

**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, 2021

Prepared by:

Finance Department

**Stephen Hannah
Finance Director**

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021
Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i
Organization Chart	v
Officials of the City of Palos Verdes Estates	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Net Position - Fiduciary Funds	23
Statement of Changes in Net Position – Fiduciary Funds	24
Notes to Financial Statements	25

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021
Table of Contents

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	
Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous	59
Schedule of Contributions - Miscellaneous	60
Schedule of Proportionate Share of the Net Pension Liability - Safety	61
Schedule of Contributions - Safety	62
Schedule of Changes in Total OPEB Liability and Related Ratios	63
Budgetary Comparison Schedules:	
General Fund	64
PVE Law Enforcement Special Revenue Fund	65
Note to Required Supplementary Information	66
Supplementary Information:	
Nonmajor Governmental Funds:	
Description of Nonmajor Governmental Funds	67
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
Budgetary Comparison Schedules - Special Revenue Funds:	
Gas Tax	75
Drug Intervention	76
SLESF	77
Special Projects	78
Corrections	79
RMRA	80
Measure M	81
Proposition A	82
Measure R	83
Proposition C	84
Measure W	85
Special Fire Parcel Tax	86
Cares Act	87
Budgetary Comparison Schedules - Capital Projects Funds:	
General Capital Improvement	88
Sewer	89
Parklands	90
Internal Service Funds:	
Description of Internal Service Funds	91
Combining Statement of Net Position	92
Combining Statement of Revenues, Expenses and Changes in Net Position	93
Combining Statement of Cash Flows	94

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021
Table of Contents

	<u>Page Number</u>
Supplementary Information (Continued):	
Custodial Funds:	
Description of Custodial Funds	95
Combining Statement of Fiduciary Net Position – Custodial Funds	96
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	97
STATISTICAL SECTION:	
Description of Statistical Section	98
Financial Trends: Net Position by Component	
Net Position by Component	99
Changes in Net Position	100
Fund Balances of Governmental Funds	101
Changes in Fund Balances of Governmental Funds	102
Revenue Capacity:	
Selected Governmental Activities Tax Revenues by Source	103
Assessed Value and Estimated Actual Value of Taxable Property	104
Direct and Overlapping Governments	105
Principal Property Taxpayers	106
Property Tax Levies and Collections	107
Taxable Property Subject to Law Enforcement Services Special Tax	108
Principal Law Enforcement Services Special Tax	109
Debt Capacity:	
Direct and Overlapping Governmental Activities Debt	110
Legal Debt Margin Information	111
Demographic and Economic Information:	
Demographic and Economic Statistics	112
Principal Employers	113
Operating Information:	
Full Time Equivalent City Government Employees by Function/Program	114
Operating Indicators by Function/Program	115
Capital Asset Statistics by Function/Program	116

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



June 30, 2022

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, 2021. 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 auditors concluded that there was a reasonable basis for rendering an unmodified opinion for this fiscal year. The independent auditors' 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 auditors' 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, as a planned community designed by Frederick Olmsted, Jr. in 1910, is comprised primarily of residential properties with panoramic views overlooking the Pacific Ocean and Los Angeles metropolitan area; along with large areas of parklands that are maintained as permanent open space. The City was incorporated in 1939 and is the oldest of the four cities on the Palos Verdes Peninsula. The City's population is approximately 13,500 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 the following public services: public safety; planning and building services; 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 a franchise agreement with a private firm for residential refuse collection. The City also has concession agreements for the 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 and Practice - The City Manager presents a proposed budget to the City Council for adoption annually on or before June 30. The City Council Adopted Budget serves as the blueprint for the City Council's allocation plan 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 has also been designed to present fiscal information at the Department and program level to communicate how key services are delivered. 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 and Practice –The City Council has formally adopted a Fund Balance Policy which includes a committed General Fund balance of \$8.0 million for emergency contingencies. The emergency contingencies reserve may be used in the event of a declared federal, state or local emergency or in the event 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. Other fund balances that are non-spendable; restricted; assigned and unassigned, are established in conformance with adopted City Council policy and GASB 54.

Investment Policy and Practice - 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.

Factors Affecting Financial Condition

The information presented in the financial statements may be best understood when it is considered from the broader 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. For example, sales tax accounts for less than 3% of total General Fund revenue. 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. As the City continues to improve its operating efficiency, practices fiscal prudence, and adopts an increasing focus on long-term planning, fiscal sustainability is an achievable goal.

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, and the area is home to many firms dealing in international markets.

Long-term Financial Planning and Unmet Needs.

Pension Debt, Infrastructure and Parklands are the top priority for the City's unmet needs. Like other cities, long-term planning for meeting our obligations created by MOU's, state mandates, pensions, insurance, etc. is paramount to our long-term financial health. The City primarily relies on property tax and voter approved revenues. The fiscal needs created by our pension debt, infrastructure maintenance and enhancement, and parklands management must constantly monitored. Future revenues must be identified and evaluated for having the most efficient impact for funding these areas as well as for meeting the City's operational and service provision obligations.

Throughout California, the fluctuating costs associated with the long-term funding of employee pensions obscures the understanding of each city's financial condition. As CalPERS struggles with balancing investment returns, market variables hamper their ability to consistently meet their stated investment return goals. Despite efforts to counterbalance a recent history of missed expectations, these variables continue to inject uncertainty into the City's long-term financial future. After posting a 21.3 percent return for the fiscal year 2020-21, the likely return for the fiscal year 2021-22 return is less than 3%. While the robust return of fiscal year 2020-21 will have a significant positive impact, the anticipated fiscal year 2021-221 return shortfall will again result in growth of the City's pension debt. Per the most recent

actuarial reports, the City's pension debt was \$17.64 million and its Net Pension Liability was \$17.70 million at June 30, 2021.

