financial statements of the City include the financial activities of the City.

b. Basis of Accounting and Measurement Focus

The *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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely, to a significant extent, on fees and charges for support. The City has no business-type activities. The primary government is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units. Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. *Measurement focus* indicates the type of resources being measured. 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 expenditures 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. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB 33.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Government-wide Financial Statements (Continued)

Program revenues include charges for services 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 other financing sources. 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.

Certain eliminations have been made in regard to interfund transfers, payables and receivables. All internal balances in the statement of net position have been eliminated. Internal service fund activity has been eliminated and net balances are included in the governmental activities. Interfund services provided and used, if any, are not eliminated in the consolidation process.

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 of resources, fund balance, 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 nonmajor funds in the aggregate for governmental and proprietary funds. Fiduciary statements include financial information for fiduciary funds and similar component units. 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 a 60-day availability period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued)

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

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

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, 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.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary Funds

The City’s internal service funds are proprietary funds. In the fund financial statements, proprietary 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 and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Proprietary Funds(Continued)

Amounts paid to acquire capital assets are capitalized as assets in the internal service fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the internal service fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the internal service fund are reported as a reduction of the related liability, rather than as an expenditure.

Fiduciary Funds

The City's fiduciary funds are custodial in nature. Custodial funds use the accrual basis of accounting.

c. Major Funds, Internal Service Funds, and Fiduciary Fund Types

Given their materiality and significance, the City reports the following major governmental funds:

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

The PVE Law Enforcement Special Revenue Fund is used to account for funds received from a voter approved direct assessment levied by the City for the purpose of funding police services.

The American Rescue Plan Act Special Revenue Fund is used to account for funds received from the federal government to cover revenue shortfalls and COVID-19 related costs.

The General Capital Improvements Capital Project Fund is used to account for funds received from the General Fund and other government sources for purposes of funding major capital projects.

Additionally, the City reports the following fund types:

Special Revenue Funds - The special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Capital Projects Funds - The capital projects funds are used to account for resources intended to be used primarily for major capital facilities.

Internal Service Fund - The internal service fund is used to account for the financing of equipment of the City on a cost reimbursement basis. Specific fund included herein is the Equipment Replacement Fund.

Custodial Funds - The custodial funds are used to account for the resources held by the City in a fiduciary capacity to record special deposits. Specific funds included herein are the Special Deposits and Police Property Evidence Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Implementation of Recent GASB Pronouncements

The implementation of the following new accounting standards did not have a significant impact on the City's June 30, 2024 financial statements.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City. Cash equivalents have an original maturity date of three months or less from the date of purchase. For purposes of the statement of cash flows, the entire balance of cash and investments on the combined statement of net position for the internal service fund is considered cash and cash equivalents.

f. Investments

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair value and the carrying amount is material. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Changes in fair value that occur during a fiscal year are recognized as *investment income or loss* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

g. Prepaid Costs and Inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Inventories are valued at cost using first-in/first-out method. The cost of such inventories is recorded as expenditures when consumed rather than when purchased.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied provided they become available. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 a.m. on the first day of January proceeding the fiscal year for which the taxes are levied. Taxes are levied on July 1 and cover the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1.

All taxes are delinquent, if unpaid, on December 10 and April 10. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31. At June 30, 2024, there were no material delinquent, unsecured property taxes. At June 30, 2024, the total property taxes receivable of \$620,638 is included in the total receivables in the accompanying financial statements.

i. Capital Assets

Capital assets, which include all infrastructure assets acquired prior to the implementation of GASB 34 are reported in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition value on the date donated.

Depreciation of all exhaustible capital assets used by the governmental activities is charged as an expense against their operations. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method over the following estimated useful lives:

Building and improvements, including park improvements	7 to 35 years
Machinery, vehicles, and equipment	2 to 18 years
Furniture and fixtures	3 to 13 years
Infrastructure	15 to 100 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Capital Assets (Continued)

The following represent the minimum threshold in which assets are capitalized:

Building and improvements, including park improvements	\$ 5,000
Machinery, vehicles, and equipment	5,000
Furniture and fixtures	5,000
Infrastructure	
Sewer:	
Pipes	20,000
Streets:	
Pavement	50,000
Sidewalks	10,000
Storm drains:	
Pipes	50,000
Outlet structures	10,000

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions and OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflows related to OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the plan.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and 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 a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows related to OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the plan.
- Deferred inflows from OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the plans.
- Deferred inflows related to pensions for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

k. Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (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 when due and payable in accordance with the benefit terms. Investments are reported at fair value.

l. Postemployment benefits other than pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Palos Verdes Estates Special Retirement Income Plan for Health Insurance (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Compensated Absences

City employees receive from 12 to 20 days' vacation each year, depending upon the length of service. An employee may not accumulate earned vacation time beyond the year following the year in which it is earned. Upon termination, employees with more than one year of service are paid the full value of their unused vacation time.

City employees also receive 12 personal necessity/sick leave days each year. An employee may accumulate earned personal necessity/sick leave time until termination. Upon termination, employees are entitled to receive 75% of their unused accumulated personal necessity/sick leave time above 650 hours for safety employees and above 960 hours for miscellaneous employees.

Vested or accumulated compensated absences that are expected to be liquidated currently are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated compensated absences that are not expected to be currently liquidated are reported only in the statement of net position. No expenditure has been reported for these long-term amounts. Compensated absences are reported in governmental funds only if they have matured.

n. Fund Balance

The City Council adopted resolution R11-09 in conformity with GASB 54. In the fund financial statements, governmental funds report the following fund balance classifications:

- Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind fund balance commitment is a resolution.
- Assigned includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The fund balance for nonrecurring expenditures is assigned for contingencies. The City Manager or Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body through resolution.
- Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes in the General Fund. In other funds, the unassigned classification is used only to report a deficit balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Fund Balance (Continued)

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, and then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Stabilization Arrangements

A stabilization arrangement has been established through resolution R11-09. The City's general fund balance committed for emergency contingencies is established at \$8.0 million. The specific permitted uses of the committed fund balance are as follows:

- Declaration of a state or federal state of emergency or declaration of a local emergency as provided in the Palos Verdes Estates Municipal Code Section 2.28.060.
- Loss of general fund revenue in the amount of \$500,000 or more either through state action to divert or change general fund allocations or local conditions affecting a major revenue source.

The City also monitors its unassigned fund balances in achieving policy-established target reserve levels. Unassigned General Fund balance as of June 30, 2024, totaled \$13,433,376.

o. Net Position

In the government-wide financial statements and proprietary fund financial statements, the net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined and are described below:

- Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Net Position (Continued)

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

p. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and Investments

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

Statement of Net Position:

Cash and investments, net of bank overdraft	\$ 40,430,002
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Statement of Fiduciary Net Position:

Cash and investments	293,536
Total cash and investments	<u>\$ 40,723,538</u>

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

Cash on hand	\$ 1,500
Deposits with financial institutions	466,313
Investments	<u>40,255,725</u>
Total cash and investments	<u>\$ 40,723,538</u>

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City’s investment policy. The table also identifies certain provisions of the California Government Code (or the City’s investment policy, if more restrictive) that address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	*Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer	Minimum Rating at Time of Purchase
United States Agency Securities	5 years	None	None	None
State & Local Agency Obligations	5 Years	None	None	A
Banker's Acceptances	180 Days	40%	30%	None
Commercial Paper	270 Days	15%	10%	Highest NRSRO Rating
Non-negotiable Certificates of Deposit	5 Years	None	\$250,000	None
Negotiable Certificates of Deposit	5 Years	30%	\$250,000	None
Repurchase Agreements	1 Year	None	None	None
Medium-Term Notes	5 Years	30%	30%	A
Money Market Mutual Funds	N/A	20%	10%	Highest NRSRO Rating
Local Agency Investment Fund (LAIF)	N/A	None	None	None
County Pooled Investment Funds	N/A	None	None	None

N/A - Not Applicable

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates might 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 evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Notes to Financial Statements
Year Ended June 30, 2024

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
LAIF	\$ 5,524,823	\$ 5,524,823	\$ -	\$ -
Los Angeles County Pooled Investment Funds	10,272,005	10,272,005	-	-
Mutual Funds	520,209	520,209	-	-
Negotiable Certificates of Deposit	1,203,328	1,203,328	-	-
Corporate Medium Term Notes	6,677,986	642,873	4,825,223	1,209,890
Supranationals	502,245	-	-	502,245
US Agency Securities:				
Federal Farm Credit Bank	2,423,880	975,840	453,915	994,125
Federal Home Loan Mortgage Corporation	3,435,865	-	1,936,715	1,499,150
Federal Home Loan Bank	6,385,108	990,780	888,748	4,505,580
Federal National Mortgage Association	1,416,085	-	1,416,085	-
Municipal Bonds	1,894,191	321,846	1,326,685	245,660
Total	\$ 40,255,725	\$ 20,451,704	\$ 10,847,371	\$ 8,956,650

Disclosures Relating to Credit Risk

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

Investment Type	Total	Minimum Legal Rating	Rating as of Year-End								Not Rated
			AAA	AA+	AA	AA-	A+	A	A-	BBB+	
LAIF	\$ 5,524,823	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,524,823
Los Angeles County Pooled Investment Funds	10,272,005	N/A	-	-	-	-	-	-	-	-	10,272,005
Mutual Funds	520,209	N/A	-	-	-	-	-	-	-	-	520,209
Negotiable Certificates of Deposit	1,203,328	N/A	-	-	-	-	-	-	-	-	1,203,328
Corporate Medium Term Notes	6,677,987	N/A	-	-	-	1,067,575	1,486,788	769,198	2,663,548	690,878	-
Supranationals	502,245	N/A	502,245	-	-	-	-	-	-	-	-
US Agency Securities:											
Federal Farm Credit Bank	2,423,880	N/A	-	2,423,880	-	-	-	-	-	-	-
Federal Home Loan Mortgage Corporation	3,435,864	N/A	-	2,495,985	-	-	-	-	-	-	939,879
Federal Home Loan Bank	6,385,108	N/A	-	6,385,108	-	-	-	-	-	-	-
Federal National Mortgage Association	1,416,085	N/A	-	1,416,085	-	-	-	-	-	-	-
Municipal Bonds	1,894,191	N/A	59,821	563,976	571,655	102,415	-	-	-	-	596,324
Total	\$ 40,255,725		\$ 562,066	\$ 13,285,034	\$ 571,655	\$ 1,169,990	\$ 1,486,788	\$ 769,198	\$ 2,663,548	\$ 690,878	\$ 19,056,568

2. CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total City's investments at June 30, 2024.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to Custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. At June 30, 2024, all of the City's deposits are covered by FDIC or collateralized as required by law.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in County Investment Pool

The City is a voluntary participant in the Los Angeles County Investment Pool (LACIP) that is regulated by the California Government Code and the Los Angeles County Board of Supervisors under the oversight of the Los Angeles County Treasurer-Tax Collector. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LACIP for the entire LACIP portfolio. The balance available for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

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 quoted market prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2024:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Government Agency Securities:				
Federal Farm Credit Bank	\$ -	\$ 2,423,880	\$ -	\$ 2,423,880
Federal Home Loan Mortgage Corporation	-	3,435,865	-	3,435,865
Federal Home Loan Bank	-	6,385,108	-	6,385,108
Federal National Mortgage Association	-	1,416,085	-	1,416,085
Other Securities:				
Mutual Funds	-	520,209	-	520,209
Municipal Bonds	-	1,894,191	-	1,894,191
Corporate Medium Term Notes	-	6,677,986	-	6,677,986
Supranationals	-	502,245	-	502,245
Negotiable Certificates of Deposit	-	1,203,328	-	1,203,328
Total leveled investments	\$ -	\$ 24,458,897	\$ -	24,458,897
Investments not Subject to Fair Value Hierarchy:				
LAIF				5,524,823
Los Angeles County Pooled Investment Fund				10,272,005
Total investment portfolio				\$ 40,255,725

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Notes to Financial Statements
Year Ended June 30, 2024

3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

	<u>Balance at</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions/ Transfer</u>	<u>Balance at</u> <u>June 30, 2024</u>
Capital assets, not being depreciated:				
Land	\$ 4,487,892	\$ -	\$ -	\$ 4,487,892
Construction in progress	1,500,242	400,055	(1,168,681)	731,616
Total capital assets, not being depreciated	<u>5,988,134</u>	<u>400,055</u>	<u>(1,168,681)</u>	<u>5,219,508</u>
Capital assets, being depreciated:				
Buildings and improvements	29,068,271	-	-	29,068,271
Machinery	5,516,743	-	-	5,516,743
Furniture and fixtures	667,981	-	-	667,981
Vehicles	1,821,946	59,971	(33,058)	1,848,859
Infrastructure	80,122,166	-	1,168,681	81,290,847
Total capital assets, being depreciated	<u>117,197,107</u>	<u>59,971</u>	<u>1,135,623</u>	<u>118,392,701</u>
Less accumulated depreciation for:				
Buildings and improvements	(25,650,770)	(414,534)	-	(26,065,304)
Machinery	(5,200,864)	(145,033)	-	(5,345,897)
Furniture and fixtures	(657,998)	(2,834)	-	(660,832)
Vehicles	(1,433,048)	(142,116)	33,058	(1,542,106)
Infrastructure	(60,507,925)	(1,527,300)	-	(62,035,225)
Total accumulated depreciation	<u>(93,450,605)</u>	<u>(2,231,817)</u>	<u>33,058</u>	<u>(95,649,364)</u>
Total capital assets, being depreciated, net	<u>23,746,502</u>	<u>(2,171,846)</u>	<u>1,168,681</u>	<u>22,743,337</u>
Governmental activities capital assets, net	<u>\$ 29,734,636</u>	<u>\$ (1,771,791)</u>	<u>\$ -</u>	<u>\$ 27,962,845</u>

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

Governmental activities:	
General government	\$ 418,827
Public safety	1,045,923
Public works	227,675
Parks and recreation	381,717
Internal service funds	157,675
Total depreciation expense - governmental activities	<u>\$ 2,231,817</u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2024, are as follows:

Transfers In	Transfers Out	Amount
General Fund	PVE Law Enforcement Revenue Fund	\$ 4,994,226
	American Rescue Plan Act Fund	3,175,184
General Capital Improvements		
Capital Project Fund	General Fund	893,796
	Other Governmental Funds	1,467,366
		\$ 10,530,572

The PVE Law Enforcement Special Revenue Fund transferred \$5.0 million to the General Fund for Police Department related expenditures.

The American Rescue Plan Act Fund transferred \$3.2 million to the General Fund to fund eligible expenditures reported and disbursed by the General Fund.

The transfer to General Capital Improvements Capital Projects Fund is for capital improvement projects.

5. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2024, is as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 704,502	\$ 611,198	\$ 644,421	\$ 671,279	\$ 614,000	\$ 57,279

Compensated Absences

General fund has been used in prior years to liquidate the liability of compensated absences and plan benefits.

6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage.

The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)

b. Primary Self-Insurance Programs of the Authority (Continued)

Workers' Compensation Program

The City also participates in the workers' compensation program administered by the Authority. Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2023-24 the Authority's Primary Workers' Compensation Program covers the first \$1 million, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City property currently has all-risk property insurance protection in the amount of \$46,804,465. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)

c. Purchased Insurance (Continued)

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

d. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2023-24.

7. DEFINED BENEFITS PENSION PLANS

The following is a summary of pension-related items as of and for the year ended June 30, 2024:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 5,400,485	\$ 2,110,712	\$ (312,714)	\$ 892,690
CalPERS Safety	14,829,516	6,258,208	(1,012,415)	2,286,666
	<u>\$ 20,230,001</u>	<u>\$ 8,368,920</u>	<u>\$ (1,325,129)</u>	<u>\$ 3,179,356</u>

General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety cost-sharing 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 City 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.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided

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

Below is a summary of the plans' provisions and benefits in effect at the June 30, 2023 measurement date, for which the City has contracted:

Major Benefit Options	Miscellaneous	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit provision/benefit formula	2.0%@55	2.0%@62
Social security	No	No
Full/modified	Full	Full
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50	Minimum 52
Monthly benefits, as a % of eligible compensation	1.436% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.75%
Required employee contribution rates:		
Normal cost rate	10.87%	7.47%
Payment of unfunded liability	\$ 324,968	\$ -

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Major Benefit Options	Safety	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit provision/benefit formula	3.0%@55	2.7%@62
Social security	No	No
Full/modified	Full	Full
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50	Minimum 52
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9.00%	13.00%
Required employee contribution rates:		
Normal cost rate	23.75%	12.75%
Payment of unfunded liability	\$ 1,171,895	\$ -

Contribution Description

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 the 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.

The net pension liability is primarily liquidated from the General Fund.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

As of June 30, 2024, the City reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,400,485
Safety	14,829,516
Total net pension liability	\$ 20,230,001

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The change in proportionate share of the net pension liability for each Plan during the measurement period ended June 30, 2023 were as follows:

	Miscellaneous	Safety
Proportion - June 30, 2022	0.11228%	0.21523%
Proportion - June 30, 2023	0.10800%	0.19839%
Change - Decrease	-0.00428%	-0.01684%

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2024, the City recognized pension expense of \$892,690 and \$2,286,666 for the Miscellaneous and Safety Plans, respectively. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$ 525,280	\$ -	\$ 1,631,495	-
Difference between expected and actual experience	275,886	(42,797)	1,088,760	(93,209)
Net differences between projected and actual earnings on plan investments	874,387	-	2,029,415	-
Change in employer's proportion	13,686	(174,019)	30,179	(591,974)
Changes of Assumptions	326,052	-	865,470	-
Difference between the employer's contributions and the employer's proportionate share of contributions	95,421	(95,898)	612,889	(327,232)
Total	\$ 2,110,712	\$ (312,714)	\$ 6,258,208	\$ (1,012,415)

Amounts of \$525,280 and \$1,631,495 reported as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending	Miscellaneous	Safety	Total
June 30			
2025	\$ 344,075	\$ 1,102,882	\$ 1,446,957
2026	243,786	804,578	1,048,364
2027	659,766	1,650,194	2,309,960
2028	25,091	56,644	81,735
2029	-	-	-
Thereafter	-	-	-
	\$ 1,272,718	\$ 3,614,298	\$ 4,887,016

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

Actuarial Assumptions

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions

Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by Entry Age and Service
Mortality rate table (1)	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	(2)

- (1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, refer to the 2021 experience study report that can be found on the CalPERS website.
- (2) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power

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 long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return (Continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (1, 2)</u>
Global equity - cap-weighted	30%	4.45%
Global equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100.00%</u>	

- (1) An expected inflation of 2.30% used for this period.
- (2) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the asset would not run out. Therefore, the current 6.90% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB 68 Crossover Testing Report” that can be obtained at CalPERS’s website under the GASB 68 section.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

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

	<u>Miscellaneous</u>		<u>Safety</u>		<u>Total</u>
1% Decrease	5.90%		5.90%		5.90%
Net pension liability	\$ 8,202,641	\$	21,721,897	\$	29,924,538
Current discount rate	6.90%		6.90%		6.90%
Net pension liability	\$ 5,400,485	\$	14,829,516	\$	20,230,001
1% increase	7.90%		7.90%		7.90%
Net pension liability	\$ 3,094,071	\$	9,194,503	\$	12,288,574

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2024, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Description of Plan

The City provides a Special Retirement Income Plan for Health Insurance, a single employer defined benefit post-employment healthcare plan, which covers eligible City employees to assist qualified retirees in purchasing health insurance. The plan was established and is administered by the City to provide a fixed monthly cash payment (\$275 per month for general, management and police employees) to qualifying retirees until they reach the age of 65 as required under various memoranda of understanding (MOU) with the City’s employee groups. A separate report is not prepared by the plan. The plan was previously reported as one of the pension plans.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

The following summarizes the primary characteristics of the benefit:

	<u>General Employees</u>	<u>Management</u>	<u>Police</u>
Benefit types provided	Retirement income	Retirement income	Retirement income
Duration of benefits	Until Medicare Eligible	Until Medicare Eligible	Until Medicare Eligible
Required service	20 years	20 years	20 years
Minimum age	50	50	50
Dependent coverage	No	No	No
City contribution %	100%	100%	100%
Benefit amount	\$275 per month	\$275 per month	\$275 per month

Employees Covered

At the measurement date of June 30, 2024, the following employees were covered by the benefit terms of the Plan:

Employees Covered	
Inactive employees currently receiving benefits	9
Participating active employees	48
Total	57

Funding Policy and Contribution Rates

Currently, contributions are not required from plan members. The City pays benefits as they come due. Retirement income benefits cannot be increased unless new labor agreements (MOU) are entered into. No assets are accumulated in a trust that meets the criteria in paragraph 3 of GASB 74. Plan assets have not been accumulated in a separately established trust fund.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability

The City’s total OPEB liability for the plan is measured as the total OPEB liability. There are no fiduciary plan net position. The total OPEB liability of the Plan is measured as of June 30, 2024, using an actuarial valuation date of June 30, 2024. As summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

Actuarial Cost Method	Entry-Age normal cost method
Actuarial Assumptions	
Discount rate	4.09%.
Inflation	2.30%.
Payroll growth	2.80% wage inflation based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Healthcare cost rate	(1)
Mortality rate table	(2)

- (1) Not applicable since the benefit provided is a flat dollar healthcare stipend that is not expected to increase in the future.
- (2) Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members.