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 must rely 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 necessary infrastructure maintenance, replacement and upgrade and to meet operating obligations. The City Council established a Finance Advisory Committee which, working closely with City staff, provides recommendations for sustaining the long-term fiscal health of the City. Finances for infrastructure, parklands management and pensions will remain a key need as both a challenge and opportunity for long-term financial planning. Developing a long-range model that both anticipates and funds the maintenance, replacement and upgrade of City assets and increases in operating costs is imperative to maintaining the quality of life and services that residents expect and desire.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (ACFR) for the fiscal year ending June 30, 2020. In order to receive a Certificate of Achievement, the City prepared an Annual Comprehensive Financial Report that satisfies both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year.

We sincerely thank the City Council for your leadership. The City continues to focus on the standards of professionalism, ethics, and conservative 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,

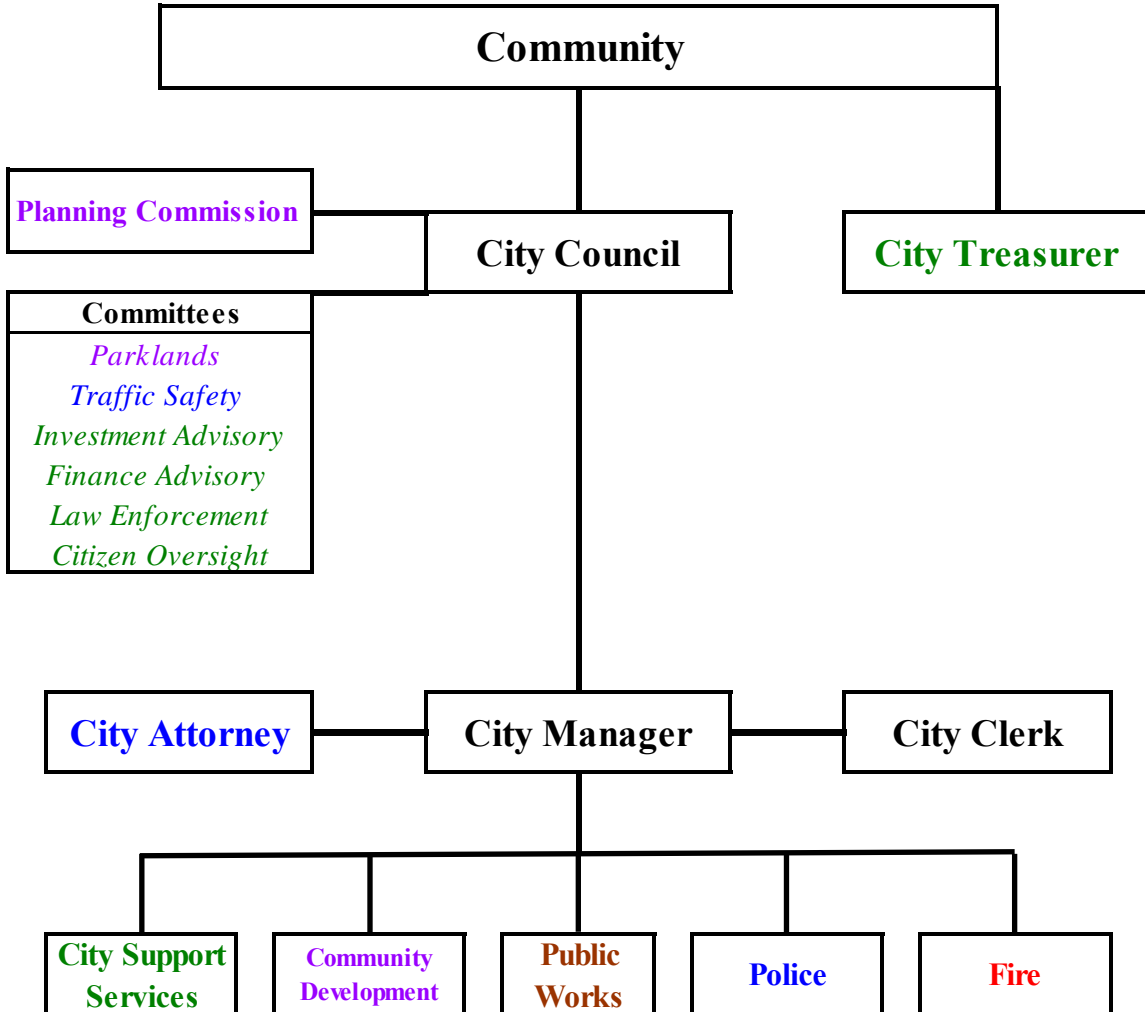


Mark Prestwich
City Manager



Stephen W. Hannah
Director of City Support Services

City of Palos Verdes Estates Organizational Structure



Elected Officials and Executive Team Fiscal Year 2020 – 2021

CITY COUNCIL

Michael Kemps, Mayor
Victoria A. Lozzi, Mayor Pro Tem
David McGowan, Councilmember
Jim Roos, Councilmember
Dawn Murdock, Councilmember

CITY TREASURER

Kate Greenberg

EXECUTIVE TEAM

City Manager	Laura Guglielmo
City Attorney	Christi Hogan
City Support Services Director	Stephen Hannah
Chief of Police	Tony Best
Community Development Director	Brianna Rindge
Public Works Director (Interim)	Carolyn Petru



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Palos Verdes Estates
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

LOS ANGELES
SAN DIEGO
IRVINE
SACRAMENTO
FRESNO
PHOENIX
LAS VEGAS
MANILA, PH

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Palos Verdes Estates, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the required supplementary information on pages 59 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining and individual fund financial statements, budgetary comparison schedules, and statistical section, 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.