Change of Assumptions

The following assumptions have been updated since the last valuation:

1. The Single Equivalent Discount Rate (SEDR) has increased from 3.86% as of June 30, 2023, to 4.09% as of June 30, 2024 based on the updated municipal bond index, which caused a decrease in the City’s liability.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% for the plan. Since there are no assets accumulated in a separately established trust fund, the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

8. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$	361,847
Changes in the year:		
Service cost		11,788
Interest on the total OPEB liability		13,785
Difference between expected and actual experience		(5,351)
Change in assumptions		(11,356)
Benefit payments		(33,000)
Current year changes		(24,134)
Balance at June 30, 2024	\$	337,713

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

The following presents the City’s total OPEB liability for the Plan, 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 one percentage point lower or one percentage point higher than the current rate:

1% Decrease		3.09%
Total OPEB liability	\$	357,252
Current discount rate		4.09%
Total OPEB liability	\$	337,713
1% increase		5.09%
Total OPEB liability	\$	319,310

8. OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The Total OPEB liability remains the same regardless of healthcare trend rates since the benefit provided is a flat dollar healthcare stipend that is not expected to increase in the future.

OPEB Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the City recognized OPEB expense of \$10,127. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 17,065	\$ (44,561)
Change in assumptions	20,555	(77,937)
Total	\$ 37,620	\$ (122,498)

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

Year ending June 30	Amounts
2025	\$ (15,446)
2026	(15,446)
2027	(15,446)
2028	(15,446)
2029	(8,607)
Thereafter	(14,487)

Payable to the Pension Plan

At June 30, 2024, there was no outstanding amount of contributions payable to the OPEB plan for the year ended June 30, 2024.

9. JOINT VENTURES

Palos Verdes Peninsula Transit Joint Powers Authority

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority. The Transit Authority is comprised of three member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Each member City provides an annually determined contribution toward the ongoing operation. The City does not have a specified equity interest; however, in the event of dissolution of the Authority, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each member agency during the entire term of the agreement. The purpose of the Authority is to study, implement, and provide a public transit system within and around the Palos Verdes Peninsula. These transit services include Palos Verdes Transit, Dial-A-Ride, and a fixed-route shuttle service.

The Palos Verdes Peninsula Transit Authority’s fiscal year ends on June 30. As of June 30, 2024, audited financial statements indicated the following:

Total assets	\$ 5,046,270
Total liabilities	171,772
Total Net Position	4,874,498
Revenues	3,569,107
Expenses	3,395,099
Net change in net position	174,008

Separate financial statements are available from the Authority office at 38 Crest Road West, Rolling Hills, CA 90274-7400.

10. CONTINGENCIES

As of June 30, 2024, the City has recorded a liability in the General Fund for \$1.7 million as a result of a settlement agreement being entered into in September 2024. Under the terms of the agreement, the City is obligated to pay \$1.7 million in legal fees, undertake specified improvements in the Lunada Bay area, and comply with additional nonmonetary provisions.

Legal counsel estimates that any other potential claims against the City, not covered by insurance resulting from litigation, would not materially affect the City’s financial statements as of and for the year ended June 30, 2024.

11. LAW ENFORCEMENT PARCEL TAX

In April of 2018, the citizens approved Measure E, the Law Enforcement Parcel Tax. The tax is to remain in effect for nine years starting with the FY 2019 property tax year. The measure requires annual review by the Law Enforcement Services Special Tax Oversight Committee (LESSTOC).

Pursuant to the terms of the measure, the use of the revenues generated by the parcel tax are “restricted to obtaining, providing, operating, and maintaining local and independent community based law enforcement services throughout the entire City, which shall include paying the salaries and benefits of police personnel, upgrading technology and safety equipment, maintaining response times, paying for any such other necessary law enforcement expenses and paying the direct costs in levying this tax”.

Additionally, the City is required to file a report at least annually, no later than July 1 of each calendar year containing (i) the amount of funds collected and expended under this ordinance; and (ii) the status of any project required or authorized to be funded to carry out the purposes stated above.

Finally, LESSTOC is to annually review and audit expenditures of revenues derived from the Law Enforcement Services Parcel Tax. LESSTOC has requested that information pertaining to the receipt and use of these funds be included in the City’s annual financial report.

Activities related to the Law Enforcement Parcel Tax for the fiscal year ended June 30, 2024 are as follows:

(a)	-	(b)	=	(c)
Actual Special Tax Revenue Received		Actual Allowable Law Enforcement Expenses		Special Tax Revenue Over/(Under) Allowable Expenses
\$ 5,071,821	-	7,314,362	=	\$ (2,242,541)

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds reported expenditures exceeding appropriations in individual functions for major fund and other governmental fund types:

	Final Budget	Actual	Variance with Final Budget
Major Fund:			
General Fund			
General Government	\$ 5,785,276	\$ 7,394,821	\$ (1,609,545)
Public Works	1,901,492	2,135,230	(233,738)
Other Governmental Special Revenue Funds:			
Gas Tax Special Revenue Fund			
Public Works	37,000	75,326	(38,326)
Corrections Special Revenue Fund			
Public Safety	-	5,751	(5,751)
Proposition A Special Revenue Fund			
General Government	10,145	13,142	(2,997)
Public Works	245,543	270,097	(24,554)
Proposition C Special Revenue Fund			
Public Works	-	19,153	(19,153)
Measure W Special Revenue Fund			
Public Works	204,300	270,349	(66,049)

The budget amounts were underestimated for these funds in the fiscal year 2024.

13. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT ISSUED, NOT YET EFFECTIVE

GASB has issued several pronouncements, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statement of the City.

GASB Statement No. 101 - *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through July 24, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PALOS VERDES ESTATES
Schedule of Proportionate Share of the Net Pension Liability
Miscellaneous and Safety
Last Ten Fiscal Years

Fiscal year ended	Combined Miscellaneous and Safety									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date/period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.16216%	0.17353%	0.20818%	0.16270%	0.15707%	0.15234%	0.14671%	0.14469%	0.13615%	0.13267%
Plan's proportionate share of the net pension liability	\$ 20,230,001	\$ 20,043,547	\$ 11,258,997	\$ 17,702,417	\$ 16,094,709	\$ 14,680,301	\$ 14,549,609	\$ 12,520,095	\$ 9,345,440	\$ 8,255,477
Plan's covered payroll	\$ 4,197,447	\$ 3,834,367	\$ 3,920,174	\$ 4,067,472	\$ 4,569,282	\$ 4,554,920	\$ 5,317,012	\$ 5,192,073	\$ 4,624,177	\$ 4,075,497
Plan's proportionate share of the net pension liability as a percentage of covered payroll	481.96%	522.73%	287.21%	435.22%	352.24%	322.30%	273.64%	241.14%	202.10%	202.56%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	71.49%	71.03%	82.66%	71.75%	73.71%	75.42%	74.10%	75.87%	81.17%	83.05%
Plan's proportionate share of aggregate employer contributions	\$ 2,048,022	\$ 3,062,353	\$ 2,638,572	\$ 2,229,933	\$ 1,944,290	\$ 1,843,026	\$ 1,479,654	\$ 1,393,272	\$ 1,377,802	\$ 1,131,720

Notes to Schedule:

Miscellaneous and safety plans were combined for presentation purposes in this section.

Benefit Changes:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 20, 2015 to June 30, 2016:

GASB68, paragraph 68 states that the long-term rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 20, 2016 to June 30, 2017:

There were no changes in assumption.

From fiscal year June 20, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 20, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 20, 2019 to June 30, 2020:

There were no changes in assumption.

From fiscal year June 20, 2020 to June 30, 2021:

There were no changes in assumption.

From fiscal year June 20, 2021 to June 30, 2022:

The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 20, 2022 to June 30, 2023:

There were no changes in assumption.

From fiscal year June 20, 2023 to June 30, 2024:

There were no changes in assumption.

See independent auditor's report.

CITY OF PALOS VERDES ESTATES
Schedule of Contributions
Miscellaneous and Safety
Last Ten Fiscal Years

Fiscal year ended	Combined Miscellaneous and Safety									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 2,156,775	\$ 1,938,560	\$ 1,781,068	\$ 1,639,188	\$ 1,507,558	\$ 1,367,164	\$ 1,202,047	\$ 1,155,479	\$ 995,009	\$ 846,729
Contributions in relation to the actuarially determined contributions	<u>(2,156,775)</u>	<u>(3,009,300)</u>	<u>(2,531,068)</u>	<u>(1,692,292)</u>	<u>(1,507,558)</u>	<u>(1,367,164)</u>	<u>(1,202,047)</u>	<u>(1,155,479)</u>	<u>(995,009)</u>	<u>(846,729)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(1,070,740)</u>	\$ <u>(750,000)</u>	\$ <u>(53,104)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 4,197,447	\$ 3,834,367	\$ 3,920,174	\$ 4,067,472	\$ 4,569,282	\$ 4,554,920	\$ 5,317,012	\$ 5,192,073	\$ 4,624,177	\$ 4,075,497
Contributions as a percentage of covered payroll	51.38%	78.48%	64.57%	41.61%	32.99%	30.02%	22.61%	22.25%	21.52%	20.78%

Notes to Schedule:

Valuation date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	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	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.300%	2.300%	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	7.15% (3)	7.15% (3)	7.25% (3)	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) Minimum of 50 years

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

Miscellaneous and safety plans were combined for presentation purposes in this section.

CITY OF PALOS VERDES ESTATES
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Measurement date	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Total OPEB liability:				
Service cost	\$ 11,788	\$ 11,828	\$ 15,746	\$ 21,848
Interest on total OPEB liability	13,785	13,892	8,178	9,971
Differences between expected and actual experience	(5,351)	(7,665)	19,968	6,754
Changes in assumptions	(11,356)	(3,362)	(54,314)	22,262
Benefit payments	<u>(33,000)</u>	<u>(34,650)</u>	<u>(35,750)</u>	<u>(35,750)</u>
Net change in total OPEB liability	(24,134)	(19,957)	(46,172)	25,085
Total OPEB liability - Beginning of Year	<u>361,847</u>	<u>381,804</u>	<u>427,976</u>	<u>402,891</u>
Total OPEB liability - Ending	<u>\$ 337,713</u>	<u>\$ 361,847</u>	<u>\$ 381,804</u>	<u>\$ 427,976</u>
Covered employee payroll	<u>4,012,652</u>	<u>\$ 4,106,266</u>	<u>\$ 3,584,407</u>	<u>\$ 3,368,142</u>
Total OPEB liability as percentage of covered payroll	<u>8.40%</u>	<u>8.80%</u>	<u>10.70%</u>	<u>12.70%</u>

Notes to Schedule:

There are no assets accumulated in a trust fund that meet the criteria in GASB Statement No. 74 paragraph 3 to pay related benefits.

* Fiscal year 2021 was the first year of implementation and therefore only four years are shown.
The plan was previously reported as part of the pension plans of the City under GASB 73.

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Property taxes	\$ 10,689,997	\$ 10,689,997	\$ 10,747,298	\$ 57,301
Other taxes	1,795,575	1,795,575	1,829,178	33,603
Licenses and permits	913,205	913,205	1,013,256	100,051
Revenue from other agencies	1,918,000	1,918,000	2,009,417	91,417
Charges for services	1,038,369	1,038,369	1,084,554	46,185
Use of money and property	2,076,000	2,076,000	3,266,223	1,190,223
Fines and forfeitures	125,000	125,000	129,018	4,018
Miscellaneous	50,000	50,000	59,093	9,093
Total Revenues	<u>18,606,146</u>	<u>18,606,146</u>	<u>20,138,037</u>	<u>1,531,891</u>
Expenditures:				
Current:				
General government				
City Council, Manager, Clerk & Attorney				
City Council	283,100	283,100	253,580	29,520
City Manager	567,185	602,315	772,911	(170,596)
City Clerk	210,050	238,550	191,528	47,022
City Attorney	237,000	435,780	861,647	(425,867)
City Support Services (CSS)				
CSS - Admin/Risk Management	1,026,133	1,098,649	3,079,527	(1,980,878)
CSS - City Treasurer	27,878	27,878	153,538	(125,660)
CSS - Acctg/Budget/Procur	324,513	354,413	260,362	94,051
CSS - Human Resources	256,564	256,564	128,948	127,616
CSS - Payroll	111,685	111,685	108,045	3,640
Community Development	2,027,972	2,376,342	1,584,735	791,607
Total General Government	<u>5,072,080</u>	<u>5,785,276</u>	<u>7,394,821</u>	<u>(1,609,545)</u>

(Continued)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
General Fund (Continued)
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Public safety				
Police - Administration	\$ 1,924,346	\$ 1,949,346	\$ 1,093,961	\$ 855,385
Police - Operations	3,234,681	3,234,681	3,589,688	(355,007)
Police - Support	2,184,559	2,184,559	2,630,713	(446,154)
Fire	7,305,000	7,305,000	6,934,251	370,749
Total Public Safety	<u>14,648,586</u>	<u>14,673,586</u>	<u>14,248,613</u>	<u>424,973</u>
Parks and recreation				
Parklands	1,472,088	3,670,312	3,102,876	567,436
Total Parks and recreation	<u>1,472,088</u>	<u>3,670,312</u>	<u>3,102,876</u>	<u>567,436</u>
Public works				
City Properties	231,000	231,000	279,801	(48,801)
Administration	918,569	993,569	1,149,160	(155,591)
Streets	606,883	670,603	667,267	3,336
Parklands	6,320	6,320	15,510	(9,190)
Capital Outlay	-	-	23,492	(23,492)
Total Public Works	<u>1,762,772</u>	<u>1,901,492</u>	<u>2,135,230</u>	<u>(233,738)</u>
Total Expenditures	<u>22,955,526</u>	<u>26,030,666</u>	<u>26,881,540</u>	<u>(850,874)</u>
Over (Under) Expenditures	<u>(4,349,380)</u>	<u>(7,424,520)</u>	<u>(6,743,503)</u>	<u>681,017</u>
Other Financing Sources:				
Transfers in	8,235,184	8,235,184	8,169,410	65,774
Transfers out	<u>(2,018,000)</u>	<u>(2,006,500)</u>	<u>(893,796)</u>	<u>(1,112,704)</u>
Total Other Financing Sources	<u>6,217,184</u>	<u>6,228,684</u>	<u>7,275,614</u>	<u>(1,046,930)</u>
Net Change in Fund Balance	1,867,804	(1,195,836)	532,111	1,727,947
Fund Balance at Beginning of Year	<u>25,689,078</u>	<u>25,689,078</u>	<u>25,689,078</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 27,556,882</u>	<u>\$ 24,493,242</u>	<u>\$ 26,221,189</u>	<u>\$ 1,727,947</u>

See independent auditor's report.

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
PVE Law Enforcement Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
Revenues:				
Special assessments	\$ 5,060,000	\$ 5,060,000	\$ 5,071,821	\$ 11,821
Total Revenues	5,060,000	5,060,000	5,071,821	11,821
Other Financing Uses:				
Transfers out	(5,060,000)	(5,060,000)	(4,994,226)	65,774
Total Other Financing Uses	(5,060,000)	(5,060,000)	(4,994,226)	65,774
Net Change in Fund Balance	-	-	77,595	77,595
Fund Balance at Beginning of Year	39,343	39,343	39,343	-
Fund Balance at End of Year	\$ 39,343	\$ 39,343	\$ 116,938	\$ 77,595

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
American Rescue Plan Act (ARPA) Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
Revenues:				
Revenue from other agencies	\$ 3,175,184	\$ 3,175,184	\$ 3,175,184	\$ -
Total Revenues	3,175,184	3,175,184	3,175,184	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,175,184	3,175,184	3,175,184	-
Other Financing Uses:				
Transfers out	(3,175,184)	(3,175,184)	(3,175,184)	-
Total Other Financing Uses	(3,175,184)	(3,175,184)	(3,175,184)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
General Capital Improvements Capital Projects Funds
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works	\$ 4,301,000	\$ 4,301,000	\$ 2,403,785	\$ 1,897,215
Total Expenditures	4,301,000	4,301,000	2,403,785	1,897,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,301,000)	(4,301,000)	(2,403,785)	1,897,215
Other Financing Sources:				
Transfers in	4,301,000	4,659,992	2,361,162	(2,298,830)
Total Other Financing Sources	4,301,000	4,659,992	2,361,162	(2,298,830)
Net Change in Fund Balance	-	358,992	(42,623)	(401,615)
Fund Balance at Beginning of Year	1,473,564	1,473,564	1,473,564	-
Fund Balance at End of Year	\$ 1,473,564	\$ 1,832,556	\$ 1,430,941	\$ (401,615)

See independent auditor's report.

1. BUDGETARY DATA

Budgets are reported on the same basis as the funds and are adopted on a basis consistent with U.S. GAAP. Annual appropriated budgets are adopted for the General, Special Revenue, and Capital Projects Funds consistent with U.S. GAAP. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Budgets are monitored at varying levels of classification detail. For the General Fund, expenditures cannot legally exceed total appropriations at the department level. For other funds, expenditures are controlled at the fund level. However, the City Manager is authorized to transfer amounts within individual fund budgets and between departments up to \$10,000. Budgets are adopted for all. Budgetary revisions that alter the total appropriations of a fund and/or a capital project must be approved by the City Council. Unexpended budgetary appropriations lapse at year-end. Budgeted amounts, as shown, include the originally adopted budget, reappropriated prior-year obligations, as well as any amendments authorized by the City Council.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes. The City uses the following Nonmajor Special Revenue Funds:

Gas Tax - to account for state and county gas taxes, which funds may be used for street maintenance, right-of-way acquisition, and street construction.

Drug Intervention - to account for funds received from the L.A. IMPACT, an association of local governmental agencies, related to drug enforcement activities. The funds are earmarked for the City's drug intervention programs.

SLESF - to account for COPS funds received from the State of California.

Special Projects - to account for funds received from other governmental agencies that are earmarked for separate projects.

Corrections - to account for funds received from the State Department of Corrections.

Road Maintenance and Rehabilitation Account (RMRA) - To account for the City's share of gas tax monies for the purpose of construction, reconstruction, maintenance, and right-of-way acquisition relating to streets and highways.

Measure M - to account for the City's share of funds collected and distributed by the County of Los Angeles under Measure M for transportation purposes within the City.

Proposition A - to account for funds collected and distributed by the County of Los Angeles and under Proposition A to finance transit projects within the City.

Measure R - to account for the City's share of funds collected and distributed by the County of Los Angeles under Measure R for transportation purposes within the City.

Proposition C - to account for City's share of funds collected and distributed by the County of Los Angeles under Proposition C for transportation purposes within the City.

Measure W - to account for the special tax of 2.5 cents per square feet of impermeable area for parcels located in Los Angeles County Flood Control District to pay for projects, infrastructure, and programs to capture, treat, and recycle rainwater.

Air Quality Management District (AQMD) - This fund accounts for monies received from the County of Los Angeles for enacting policies to improve air quality.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUND

The Capital Projects Funds are used to account for resources intended to be used primarily for major capital facilities.

Sewer - is used to account for funds received from a retired direct assessment levied by the City for the purpose of funding major sewer projects. Residual assessment funds that remain are to be used exclusively for sewer maintenance, repairs, and projects.

Parklands - is used to make improvements to/in the City's parklands.