The combining and individual fund financial statements and budgetary comparison schedules (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Glendale, California
June 30, 2022**

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, 2021. 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 2019-20. As of June 30, 2021, the General Fund balance was \$23.3 million, an increase of \$7.9 million, or 51.5%. However, a more accurate view of the General Fund's net position can be obtained by removing the impact of transfers in from the General Capital Improvement, Sewer Capital Improvements and the Insurance Fund. When excluding these administrative transfers, the General Fund's fund balance increased \$2.74 million or 17.8%.
- General Fund expenditures exceeded revenues by \$2.5 million before transfers in. Net Transfers into the General Fund totaled \$10.4 million of which \$5.1 million was from PVE Law Enforcement Special Tax Fund. FY 2020-21 results include General Fund revenue of \$15.8 million and expenditures of \$18.3 million. Revenues available for appropriation were \$1.4 million more than budgeted while actual expenditures were \$232 thousand lower than budget.
- During the year, the City's governmental revenues totaled \$23.0 million, an increase of \$726 thousand, or 3.3%, from the prior year. General governmental expenditures totaled \$19.5 million for the fiscal year end, a decrease in expenditures of \$1.7 million, or 7.9% from the prior year. Revenues remained relatively stable despite the impact of the pandemic. Overall governmental revenues exceeded expenditures by \$3.5 million or 17.8%.
- 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 \$8,000,000 for emergency contingencies. The assigned fund balance includes one-time revenues related the exchange of Rule 20A Southern California Edison credits with the City of Rolling Hills in the amount of \$675 thousand.

Overview of the Financial Statements

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

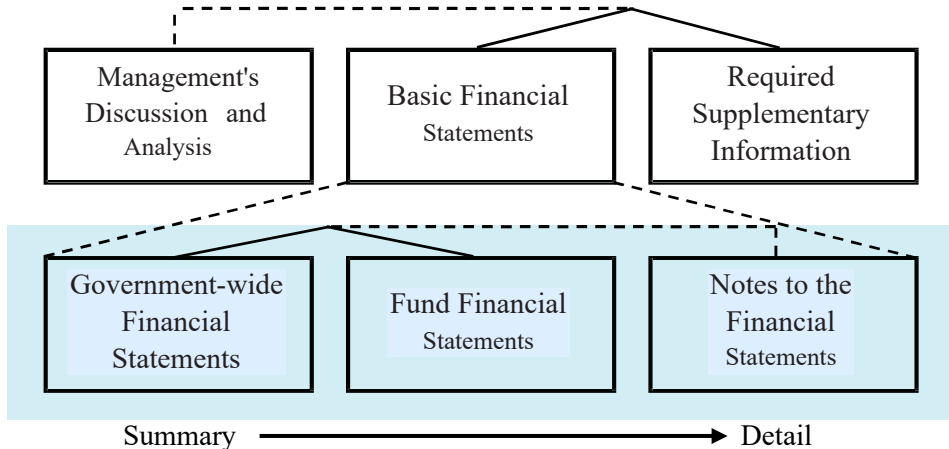
The *Statement of Activities* provides information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's programs. The Statement of Activities explains in detail the change in net position for the year. All changes 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 14-15 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 25-58 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 69-90.

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, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both 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 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 16-19 of this report.

Proprietary funds. The City maintains Internal Service funds (ISF), one type of proprietary fund, to accumulate and allocate costs among the City's various governmental functions. The City uses internal service funds to account for equipment replacement (vehicles, computer systems and furniture) and insurance activities. Because these services benefit governmental functions, the net revenue (expenses) have been included within governmental activities in the government-wide financial statements. The two ISFs are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 20-22 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 own 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 page 23-24 of this report.

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$50.0 million, a decrease of \$792 thousand, or 1.6%, from the prior fiscal year.

Net investment in capital assets accounted for \$33.0 million, or 65.8% 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 \$2.9 million, or 8.1%, from the prior fiscal year. This decrease is mostly attributable the recognition of \$3.0 million in depreciation.

Restricted net position amounted to \$6.5 million, representing 12.9% 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 \$794 thousand or 14.0%, from the prior fiscal year primarily as a result of a review of capital project fund activities.

The remaining unrestricted component of \$10.6 million increased \$1.3 million, or 14.2%, from the prior fiscal year.

Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Change</u> <u>(in dollars)</u>
Current and other assets	\$ 34,684,942	\$ 30,839,524	\$ 3,845,418
Capital assets	<u>32,952,492</u>	<u>35,849,427</u>	<u>(2,896,935)</u>
Total assets	<u>67,637,434</u>	<u>66,688,951</u>	<u>948,483</u>
Deferred outflows	<u>4,105,618</u>	<u>3,852,304</u>	<u>253,314</u>
Current liabilities	<u>1,671,781</u>	<u>1,443,119</u>	<u>228,662</u>
Compensated absences	<u>766,635</u>	<u>398,094</u>	<u>368,541</u>
Net pension liability	<u>17,702,417</u>	<u>16,497,599</u>	<u>1,204,818</u>
Other postemployment benefit liability	<u>427,976</u>	<u>-</u>	<u>427,976</u>
Total liabilities	<u>20,568,809</u>	<u>18,338,812</u>	<u>2,229,997</u>
Deferred inflows	<u>1,119,595</u>	<u>1,366,747</u>	<u>(247,152)</u>
Net investment in capital assets	<u>32,952,492</u>	<u>35,849,427</u>	<u>(2,896,935)</u>
Restricted	<u>6,482,039</u>	<u>5,688,268</u>	<u>793,771</u>
Unrestricted	<u>10,620,117</u>	<u>9,298,001</u>	<u>1,322,116</u>
Total net position	<u>\$ 50,054,648</u>	<u>\$ 50,835,696</u>	<u>\$ (781,048)</u>

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2021

Governmental activities. During FY 2020-21, governmental activities net position decreased \$781 thousand, or 1.5%, when compared to the prior fiscal year.