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CITY OF PALOS VERDES ESTATES
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds							
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA	Measure M	Proposition A
Assets:								
Cash and investments	\$ 500,848	\$ 609,320	\$ 1,180,600	\$ 1,074,087	\$ 21,815	\$ 996,383	\$ 480,636	\$ 512,041
Accounts receivable	1,224	-	-	-	-	-	19,124	-
Taxes receivable	31,476	-	-	-	-	60,063	-	-
Total Assets	\$ 533,548	\$ 609,320	\$ 1,180,600	\$ 1,074,087	\$ 21,815	\$ 1,056,446	\$ 499,760	\$ 512,041
Liabilities:								
Accounts payable	\$ 380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,049
Total Liabilities	380	-	-	-	-	-	-	135,049
Fund Balances:								
Restricted for:								
Public safety	-	609,320	1,180,600	-	21,815	-	-	-
Public works	533,168	-	-	1,074,087	-	1,056,446	499,760	376,992
Total Fund Balances	533,168	609,320	1,180,600	1,074,087	21,815	1,056,446	499,760	376,992
Total Liabilities and Fund Balances	\$ 533,548	\$ 609,320	\$ 1,180,600	\$ 1,074,087	\$ 21,815	\$ 1,056,446	\$ 499,760	\$ 512,041

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds (Continued)				Capital Projects Funds		Total
	Measure R	Proposition C	Measure W	AQMD	Sewer	Parklands	Nonmajor Governmental Funds
Assets:							
Cash and investments	\$ 606,120	\$ 287,614	\$ 157,856	\$ 201,109	\$ 1,645,358	\$ 105,674	\$ 8,379,461
Accounts receivable	16,868	22,425	-	-	-	-	59,641
Taxes receivable	-	-	-	-	-	-	91,539
Total Assets	\$ 622,988	\$ 310,039	\$ 157,856	\$ 201,109	\$ 1,645,358	\$ 105,674	\$ 8,530,641
Liabilities:							
Accounts payable	-	295	14,216	-	11,682	-	161,622
Total Liabilities	-	295	14,216	-	11,682	-	161,622
Fund Balances:							
Restricted for:							
Public safety	-	-	-	-	-	-	1,811,735
Public works	622,988	309,744	143,640	201,109	1,633,676	105,674	6,557,284
Total Fund Balances	622,988	309,744	143,640	201,109	1,633,676	105,674	8,369,019
Total Liabilities and Fund Balances	\$ 622,988	\$ 310,039	\$ 157,856	\$ 201,109	\$ 1,645,358	\$ 105,674	\$ 8,530,641

(Concluded)

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds							
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA	Measure M	Proposition A
Revenues:								
Revenue from other agencies	\$ 395,630	\$ -	\$ 186,159	\$ 29,846	\$ 6,996	\$ 370,119	\$ 300,717	\$ 344,183
Use of money and property	16,659	24,930	45,891	43,794	799	43,291	27,955	15,336
Total Revenues	412,289	24,930	232,050	73,640	7,795	413,410	328,672	359,519
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	13,142
Public safety	-	-	-	-	5,751	-	-	-
Public works	75,326	-	-	5,736	-	-	-	270,097
Total Expenditures	75,326	-	-	5,736	5,751	-	-	283,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	336,963	24,930	232,050	67,904	2,044	413,410	328,672	76,280
Other Financing Sources (Uses):								
Transfers out	-	-	-	-	-	(221,461)	(218,014)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(221,461)	(218,014)	-
Net Change in Fund Balances	336,963	24,930	232,050	67,904	2,044	191,949	110,658	76,280
Fund Balances at Beginning of Year	196,205	584,390	948,550	1,006,183	19,771	864,497	389,102	300,712
Fund Balances at End of Year	\$ 533,168	\$ 609,320	\$ 1,180,600	\$ 1,074,087	\$ 21,815	\$ 1,056,446	\$ 499,760	\$ 376,992

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2024

	Special Revenue Funds (Continued)				Capital Projects Funds		Total Nonmajor Governmental Funds
	Measure R	Proposition C	Measure W	AQMD	Sewer	Parklands	
Revenues:							
Revenue from other agencies	\$ 214,052	\$ 285,492	\$ 260,114	\$ 17,376	\$ -	\$ -	\$ 2,410,684
Use of money and property	31,181	41,143	1,720	7,656	-	-	300,355
Total Revenues	245,233	326,635	261,834	25,032	-	-	2,711,039
Expenditures:							
Current:							
General government	-	-	-	-	-	-	13,142
Public safety	-	-	-	-	-	-	5,751
Public works	-	19,153	270,349	-	16,897	-	657,558
Total Expenditures	-	19,153	270,349	-	16,897	-	676,451
Excess (Deficiency) of Revenues Over (Under) Expenditures	245,233	307,482	(8,515)	25,032	(16,897)	-	2,034,588
Other Financing Sources (Uses):							
Transfers out	(232,074)	(795,698)	-	-	(119)	-	(1,467,366)
Total Other Financing Sources (Uses)	(232,074)	(795,698)	-	-	(119)	-	(1,467,366)
Net Change in Fund Balances	13,159	(488,216)	(8,515)	25,032	(17,016)	-	567,222
Fund Balances at Beginning of Year	609,829	797,960	152,155	176,077	1,650,692	105,674	7,801,797
Fund Balances at End of Year	\$ 622,988	\$ 309,744	\$ 143,640	\$ 201,109	\$ 1,633,676	\$ 105,674	\$ 8,369,019

(Concluded)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Gas Tax Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Revenue from other agencies	\$ 362,048	\$ 362,048	\$ 395,630	\$ 33,582
Use of money and property	1,000	1,000	16,659	15,659
Total Revenues	363,048	363,048	412,289	49,241
Expenditures:				
Current:				
Public works	37,000	37,000	75,326	(38,326)
Total Expenditures	37,000	37,000	75,326	(38,326)
Excess (Deficiency) of Revenues Over (Under) Expenditures	326,048	326,048	336,963	10,915
Other Financing Sources (Uses):				
Transfers out	(125,500)	-	-	-
Total Other Financing Sources (Uses)	(125,500)	-	-	-
Net Change in Fund Balance	200,548	326,048	336,963	10,915
Fund Balance at Beginning of Year	196,205	196,205	196,205	-
Fund Balance at End of Year	\$ 396,753	\$ 522,253	\$ 533,168	\$ 10,915

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Drug Intervention Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 24,930	\$ 14,930
Total Revenues	10,000	10,000	24,930	14,930
Expenditures:				
Current:				
Public works	433,465	433,465	-	433,465
Total Expenditures	433,465	433,465	-	433,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	(423,465)	(423,465)	24,930	448,395
Other Financing Sources (Uses):				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(423,465)	(423,465)	24,930	448,395
Fund Balance at Beginning of Year	584,390	584,390	584,390	-
Fund Balance at End of Year	\$ 160,925	\$ 160,925	\$ 609,320	\$ 448,395

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
SLESF Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Revenue from other agencies	\$ 173,000	\$ 173,000	\$ 186,159	\$ 13,159
Use of money and property	7,000	7,000	45,891	38,891
Total Revenues	180,000	180,000	232,050	52,050
Expenditures:				
Current:				
General government	7,600	7,600	-	7,600
Public safety	427,435	427,435	-	427,435
Total Expenditures	435,035	435,035	-	435,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	(255,035)	(255,035)	232,050	487,085
Net Change in Fund Balance	(255,035)	(255,035)	232,050	487,085
Fund Balance at Beginning of Year	948,550	948,550	948,550	-
Fund Balance at End of Year	\$ 693,515	\$ 693,515	\$ 1,180,600	\$ 487,085

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Special Projects Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from other agencies	\$ 15,000	\$ 15,000	\$ 29,846	\$ 14,846
Use of money and property	<u>3,000</u>	<u>3,000</u>	<u>43,794</u>	<u>40,794</u>
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>73,640</u>	<u>55,640</u>
Expenditures:				
Current:				
Public works	<u>20,900</u>	<u>20,900</u>	<u>5,736</u>	<u>15,164</u>
Total Expenditures	<u>20,900</u>	<u>20,900</u>	<u>5,736</u>	<u>15,164</u>
Excess of Revenues Over Expenditures	<u>(2,900)</u>	<u>(2,900)</u>	<u>67,904</u>	<u>70,804</u>
Net Change in Fund Balance	(2,900)	(2,900)	67,904	70,804
Fund Balance at Beginning of Year	<u>1,006,183</u>	<u>1,006,183</u>	<u>1,006,183</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,003,283</u>	<u>\$ 1,003,283</u>	<u>\$ 1,074,087</u>	<u>\$ 70,804</u>

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Corrections Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Revenue from other agencies	\$ 4,850	\$ 4,850	\$ 6,996	\$ 2,146
Use of money and property	150	150	799	649
Total Revenues	5,000	5,000	7,795	2,795
Expenditures:				
Current:				
Public safety	-	-	5,751	(5,751)
Total Expenditures	-	-	5,751	(5,751)
Net Change in Fund Balance	5,000	5,000	2,044	(2,956)
Fund Balance at Beginning of Year	19,771	19,771	19,771	-
Fund Balance at End of Year	\$ 24,771	\$ 24,771	\$ 21,815	\$ (2,956)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Road Maintenance and Rehabilitation Account (RMRA) Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Revenue from other agencies	\$ 317,613	\$ 317,613	\$ 370,119	\$ 52,506
Use of money and property	6,000	6,000	43,291	37,291
Total Revenues	323,613	323,613	413,410	89,797
Other Financing Uses:				
Transfers out	(508,139)	(508,139)	(221,461)	286,678
Total Other Financing Uses	(508,139)	(508,139)	(221,461)	286,678
Net Change in Fund Balance	(184,526)	(184,526)	191,949	376,475
Fund Balance at Beginning of Year	864,497	864,497	864,497	-
Fund Balance at End of Year	\$ 679,971	\$ 679,971	\$ 1,056,446	\$ 376,475

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure M Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from other agencies	\$ 240,000	\$ 240,000	\$ 300,717	\$ 60,717
Use of money and property	-	-	27,955	27,955
Total Revenues	240,000	240,000	328,672	88,672
Other Financing Uses:				
Transfers out	(325,000)	(325,000)	(218,014)	106,986
Total Other Financing Uses	(325,000)	(325,000)	(218,014)	106,986
Net Change in Fund Balance	(85,000)	(85,000)	110,658	195,658
Fund Balance at Beginning of Year	389,102	389,102	389,102	-
Fund Balance at End of Year	\$ 304,102	\$ 304,102	\$ 499,760	\$ 195,658

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Proposition A Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Revenue from other agencies	\$ 355,000	\$ 355,000	\$ 344,183	\$ (10,817)
Use of money and property	-	-	15,336	15,336
Total Revenues	355,000	355,000	359,519	4,519
Expenditures:				
Current:				
General government	10,145	10,145	13,142	(2,997)
Public works	245,543	245,543	270,097	(24,554)
Total Expenditures	255,688	255,688	283,239	(27,551)
Excess of Revenues Over Expenditures	99,312	99,312	76,280	(23,032)
Net Change in Fund Balance	99,312	99,312	76,280	(23,032)
Fund Balance at Beginning of Year	300,712	300,712	300,712	-
Fund Balance at End of Year	\$ 400,024	\$ 400,024	\$ 376,992	\$ (23,032)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure R Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Revenue from other agencies	\$ 228,400	\$ 228,400	\$ 214,052	\$ (14,348)
Use of money and property	1,600	1,600	31,181	29,581
Total Revenues	230,000	230,000	245,233	15,233
Other Financing Uses:				
Transfers out	(326,361)	(345,961)	(232,074)	113,887
Total Other Financing Uses	(326,361)	(345,961)	(232,074)	113,887
Net Change in Fund Balance	(96,361)	(115,961)	13,159	129,120
Fund Balance at Beginning of Year	609,829	609,829	609,829	-
				-
Fund Balance at End of Year	\$ 513,468	\$ 493,868	\$ 622,988	\$ 129,120

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Proposition C Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Revenue from other agencies	\$ 304,500	\$ 304,500	\$ 285,492	\$ (19,008)
Use of money and property	5,500	5,500	41,143	35,643
Total Revenues	310,000	310,000	326,635	16,635
Expenditures:				
Public works	-	-	19,153	(19,153)
Total Expenditures	-	-	19,153	(19,153)
Excess of Revenues Over Expenditures	310,000	310,000	307,482	(2,518)
Other Financing Uses:				
Transfers out	(476,000)	(952,392)	(795,698)	156,694
Total Other Financing Uses	(476,000)	(952,392)	(795,698)	156,694
Net Change in Fund Balance	(166,000)	(642,392)	(488,216)	154,176
Fund Balance at Beginning of Year	797,960	797,960	797,960	-
Fund Balance at End of Year	\$ 631,960	\$ 155,568	\$ 309,744	\$ 154,176

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure W Special Revenue Fund
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Revenue from other agencies	\$ 264,000	\$ 264,000	\$ 260,114	\$ (3,886)
Use of money and property	1,000	1,000	1,720	720
Total Revenues	265,000	265,000	261,834	(3,166)
Expenditures:				
Current:				
Public works	204,300	204,300	270,349	(66,049)
Total Expenditures	204,300	204,300	270,349	(66,049)
Other Financing Sources:				
Transfers out	(72,000)	(72,000)	-	72,000
Total Other Financing Sources	(72,000)	(72,000)	-	72,000
Net Change in Fund Balance	(11,300)	(11,300)	(8,515)	2,785
Fund Balance at Beginning of Year	152,155	152,155	152,155	-
Fund Balance at End of Year	\$ 140,855	\$ 140,855	\$ 143,640	\$ 2,785

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Air Quality Management District (AQMD) Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Revenue from other agencies	\$ -	\$ -	\$ 17,376	\$ 17,376
Use of money and property	2,900	2,900	7,656	4,756
Total Revenues	2,900	2,900	25,032	22,132
Other Financing Sources (Uses):				
Transfers out	(95,000)	(95,000)	-	95,000
Total Other Financing Sources (Uses)	(95,000)	(95,000)	-	95,000
Net Change in Fund Balance	(92,100)	(92,100)	25,032	117,132
Fund Balance at Beginning of Year	176,077	176,077	176,077	-
Fund Balance at End of Year	\$ 83,977	\$ 83,977	\$ 201,109	\$ 117,132

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Sewer Capital Projects Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Expenditures:				
Current:				
Public works	\$ 204,300	\$ 204,300	\$ 16,897	\$ 187,403
Total Expenditures	204,300	204,300	16,897	187,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	(204,300)	(204,300)	(16,897)	187,403
Other Financing Uses:				
Transfers out	(450,000)	(450,000)	(119)	449,881
Total Other Financing Uses	(450,000)	(450,000)	(119)	449,881
Net Change in Fund Balance	(654,300)	(654,300)	(17,016)	637,284
Fund Balance at Beginning of Year	1,650,692	1,650,692	1,650,692	-
Fund Balance at End of Year	\$ 996,392	\$ 996,392	\$ 1,633,676	\$ 637,284

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Parklands Capital Projects Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Positive
				(Negative)
Net Change in Fund Balance	\$ -	\$ -	\$ -	-
Fund Balance at Beginning of Year	105,674	105,674	105,674	-
Fund Balance at End of Year	\$ 105,674	\$ 105,674	\$ 105,674	\$ -

CUSTODIAL FUNDS

Custodial Funds are used to account for assets held by the government as an agent for individuals, other governments, and/or other funds. The City uses the following Custodial Funds:

Special Deposits Fund - to account for monies held by the City for various organizations and individuals.

Police Property/Evidence Fund - to account for monies seized mostly from drug sales and from unclaimed property held by the City.

CITY OF PALOS VERDES ESTATES
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2024

	<u>Special Deposits</u>	<u>Police Property/ Evidence</u>	<u>Total Custodial Funds</u>
Assets:			
Cash and investments	\$ 288,007	\$ 5,529	\$ 293,536
Total Assets	\$ 288,007	\$ 5,529	\$ 293,536
Liabilities			
Deposits payable	\$ 10,140	\$ (572)	\$ 9,568
Total Liabilities	10,140	(572)	9,568
Net Position:			
Held in trust for other purposes	277,867	6,101	283,968
Total Liabilities and net position	\$ 288,007	\$ 5,529	\$ 293,536

CITY OF PALOS VERDES ESTATES
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2024

	Special Deposits	Police Property/ Evidence	Total Custodial Funds
Additions:			
Investment earnings	\$ 13,126	\$ -	\$ 13,126
Other revenue	-	233	233
	13,126	233	13,359
Total Additions			
Change in Net Position	13,126	233	13,359
Net Position at Beginning of Year	264,741	5,868	270,609
Net Position at End of Year	\$ 277,867	\$ 6,101	\$ 283,968

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Palos Verdes Estates' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed overtime.	94 -97
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	98 - 104
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	105 – 106
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	107 – 108
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	109 – 111

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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CITY OF PALOS VERDES ESTATES
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953	\$ 30,844	\$ 29,640	\$ 27,525
Restricted	7,773	6,417	6,588	6,997	7,850	5,688	6,522	7,507	7,841	8,486
Unrestricted	10,747	9,210	8,958	5,684	7,398	9,298	10,569	12,720	15,402	15,106
Total governmental activities net position	<u>\$ 64,526</u>	<u>\$ 60,985</u>	<u>\$ 58,234</u>	<u>\$ 53,695</u>	<u>\$ 54,416</u>	<u>\$ 50,835</u>	<u>\$ 50,044</u>	<u>\$ 51,071</u>	<u>\$ 52,883</u>	<u>\$ 51,117</u>
Primary government										
Net investment in capital assets	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953	\$ 30,844	\$ 29,640	\$ 27,525
Restricted	7,773	6,417	6,588	6,997	7,850	5,688	6,522	7,507	7,841	8,486
Unrestricted	10,747	9,210	8,958	5,684	7,398	9,298	10,569	12,720	15,402	15,106
Total primary government net position	<u>\$ 64,526</u>	<u>\$ 60,985</u>	<u>\$ 58,234</u>	<u>\$ 53,695</u>	<u>\$ 54,416</u>	<u>\$ 50,835</u>	<u>\$ 50,044</u>	<u>\$ 51,071</u>	<u>\$ 52,883</u>	<u>\$ 51,117</u>

* The City implemented GASB 68 in 2014-15 year having a significant impact on net equity given the first time recording of citywide pension liability. This is the first year of establishing this new base of comparison.

** The City has restated the net position by \$1,587,592 to correct the ARPA funds received in FY21/22 that have been recorded as revenue but should be deferred as of FY22/23.

CITY OF PALOS VERDES ESTATES
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government	\$ 2,244	\$ 2,911	\$ 3,520	\$ 2,686	\$ 2,826	\$ 2,422	\$ 2,859	\$ 5,086	\$ 5,040	\$ 8,214
Public safety	10,476	11,555	12,045	12,120	12,726	13,484	16,180	15,302	13,699	15,797
Public works	5,703	3,092	3,243	5,111	5,813	2,427	4,292	3,120	1,104	5,661
Parks and recreation	3,013	6,891	5,798	1,935	1,476	7,507	1,721	1,247	2,836	3,425
Total governmental activities expenses	\$ 21,436	\$ 24,449	\$ 24,606	\$ 21,852	\$ 22,841	\$ 25,840	\$ 25,052	\$ 24,755	\$ 22,679	\$ 33,097
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 56	\$ 472	\$ 1,278	\$ 92	\$ 96	\$ 128	\$ 1,311	\$ 96	\$ 201	\$ 198
Public safety	4,675	4,765	4,890	199	5,173	5,102	5,222	5,339	5,347	5,279
Public works	1,154	1,283	1,422	1,651	1,671	1,280	1,798	1,932	1,523	1,797
Parks and recreation	1,261	-	1,322	-	1,380	1,549	1,152	1,509	1,772	2,191
Operating grants and contributions	1,353	2,013	1,022	3,097	1,366	1,354	1,523	3,565	1,856	4,995
Capital grants and contributions	20	1,756	380	916	705	53	47	-	-	-
Total governmental activities program revenues	8,519	10,289	10,314	5,955	10,391	9,466	11,053	12,441	10,699	14,460
Net expense	\$ (12,917)	\$ (14,160)	\$ (14,292)	\$ (15,897)	\$ (12,450)	\$ (16,374)	\$ (13,999)	\$ (12,314)	\$ (11,980)	\$ (18,637)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,859	\$ 7,247	\$ 9,089	\$ 9,466	\$ 9,928	\$ 10,365	\$ 10,918	\$ 11,341	\$ 11,887	\$ 12,682
Sales and use taxes	427	435	426	533	631	555	848	1,004	1,338	1,148
Franchise taxes and other taxes	1,042	1,009	1,058	1,063	1,038	977	1,213	1,371	1,122	1,242
Motor vehicle in lieu tax (unrestricted)	1,248	1,323	-	-	-	-	-	-	-	-
Investment income (Loss)	215	320	76	118	875	880	110	(585)	529	1,572
Miscellaneous	343	361	552	178	702	16	118	199	505	227
Total General Revenue and Extraordinary Item	10,134	10,695	11,201	11,358	13,174	12,793	13,207	13,330	15,381	16,871
Change in Net Position	\$ (2,783)	\$ (3,465)	\$ (3,091)	\$ (4,539)	\$ 724	\$ (3,581)	\$ (792)	\$ 1,016	\$ 3,401	\$ (1,766)

* Government Activities Expenses have been updated for FY2013-2017 to reflect the correct Activity for those years. The Activities included: Public works and Parks and recreation

** The City implemented GASB 68 in 2014-15 which significantly impacted net equity and resulted in the restatement of net position by \$10,148,73 on the statement of net position

*** The City has restated the net position by \$1,587,592 to correct the ARPA funds received in FY21/22 that have been recorded as revenue but should be deferred since unspent as of FY22/23.