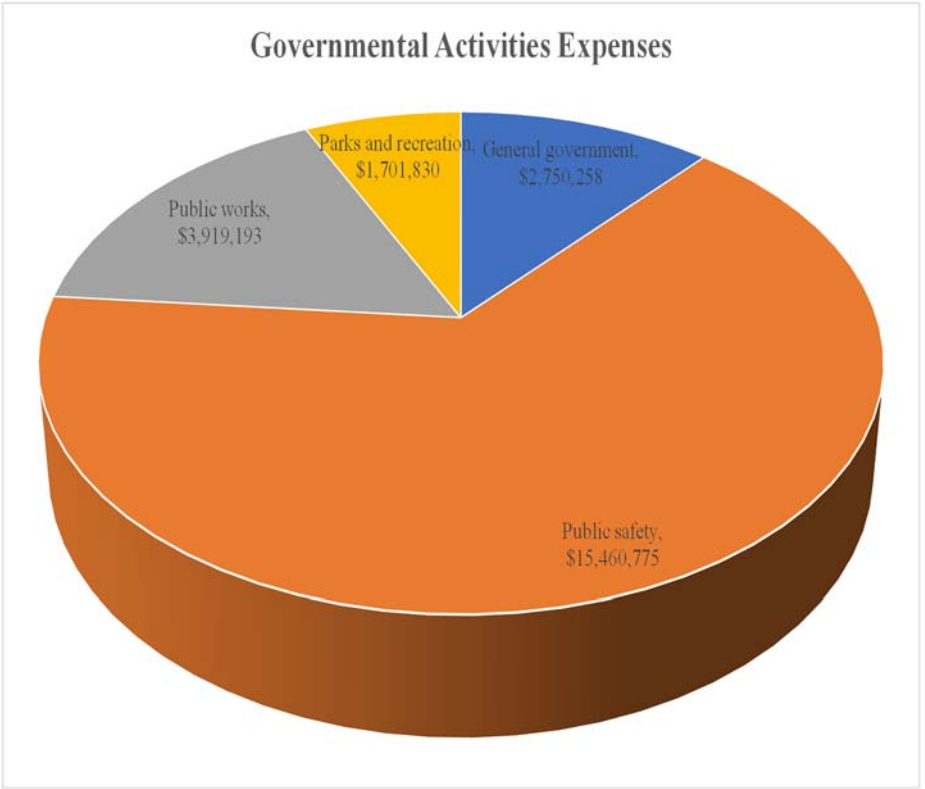
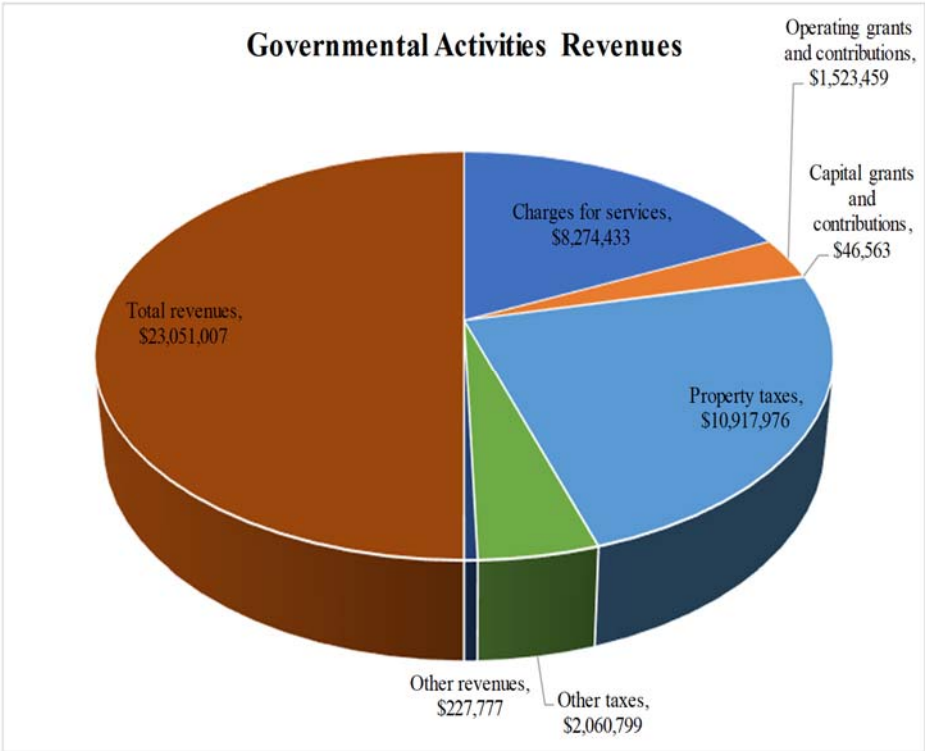
Total revenues for governmental activities increased \$792 thousand, or 3.6%. Program Revenues, that is revenues derived from charges for services and grants, increased \$379 thousand or 4.0%. General Revenues, revenues such as from taxes and investments, increased \$413 thousand or 3.2%. This resulted from a \$771 thousand reduction in Investment income as interest declined and concession revenues fell due to the COVID driven closures of these recreation centers. This was offset by a \$553 thousand increase in Property tax, a \$293 thousand increase in Sales and Use Taxes, and a \$ 157 thousand increase in Other Taxes.