CITY OF PALOS VERDES ESTATES
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund:										
Nonspendable	\$ 31	\$ 15	\$ 15	\$ 458	\$ 528	\$ 509	\$ 616	\$ 673	\$ 1,666	\$ 70
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	7,200	7,200	7,200	7,200	7,200	8,000	8,000	8,000	8,000	8,000
Assigned	-	-	-	-	675	675	4,805	7,288	6,472	4,718
Unassigned	3,219	4,114	3,924	2,597	4,633	6,216	9,914	10,318	9,551	13,433
Total general fund	<u>10,450</u>	<u>11,329</u>	<u>11,139</u>	<u>10,255</u>	<u>13,036</u>	<u>15,400</u>	<u>23,335</u>	<u>26,279</u>	<u>25,689</u>	<u>26,221</u>
All other governmental funds:										
Nonspendable	\$ -	\$ 395	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,773	6,417	6,588	6,997	7,850	5,688	6,522	7,507	7,841	8,486
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	7,132	5,096	6,182	5,121	5,138	6,128	1,893	1,364	1,474	1,431
Unassigned	-	-	-	-	-	(103)	(101)	-	-	-
Total all other governmental funds	<u>14,905</u>	<u>11,908</u>	<u>12,770</u>	<u>12,125</u>	<u>12,988</u>	<u>11,713</u>	<u>8,314</u>	<u>8,871</u>	<u>9,315</u>	<u>9,917</u>
Total	<u>\$ 25,355</u>	<u>\$ 23,237</u>	<u>\$ 23,909</u>	<u>\$ 22,380</u>	<u>\$ 26,024</u>	<u>\$ 27,113</u>	<u>\$ 31,649</u>	<u>\$ 35,150</u>	<u>\$ 35,004</u>	<u>\$ 36,138</u>

* The City has restated the fund balance by \$1,587,592 to correct the ARPA funds received in FY21/22 that have been recorded as revenue but should be deferred as of FY22/23.

CITY OF PALOS VERDES ESTATES
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2015*	2016*	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Property Tax	\$ 6,859	\$ 7,247	\$ 7,701	\$ 8,116	\$ 8,397	\$ 8,761	\$ 9,247	\$ 9,623	\$ 10,057	\$ 10,747
Special assessment	4,464	4,582	4,715	44	4,988	4,993	5,062	5,067	5,089	5,072
Other taxes	1,469	1,445	1,468	1,345	1,476	1,348	1,610	1,880	1,740	1,829
Licenses and permits	598	590	590	898	903	829	858	888	863	1,013
Revenues from other agencies	2,591	2,543	2,694	3,364	3,221	3,227	3,721	5,612	4,437	7,595
Charges for services	447	601	656	807	797	829	1,016	1,255	997	1,085
Use of money and property	1,423	1,612	1,368	1,460	2,213	2,133	1,248	904	2,275	3,567
Fines and forfeitures	176	147	135	129	148	85	107	147	152	129
Miscellaneous	326	361	552	210	712	29	91	320	285	59
Total revenues	18,353	19,128	19,879	16,373	22,855	22,234	22,960	25,696	25,895	31,096
Expenditures										
General government	2,069	2,164	2,363	2,347	2,534	1,853	2,193	4,396	5,049	7,408
Public safety	10,803	11,412	11,854	11,504	11,785	12,680	12,659	13,291	13,799	14,254
Public works	4,801	6,450	4,628	3,223	3,641	1,150	3,254	3,394	1,123	5,197
Parks and recreation	1,190	1,221	1,363	1,269	1,249	5,462	1,387	1,093	4,272	3,103
Total expenditures	18,863	21,247	20,208	18,343	19,209	21,145	19,493	22,174	24,243	29,962
Excess (deficiency) of revenues over (under) expenditures	(510)	(2,119)	(329)	(1,970)	3,646	1,089	3,467	3,522	1,652	1,134
Other financing sources (uses):										
Transfers in	1,015	-	2,658	6,232	5,825	6,292	10,544	7,820	7,147	10,530
Transfers out	(1,317)	-	(1,658)	(5,791)	(5,827)	(6,292)	(9,475)	(7,852)	(7,357)	(10,530)
Total other financing sources (uses)	(302)	-	1,000	441	(2)	-	1,069	(32)	(210)	-
Net change in fund balances	\$ (812)	\$ (2,119)	\$ 671	\$ (1,529)	\$ 3,644	\$ 1,089	\$ 4,536	\$ 3,490	\$ 1,442	\$ 1,134

* Revenue categories have been updated for FY2014-2016 to reflect the correct category for those years. The categories included: Fines and forfeitures, Use of money and agencies, Revenues from other agencies, and Charges for services.

CITY OF PALOS VERDES ESTATES
Selected Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise and Other Taxes</u>	<u>Motor Vehicle in Lieu Tax</u>	<u>Total</u>
2015	\$ 6,858,942	\$ 426,727	\$ 1,042,439	\$ 1,248,033	\$ 9,576,141
2016	7,247,897	435,005	1,009,002	1,323,094	10,014,998
2017	7,700,661	426,147	1,040,622	1,388,090	10,555,520
2018	8,009,908	388,757	1,062,835	1,456,252	10,917,752
2019	8,397,233	438,411	1,037,557	1,530,514	11,403,715
2020	8,760,576	438,411	976,561	1,604,678	11,780,226
2021	9,246,962	560,171	1,213,191	1,671,013	12,691,337
2022	9,623,465	509,186	1,370,543	1,717,258	13,220,452
2023	10,057,109	617,870	1,121,691	1,830,311	13,626,981
2024	10,747,298	586,828	1,242,350	1,934,417	14,510,893

Source: City Finance Department

CITY OF PALOS VERDES ESTATES
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			
2015	\$ 6,009,062	\$ 50,686	\$ 4,768	\$ 8,225	\$ 6,056,291	0.1130%
2016	6,373,721	53,021	4,539	8,067	6,423,214	0.1109%
2017	6,698,291	54,279	4,132	8,555	6,748,147	0.1110%
2018	6,934,299	61,003	3,624	4,701	6,994,225	0.1130%
2019	7,296,612	60,910	4,246	8,810	7,352,958	0.1130%
2020	7,616,571	73,556	3,668	2,664	7,691,131	0.1113%
2021	7,942,412	78,896	3,379	5,039	8,019,648	0.1113%
2022	8,212,499	69,358	3,844	6,351	8,279,350	0.1114%
2023	8,689,274	78,177	5,151	9,118	8,763,484	0.1115%
2024	9,201,875	87,755	7,596	9,847	9,287,379	0.1116%

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 at the time that it is sold to a new owner. At that point, the value is reassessed at the purchase price of the property. 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.

Data Source: Los Angeles County Assessor Combined Tax Rolls

CITY OF PALOS VERDES ESTATES
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Fiscal Year	Direct Rates			Overlapping Rates				
	City Direct Rate	LA County ERAF/Palos Verdes Library District/Palos Verdes Unified School District	Total General Levy	Palos Verdes Peninsula Unified School District	Metropolitan Water District	Palos Verdes Library District	Comm. College	Total Direct Overlapping Rates
2015	0.1130	0.8870	1.0000	0.0233	0.0035	0.0059	0.0402	1.07281
2016	0.1109	0.8870	1.0000	0.0234	0.0035	0.0056	0.0358	1.06830
2017	0.1110	0.8870	1.0000	0.0232	0.0035	-	0.0359	1.06260
2018	0.1130	0.8870	1.0000	0.0231	0.0035	-	0.0460	1.07260
2019	0.1130	0.8870	1.0000	0.0237	0.0035	-	0.0462	1.07342
2020	0.1113	0.8887	1.0000	0.0236	0.0035	-	0.0272	1.05426
2021	0.1113	0.8887	1.0000	0.0238	0.0035	-	0.0402	1.06744
2022	0.1114	0.8886	1.0000	0.0240	0.0035	-	0.0438	1.07124
2023	0.1115	0.8885	1.0000	0.0228	0.0035	-	0.0249	1.05120
2024	0.1116	0.8884	1.0000	0.0238	0.0035	-	0.0602	1.08756

Source: Los Angeles County Auditor Controller's Office.

CITY OF PALOS VERDES ESTATES
Principal Property Taxpayers
Current Year and Ten Years Ago

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Tei Fu Chen Trust	\$ 38,046,577	1	0.41%	\$ 32,290,434	1	0.53%
Lowell W and Lisa B. Hill	36,001,899	2	0.38%	16,049,377	2	0.26%
Lincoln M Riley Trust	17,493,000	3	0.19%			
Yi Lin	15,594,942	4	0.17%	9,562,878	10	0.16%
PVM Holdings	15,438,777	5	0.16%			
Yulong Huang Cotrustee	15,417,955	6	0.16%			
Jackson and Julie Yang	15,335,471	7	0.16%	13,015,341	4	0.21%
Deborah D Adkins Messenger Trust	15,118,043	8	0.16%			
Timothy D Armour Trust	14,966,770	9	0.16%	10,189,054	8	0.17%
Sundaresh and Aruna Ramayya Trust	14,652,798	10	0.16%			
Masafumi Miyamoto				14,575,032	3	0.24%
Jason and Wendy Moskowitz Trust				12,379,451	5	0.20%
Jose A and Brigitte Collozo Trust				12,004,444	6	0.20%
Richard C Lundquist Company Trust				11,171,923	7	0.18%
Palos Verdes Golf Club				10,026,162	9	0.17%
	<u>\$ 198,066,232</u>		<u>2.11%</u>	<u>\$ 141,264,096</u>		<u>2.32%</u>

Source: Los Angeles County Assessor

CITY OF PALOS VERDES ESTATES
Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2015	\$ 6,458,489	\$ 6,390,201	98.94%	-	\$ 6,390,201	98.94%
2016	7,134,756	6,960,188	97.55%	-	6,960,188	97.55%
2017	7,241,298	7,154,824	98.81%	-	7,154,824	98.81%
2018	7,860,750	7,556,360	96.13%	-	7,556,360	96.13%
2019	8,274,578	7,936,064	95.91%	-	7,936,064	95.91%
2020	8,660,619	8,389,225	96.87%	-	8,389,225	96.87%
2021	9,031,696	8,877,921	98.30%	-	8,877,921	98.30%
2022	9,889,950	9,238,555	93.41%	-	9,238,555	93.41%
2023	10,449,167	9,893,627	94.68%	-	9,893,627	94.68%
2024	11,004,894	10,595,466	96.28%		10,595,466	96.28%

Note: 1- The County of Los Angeles does not provide this information. Inclusion of amounts paid of prior year taxes would result in reporting amounts above 100% in some years.

Source: Los Angeles County Auditor Controller's Office.