Governmental Activities expenses decreased \$2.0 million or 7.8%. This is attributable to a decrease in the Public works function of \$3.6 million, related to a near halt to capital activity due to COVID, Parks and recreation costs fell \$725 thousand as Parklands contract expenditures decreased due to COVID. These costs were offset by a \$2.0 million increase in Public Safety expenses primarily resulting from a \$1.0 million increase in the public safety portion of the Net Pension Liability, an increase in public safety depreciation expense and an increase of \$390 thousand in the fire services contract.

The following table presents condensed information from the statement of activities for the fiscal years 2021 and 2020. 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, 2021 and 2020

	2021	2020	Change (in dollars)
Program revenues:			
Charges for services	\$ 8,274,433	\$ 8,058,625	\$ 215,808
Operating grants and contributions	1,523,459	1,353,861	169,598
Capital grants and contributions	46,563	53,101	(6,538)
General revenues:			
Property taxes	10,917,976	10,365,254	552,722
Other taxes	2,060,799	1,531,648	529,151
Other revenues	227,777	896,262	(668,485)
Total revenues	23,051,007	22,258,751	792,256
Expenses:			
General government	2,750,258	2,422,215	328,043
Public safety	15,460,775	13,484,318	1,976,457
Public works	3,919,193	7,506,743	(3,587,550)
Parks and recreation	1,701,830	2,426,627	(724,797)
Total expenses	23,832,055	25,839,903	(2,007,848)
Change in net position	(781,048)	(3,581,152)	2,800,104
Net position beginning	50,835,696	54,416,848	(3,581,152)
Net position end	\$ 50,054,648	\$ 50,835,696	\$ (781,048)



Fund Financial Statements / Budgetary Basis

Governmental Funds

The City's governmental funds ending fund balances totaled \$31.7 million, an increase of \$4.5 million or 16.8% compared to the prior year. At June 30, 2021, the total of all restricted fund balances for government funds was \$6.5 million while assigned fund balance totaled \$6.7 million. These balances consisted primarily of capital fund reserves. Total assets for governmental funds increased \$5.0 million, reflecting a \$4.7 million increase in cash and investments over the prior year. Total liabilities decrease by \$408 thousand, or 32.3%.

Major funds

The General Fund ended the year with a fund balance of \$23.3 million, an increase of \$7.9 million or 51.5% over the prior fiscal year. This significant change is the result of:

- The transfer of \$2.2 million of funds back to the General Fund from the Capital Improvements fund.
- The Transfer of \$1.9 million from the Sewer Capital Improvements Fund. This amount represents interest erroneously apportioned to the fund.
- The transfer of \$1.1 million back to the General fund from the Insurance Fund upon its closure.
- The remaining increase of \$2.7 million or 17.8% over the prior fiscal year.

The General Fund committed fund balance is \$8.0 million, as required by City policy. The unassigned fund balance of the General Fund totaled \$9.9 million, a \$3.7 million increase over last year's balance. Total assets for the General Fund has increased by \$8.4 million, reflecting a \$8.1 million increase in cash and investments over the prior year. Total liabilities has increased by \$443 thousand, or 42.8%.

The revenues of the General Fund has increased by \$406 thousand or 2.6%. The increase resulted primarily from the \$486 thousand increase in Property Tax revenues. General Fund expenditures increased a modest \$296 thousand or 1.6%, when compared to the prior year.

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

General Fund
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	Change (in dollars)
Revenues	\$ 15,808,933	\$ 15,403,234	\$ 405,699
Expenditures	18,262,240	17,965,905	296,335
Excess revenues/expenditures	<u>(2,453,307)</u>	<u>(2,562,671)</u>	109,364
Transfers In	10,388,015	4,926,291	5,461,724
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net transfers	<u>10,388,015</u>	<u>4,926,291</u>	<u>5,461,724</u>
Net change in fund balance	7,934,708	2,363,620	5,571,088
Beginning fund balance	<u>15,399,948</u>	<u>13,036,328</u>	<u>2,363,620</u>
Ending fund balance	<u>\$ 23,334,656</u>	<u>\$ 15,399,948</u>	<u>\$ 7,934,708</u>

The other major governmental funds was the PVE Law Enforcement Special Revenue Fund. The PVE Law Enforcement Special Revenue Fund had only transfers in, transfers out and special assessments. There was no material variation in any activity based (P&L) or point in time (BS) financial data.

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Management's Discussion and Analysis
Year Ended June 30, 2021

The following schedule provides a year-over-year comparison for all governmental funds:

Total Governmental Funds			
Years Ended June 30, 2021 and 2020			
	<u>2021</u>	<u>2020</u>	<u>Change</u> <u>(in dollars)</u>
Revenues	\$ 22,959,701	\$ 22,233,824	\$ 725,877
Expenditures	<u>19,482,156</u>	<u>21,145,068</u>	<u>(1,662,912)</u>
Excess revenues/expenditures	<u>3,477,545</u>	<u>1,088,756</u>	<u>2,388,789</u>
Transfers In	<u>10,543,533</u>	<u>6,292,075</u>	<u>4,251,458</u>
Transfers Out	<u>(9,474,623)</u>	<u>(6,292,075)</u>	<u>(3,182,548)</u>
Net transfers	<u>1,068,910</u>	<u>-</u>	<u>1,068,910</u>
Net change in fund balance	<u>4,546,455</u>	<u>1,088,756</u>	<u>3,457,699</u>
Beginning fund balance	<u>27,113,010</u>	<u>26,024,254</u>	<u>1,088,756</u>
Ending fund balance	<u>\$ 31,659,465</u>	<u>\$ 27,113,010</u>	<u>\$ 4,546,455</u>

Proprietary funds. The only proprietary funds of the City are two internal service funds for equipment replacement and insurance activities. Total Net Position for the Equipment Replacement and Insurance Funds at year end equaled \$1.8 million and nil respectively for a total of \$1.8 million. This reflects an overall decrease of \$1.2 million.

General Fund Budgetary Highlights

There is no difference between the original expenditure General Fund budget and the final amended appropriation budget and estimated revenues. The final amended General Fund budget totaled \$14.4 million for estimated revenues and \$18.5 million for expenditures. Net transfers were just under \$10.0 million.

At year end, budget results were favorable on both sides of the equation. General Fund estimated revenues came in \$1.4 million, or 9.4%, above estimates while General fund expenditures were \$232 thousand, or 1.3%, below authorized spending authority. Budgetary savings were recognized in the general government, public safety and parks and recreation functional areas.

Significant budget to actual revenue variances included \$508 thousand, or 100.1%, in charges for services primarily related to building and planning activities exceeding expectations. Other taxes and licenses and permits exceeded estimates by \$694 thousand mostly related to an effort to collect past due business license taxes.

Significant budget to actual expenditure variances include the general government, public safety and park and recreation functional areas. General government had favorable expenditure variances of \$107 thousand, or 4.7%, public safety had favorable expenditure variances of \$123 thousand, or 1.0% and Parks and Recreation had positive variances of \$47 thousand, or 3.3%.

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental activities as of June 30, 2021, totaled \$33.0 million (net of accumulated depreciation). This is a decrease of \$2.9 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 \$95 thousand and construction in progress expenditures of \$127 thousand were expensed and were not considered capitalizable. The most significant change in balances have to do with annual depreciation cost incurred. The most significant capital expenditure incurred during the year was for Public Safety vehicles.

Capital Assets (Net of Depreciation)
June 30, 2021 and 2020

Capital Assets	2021	2020	Change (in dollars)
Land	\$ 4,487,892	\$ 4,487,892	\$ -
Construction in progress	105,559	200,942	(95,383)
Building and improvements	4,449,392	5,013,390	(563,998)
Machinery	706,694	964,625	(257,931)
Furniture and fixtures	18,845	25,912	(7,067)
Vehicles	343,853	266,564	77,289
Infrastructure	22,840,257	24,890,102	(2,049,845)
Total	<u>\$ 32,952,492</u>	<u>\$ 35,849,427</u>	<u>\$ (2,896,935)</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’ net pension liability under GASB 68 was \$17.7 million consisting of \$4.4 million for the Miscellaneous Plan and \$13.3 million for the Safety Plan. The City’s total other postemployment benefit liability under GASB 75 was \$428 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

The City begins Fiscal Year 2021-22 during a worldwide once-in-one-hundred-years pandemic caused by COVID-19. The public health impacts of the pandemic have had a significant toll on the worldwide, USA, and California economies. One illustrative metric: the US unemployment rate was 3.6% in December 2019 compared with 6.7% in December 2020. Overall, state and local governments generally have been significantly impacted because at a time when demand for certain government services has increased (for example, unemployment insurance and public health services), decreased economic activity has reduced tax revenues – especially sales tax.

Fortunately, for the City, its revenues are primarily generated via property tax collections based upon a stable and healthy assessed valuation. The City’s expenditures have been well managed to ensure continued fiscal stability. During the first six months of Fiscal Year 2021-22, collections of property tax and other revenue sources have remained within budgetary targets and expenditures remain under strict management. The bottom line: despite uncertainty in the broader world, the City’s finances remain stable and healthy in the short term.

Fiscal Year 2021/2022 Budget

The City appropriates funds for expenditures on an annual basis. FY 2021-22 budget was adopted by the City Council on June 22, 2021. Key highlights of the adopted budget were:

- Estimated revenues excluding non-parcel tax related transfers in for the general fund increased \$1,315,963.
- Property Tax growth was expected to remain strong with an increase in expected receipts of \$576,823.
- Charges for services project a growth of \$332,267 as the demand for building and planning services was expected to remain strong.
- The appropriation of \$750,000 to make an additional payment against the City's Pension Debt, an identified unmet need.
- The appropriation of \$500,000 to fund future capital program needs, an identified unmet need.
- The appropriation of \$500,000 to fund additional Parklands contracts, an identified unmet need.
- Before the appropriations for these unmet needs, General Fund Estimated Revenues exceeded adopted appropriations by \$886,480.
- A budget for the City Council of \$1,783,570 was adopted for the first time. This budget included the \$1,750,000 appropriated for unmet needs.
- Excluding the appropriations for unmet needs, the fiscal year 2021-22 adopted budget was \$1,395,157 greater than that of fiscal year 2020-21 final amended budget.
- In terms of labor costs, the budget maintained full time equivalent positions (full and part-time) at 54.6
- The appropriation for the Los Angeles County Fire and Paramedic service costs increased by 8.1% from prior year at \$6,375,778. This was an increase of \$475,130 over the prior fiscal year
- In terms of labor costs, the budget maintained full time equivalent positions (full and part-time) at 54.6.

Salary and benefit growth assumptions were factored into the budget including known, and estimated, CalPERS pension rate increases. Healthcare and insurance costs have also been factored-in.