CITY OF PALOS VERDES ESTATES
Taxable Property Subject to Law Enforcement Services Special Tax

Fiscal Year Ended June 30	Total Assessable		Real Property Square Footage			Special Tax		Total	Total Direct Tax Rate
	Parcels w/ Bldg. - Improvement	Vacant	Residential Property	Commercial Property	Total Square Footage	Residential Property	Commercial Property		
2019	5,134	-	15,862,547	296,601	16,159,148	\$ 4,917,393	\$ 70,264	\$ 4,987,658	\$342/parcel plus \$0.20/sq/ft
2019	-	79	-	-	-	19,576	-	27,018	\$342/parcel
2020	5,138	-	15,893,109	285,320	16,178,429	4,924,190	68,692	4,992,882	\$342/parcel plus \$0.20/sq/ft
2020	-	83	-	-	-	-	-	28,386	\$342/parcel
2021	5,139	-	15,905,313	285,320	16,190,633	4,927,972	68,692	4,996,664	\$342/parcel plus \$0.20/sq/ft
2021	-	81	-	-	-	-	-	27,702	\$342/parcel
2022	5,128	-	15,908,117	285,320	16,193,437	4,946,001	71,770	5,017,771	\$342/parcel plus \$0.20/sq/ft
2022	-	92	-	-	-	-	-	27,702	\$342/parcel
2023	5,137	-	16,013,889	273,238	16,287,127	4,970,918	69,696	5,040,614	\$342/parcel plus \$0.20/sq/ft
2023	-	78	-	-	-	-	-	26,676	\$342/parcel
2024	5,141	-	15,802,330	273,238	16,075,568	5,067,289	69,696	5,136,985	\$342/parcel plus \$0.20/sq/ft
2024	-	78	-	-	-	-	-	26,676	\$342/parcel

Note: The City annually levies on each eligible property a "special tax" to finance the cost of City's Law Enforcement services. There are two components of the tax 1.) a base amount per lot and 2.) a cost per square foot of building improvements.

The Law Enforcement Services Special Tax was voter approved on April 10, 2018 and commences with fiscal year 2018/2019.

Source: Special Tax Report prepared by NBS.

CITY OF PALOS VERDES ESTATES
Principal Law Enforcement Services Special Tax
Current Year and Prior Year

Land Use	Estimated Number of Parcels	Estimated Number of Lots	Estimated Building Square Footage	Base amount (Rate per Lot) FY 2023-24	Improvement amount (Rate per sq. ft.) FY 2023-24	Estimated Special Tax Revenue for FY 2023-24
Single Family Home	5,087	5,150	15,906,575	\$342.00	\$0.20	\$ 4,942,615
Multi-Family	26	29	211,559	\$342.00	\$0.20	52,230
Commercial	33	44	273,238	\$342.00	\$0.20	69,696
Vacant (Undevelopped)	71	71	4,085	\$342.00	\$0.20	24,282
Totals:	<u>5,217</u>	<u>5,294</u>	<u>16,395,457</u>			<u>\$ 5,088,823</u>

Land Use	Estimated Number of Parcels	Estimated Number of Lots	Estimated Building Square Footage	Base amount (Rate per Lot) FY 2022-23	Improvement amount (Rate per sq. ft.) FY 2022-23	Estimated Special Tax Revenue for FY 2022-23
Single Family Home	5,078	5,141	15,802,330	\$ 342.00	\$ 0.20	\$ 4,918,687
Multi-Family	26	29	211,559	342.00	0.20	52,230
Commercial	33	44	273,238	342.00	0.20	69,696
Vacant (Undevelopped)	78	78		342.00	0.20	26,676
Totals:	<u>5,215</u>	<u>5,292</u>	<u>16,287,127</u>			<u>\$ 5,067,289</u>

Source: Special Tax Report prepared by NBS.

CITY OF PALOS VERDES ESTATES
Direct and Overlapping Governmental Activities Debt
June 30, 2024

2023-2024 Assessed Valuation: \$9,409,172,764

Governmental Unit	Outstanding Debt 6/30/24	Estimated Percentage Applicable	Estimated Share of
Overlapping General Fund Debt (Note 1)			
Los Angeles County General Fund Obligations	\$ 2,479,229,730	0.470%	\$ 11,652,380
Los Angeles County Superindendant of Schools COP'S	2,857,300	0.470%	13,429
Direct & Overlapping Tax & Assessment Debt (Note 2)			
Los Angeles Community College District	5,155,845,000	0.830%	42,793,514
Palos Verdes Peninsula Unified School District	36,284,580	29.560%	10,725,722
Metropolitan Water District	18,210,000	0.240%	43,704
Subtotal, overlapping debt			65,228,749
City direct debt			-
Net Total direct and overlapping debt			<u>\$ 65,228,749</u>

Sources: Callifornia Municipal Statistics and HDL.

Note (1): Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The schedule estimates the portion of the outstanding debt of those overlapping governments, that is borne by the residents and businesses of the City of Palos Verdes Estates. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the country's taxable assessed value that is within the boundaries of the city and dividing it by the district's total taxable assessed value.

Note (2): Paid with voter-approved direct assessment.

CITY OF PALOS VERDES ESTATES
Legal Debt Margin Information
June 30, 2024
(dollars in thousands)

Assessed value before homeowners exemption	<u>\$ 9,365,369</u>
Debt limit- 15% of assessed value	\$ 1,404,805
Amount of debt applicable to debt limit	<u>-</u>
	<u>\$ 1,404,805</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Debt Limit	\$ 862,783	\$ 908,444	\$ 965,056	\$ 1,012,222	\$ 1,061,380	\$ 1,116,289	\$ 1,167,513	\$ 1,216,734	\$ 1,257,826	\$ 1,330,042	\$ 1,404,805
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 862,783</u>	<u>\$ 908,444</u>	<u>\$ 965,056</u>	<u>\$ 1,012,222</u>	<u>\$ 1,061,380</u>	<u>\$ 1,116,289</u>	<u>\$ 1,167,513</u>	<u>\$ 1,216,734</u>	<u>\$ 1,257,826</u>	<u>\$ 1,330,042</u>	<u>\$ 1,404,805</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel).

CITY OF PALOS VERDES ESTATES
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (%)</u>	
2015	13,665	1,185,951	86,490	1.1	86.787486
2016	13,712	1,220,847	89,035	0.8	89.034933
2017	13,663	1,257,471	92,035	0.8	92.034765
2018	13,519	1,031,827	76,324	1.0	76.32421
2019	13,544	1,089,150	80,416	1.9	80.41569
2020	13,190	915,133	69,381	6.4	69.380819
2021	13,116	955,399	72,842	3.4	72.842242
2022	12,980	997,436	76,844	1.5	76.844099
2023	12,935	1,041,324	80,504	2.3	80.504337
2024	13,014	1,087,142	83,536	2.1	83.536345

- Sources:
- (1) Population - California Department of Finance
 - (2) Income - Last available Census - * Los Angeles, Anaheim Metropolitan Statistical Area
 - (3) Employment - State of California Employment Development Department (City Data)

CITY OF PALOS VERDES ESTATES
Principal Employers
Current Year and Ten Years Ago

Type of Business (1)	2024			2015	
	Number of Employees	Percentage of Total City Employment	Rank	Number of Employees	Percentage of Total City Employment
Unified School District	1,296	83.56%	1	569	59.46%
Concession Clubs					
Palos Verdes Golf Club	92	7.74%	2	100	13.38%
Palos Verdes Beach & Athletic Club	16			16	
Palos Verdes Tennis Club	6			6	
Palos Verdes Stables	6			6	
City Government					
City of Palos Verdes Estates	55	3.55%	3	58	6.00%
Restaurants	44	2.84%	4	24	2.51%
Real Estate and Escrow Companies	36	2.32%	5	27	2.82%
Total	<u>1551</u>	100.00%		<u>806</u>	

Source: City Finance Department

Note (1): The City is a residential community with two small commercial areas - Malaga Cove Plaza and Lunada Bay Plaza. The school district's administrative offices, as well as four schools are located in Palos Verdes Estates. The district employs administrative staff, teachers and other school employees. The most common businesses registered with the City and reporting employees are real estate/escrow companies and restaurants. The City has classified employers by type of business.

(2) "Total Employment" as used above represents the total employment of all employers located within City limits, not just those businesses listed.

CITY OF PALOS VERDES ESTATES
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government:										
Administration	5.19	5.69	5.69	5.69	3.56	3.50	5.60	3.00	3.00	3.00
Finance / City Support Services	4.00	4.00	4.00	4.00	4.50	4.50	4.00	5.60	5.50	5.50
Building and Planning	4.00	6.00	4.50	4.50	5.00	5.00	4.50	6.00	6.00	6.00
Police:										
Sworn officers	25.00	25.00	25.00	25.00	23.00	23.00	22.00	22.00	22.00	22.00
Service officers (2)	12.00	12.00	12.00	13.00	11.00	11.00	9.00	9.00	9.00	9.00
Other	2.60	3.10	3.90	1.50	1.50	1.50	2.00	2.00	2.50	2.50
Public Works / Street and Parks	5.50	5.50	7.50	7.00	6.00	6.00	6.00	7.00	7.00	7.00
Total	58.29	61.29	62.59	60.69	54.56	54.50	53.10	54.60	55.00	55.00

Source: City Finance Department

Notes:

- (1) The City contracts with the following:
 - a) Los Angeles County for fire and paramedic services
 - b) HR. Green for building, planning and public works administrative services.
- (2) Includes 1 Community Services Officer and 1 Lead Police Services Officer.

CITY OF PALOS VERDES ESTATES
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Physical arrests	521	562	580	516	356	375	284	235	225	156
Parking violations	1,619	1,697	1,476	1,462	1,104	1,262	1,694	1,916	1,182	1,233
Moving violations	639	1,039	1,004	1,430	1,937	725	611	782	844	1,468
Building & Planning:										
Building permits issues	2,087	2,130	2,030	1,813	1,980	738	671	604	2,042	2,131
Total number of inspections	2,197	2,618	2,916	2,957	2,894	2,984	2,735	2,725	3,300	3,438
Grading applications	21	23	28	17	1	12	13	25	30	11
Neighborhood compatibility applications	29	32	42	27	32	21	34	47	26	19
Miscellaneous applications	62	74	96	71	51	59	79	76	69	52
Public Works:										
Public works permits	219	278	418	372	387	373	365	355	*	*

Source: City Departments

Note: Indicators are not available for the general government function.

* This data point is not available as of date.

CITY OF PALOS VERDES ESTATES
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	4	4	4	4
Streets (miles)	78	78	78	78	78	78	78	78	78	78
Sanitary sewers (miles)	76	76	76	76	76	76	76	76	76	76
Storm drains (miles)	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5	28.5
Recreation facilities: (2)										
Golf	1	1	1	1	1	1	1	1	1	1
Stables	1	1	1	1	1	1	1	1	1	1
Tennis club	1	1	1	1	1	1	1	1	1	1
Beach club	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes

- (1) No capital asset indicators are available for the general government function.
- (2) Managed under individual concession agreements (property and equipment owned by City).

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