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, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 33,023,589
Receivables:	
Accounts	341,635
Interest	132,652
Taxes	462,840
Prepaid costs	596,694
Due from other funds	103,066
Inventory	24,466
Total current assets	<u>34,684,942</u>
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	4,593,451
Capital assets being depreciated, net	28,359,041
Total noncurrent assets	<u>32,952,492</u>
Total Assets	<u>67,637,434</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to pensions	4,067,083
Related to other post employment benefits	38,535
Total Deferred Outflows of Resources	<u>4,105,618</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	561,014
Accrued salaries and benefits	345,401
Unearned revenue	662,300
Due to other funds	103,066
Total current liabilities	<u>1,671,781</u>
Noncurrent liabilities:	
Due within one year- compensated absences	461,766
Due in more than one year	
Compensated absences	304,869
Net pension liability	17,702,417
Other postemployment benefit liability	427,976
Total liabilities	<u>20,568,809</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to pensions	1,016,460
Related to other post employment benefits	103,135
Total deferred inflows of resources	<u>1,119,595</u>
 <u>NET POSITION</u>	
Net investment in capital assets	32,952,492
Restricted for:	
Public safety	1,520,624
Public works	4,961,415
Unrestricted	10,620,117
Total net position	<u>\$ 50,054,648</u>

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Statement of Activities
Year Ended June 30, 2021

<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	\$ 2,750,258	\$ 102,759	\$ -	\$ -	\$ (2,647,499)
Public safety	15,460,775	5,221,934	330,213	46,563	(9,862,065)
Parks and recreation	1,701,830	1,151,555	-	-	(550,275)
Public works	<u>3,919,193</u>	<u>1,798,185</u>	<u>1,193,246</u>	<u>-</u>	<u>(927,762)</u>
Total Governmental Activities	\$ <u>23,832,055</u>	\$ <u>8,274,433</u>	\$ <u>1,523,459</u>	\$ <u>46,563</u>	<u>(13,987,600)</u>

General revenues:

Taxes:

Property taxes	10,917,976
Sales and use taxes	847,609
Franchise taxes	612,976
Business licenses taxes	242,432
Other taxes	357,782
Investment income	109,459
Gain on sale of capital assets	32,076
Transfers	-
Miscellaneous	<u>86,242</u>

Total general revenues

13,206,552

Change in net position

(781,048)

Net position at beginning of year

50,835,696

Net position at end of year

\$ 50,054,648

CITY OF PALOS VERDES ESTATES

Balance Sheet

Governmental Funds

June 30, 2021

	<u>General</u>	<u>Special Revenue Fund PVE Law Enforcement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 23,306,542	\$ -	\$ 8,363,358	\$ 31,669,900
Accounts receivable	317,344	-	24,284	341,628
Interest receivable	132,652	-	-	132,652
Taxes receivable	336,324	126,516	-	462,840
Prepaid costs	591,575	-	5,119	596,694
Due from other funds	103,066	-	-	103,066
Inventory - materials	24,466	-	-	24,466
Total Assets	<u>\$ 24,811,969</u>	<u>\$ 126,516</u>	<u>\$ 8,392,761</u>	<u>\$ 33,331,246</u>
Liabilities:				
Accounts payable	\$ 482,064	\$ -	\$ 78,950	\$ 561,014
Accrued salaries and benefits	332,949	-	12,452	345,401
Unearned revenue	662,300	-	-	662,300
Due to other funds	-	-	103,066	103,066
Total Liabilities	<u>1,477,313</u>	<u>-</u>	<u>194,468</u>	<u>1,671,781</u>
Fund Balances:				
Nonspendable:				
Prepaid costs	591,575	-	-	591,575
Inventory - materials	24,466	-	-	24,466
Restricted for:				
Public safety	-	126,516	1,394,108	1,520,624
Public works	-	-	4,961,415	4,961,415
Committed to:				
Emergency contingencies	8,000,000	-	-	8,000,000
Assigned to:				
Nonrecurring expenditures	675,295	-	-	675,295
Capital projects	4,130,000	-	1,893,266	6,023,266
Unassigned	<u>9,913,320</u>	<u>-</u>	<u>(50,496)</u>	<u>9,862,824</u>
Total Fund Balances	<u>23,334,656</u>	<u>126,516</u>	<u>8,198,293</u>	<u>31,659,465</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 24,811,969</u>	<u>\$ 126,516</u>	<u>\$ 8,392,761</u>	<u>\$ 33,331,246</u>

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, 2021

Fund balances - total governmental funds \$ 31,659,465

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

Capital assets, net of depreciation have not been included as financial resources in governmental fund activity.

Capital assets	115,356,064	
Less accumulated depreciation	<u>(82,822,117)</u>	
		32,533,947

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Compensated absences		(766,635)
----------------------	--	-----------

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.

Deferred outflows of resources	4,067,083	
Deferred inflows of resources	(1,016,460)	
Net pension liability	<u>(17,702,417)</u>	
		(14,651,794)

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.

Deferred outflows of resources	38,535	
Deferred inflows of resources	(103,135)	
Total OPEB liability	<u>(427,976)</u>	
		(492,576)

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.

1,772,241

Net position of governmental activities

\$ 50,054,648

CITY OF PALOS VERDES ESTATES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General	Special Revenue Fund PVE Law Enforcement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 9,246,963	\$ -	\$ -	\$ 9,246,963
Special assessments	-	5,062,469	-	5,062,469
Other taxes	1,610,502	-	-	1,610,502
Licenses and permits	857,707	-	-	857,707
Revenue from other agencies	1,678,340	-	2,042,642	3,720,982
Charges for services	1,015,755	-	-	1,015,755
Use of money and property	1,202,171	-	45,657	1,247,828
Fines and forfeitures	106,841	-	-	106,841
Miscellaneous	90,654	-	-	90,654
Total Revenues	15,808,933	5,062,469	2,088,299	22,959,701
Expenditures:				
Current:				
General government	2,182,848	-	10,145	2,192,993
Public safety	12,499,387	-	159,736	12,659,123
Parks and recreation	1,387,406	-	-	1,387,406
Public works	2,192,599	-	1,050,035	3,242,634
Total Expenditures	18,262,240	-	1,219,916	19,482,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,453,307)	5,062,469	868,383	3,477,545
Other Financing Sources (Uses):				
Transfers in	10,388,015	-	155,518	10,543,533
Transfers out	-	(5,116,508)	(4,358,115)	(9,474,623)
Total Other Financing Sources (Uses)	10,388,015	(5,116,508)	(4,202,597)	1,068,910
Net Change in Fund Balances	7,934,708	(54,039)	(3,334,214)	4,546,455
Fund Balances at Beginning of Year	15,399,948	180,555	11,532,507	27,113,010
Fund Balances at End of Year	\$ 23,334,656	\$ 126,516	\$ 8,198,293	\$ 31,659,465

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, 2021

Net change in fund balances - total governmental funds \$ 4,546,455

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	(95,388)	
Depreciation expense	<u>(2,797,632)</u>	(2,893,020)

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 liability (net)	(1,607,709)	
Deferred pension related items	464,238	
OPEB liability	(25,085)	
Deferred OPEB related items	36,228	
Compensated absences (net)	<u>(91,900)</u>	(1,224,228)

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.

(1,210,255)

Change in net position of governmental activities \$ (781,048)

CITY OF PALOS VERDES ESTATES
Statement of Net Position
Proprietary Funds
June 30, 2021

	Governmental Activities
	Internal Service Funds
Assets:	
Current Assets:	
Cash and investments	\$ 1,353,689
Accounts receivable	7
	7
Total Current Assets	1,353,696
Capital Assets:	
Machinery and equipment	3,543,708
Furniture and fixtures	306,694
Vehicles	1,504,847
Less accumulated depreciation	(4,936,704)
	(4,936,704)
Net Capital Assets	418,545
Total Assets	1,772,241
Net Position:	
Net investment in capital assets	418,545
Unrestricted	1,353,696
	1,353,696
Total Net Position	\$ 1,772,241

CITY OF PALOS VERDES ESTATES
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 1,254,768
Total Operating Revenues	1,254,768
Operating Expenses:	
Material and supplies	67,751
General liability insurance	660,623
Property and vehicle insurance	68,038
Workers' compensation	480,961
Depreciation expense	164,002
Total Operating Expenses	1,441,375
Operating Loss	(186,607)
Nonoperating Revenues:	
Interest revenue	13,186
Gain on disposal of capital assets	32,076
Total Nonoperating Revenues	45,262
Loss Before Transfers	(141,345)
Transfers:	
Transfers out	(1,068,910)
Total Transfers	(1,068,910)
Changes in Net Position	(1,210,255)
Net Position at Beginning of Year	2,982,496
Net Position at End of Year	\$ 1,772,241

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from user departments	\$ 1,254,761
Cash paid to suppliers for goods and services	(714,524)
Net Cash Provided by Operating Activities	540,237
Cash Flows from Noncapital Financing Activities:	
Transfers to other funds	(1,068,910)
Cash Used in Noncapital Financing Activities	(1,068,910)
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(160,087)
Proceeds from sales of capital assets	32,076
Net Cash Used in Capital and Related Financing Activities	(128,011)
Cash Flows from Investing Activities:	
Interest received	13,186
Cash Provided by Investing Activities	13,186
Net Decrease in Cash and Cash Equivalents	(643,498)
Cash and Cash Equivalents at Beginning of Year	1,997,187
Cash and Cash Equivalents at End of Year	\$ 1,353,689
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (186,607)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	164,002
Increase in accounts receivable	(7)
Decrease in prepaid costs	569,008
Decrease in accounts payable	(6,159)
Total Adjustments	726,844
Net Cash Provided by Operating Activities	\$ 540,237
Noncash Investing, Capital and Financing Activities:	
Equipment acquisitions funded by governmental funds	\$ 160,087

See accompanying notes to the basic financial statements.

CITY OF PALOS VERDES ESTATES
Statement of Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Assets:	
Cash and investments	\$ 267,208
Total Assets	267,208
Liabilities:	
Accounts payable	-
Total Liabilities	-
Net position:	
Held in trust for other purposes	267,208
Total liabilities and net position	\$ 267,208

CITY OF PALOS VERDES ESTATES
Statement of Changes In Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
Additions:	
Investment earnings	\$ 2,621
Other revenue	<u>26,868</u>
Total Additions	<u>29,489</u>
Deductions	
Administrative expenses	<u>5,059</u>
Total Deductions	<u>5,059</u>
Change in Net Position	24,430
Net Position at Beginning of Year	<u>242,778</u>
Net Position at End of Year	<u>\$ 267,208</u>

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 generally accepted accounting principles (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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Government-wide Financial Statements (Continued)

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

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.

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 Funds - The internal service funds are used to account for the financing of equipment and insurance services of the City on a cost reimbursement basis. Specific funds included herein are the Equipment Replacement and Insurance Funds.

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.

d. New Accounting Pronouncements

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2021. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. New Accounting Pronouncements (Continued)

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

GASB Statement No. 98

In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

e. Implementation of GASB 75

During the fiscal year ended June 30, 2021, the City adopted GASB statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed in this Statement. Refer also to Note 8.

f. 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.

g. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Investments (Continued)

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains 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.

h. 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.

i. Property Taxes

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing 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, 2021, there were no material delinquent, unsecured property taxes. At June 30, 2021, the total property taxes receivable of \$646,183 is included in the total receivables in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. 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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. 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 position 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.

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 position 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 pensions and 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 pensions and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. 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.

m. 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.

n. Compensated Absences

City employees receive from 12 to 20 days' vacation each year, depending upon 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Fund Balance

The City Council adopted resolution R11-09 in conformity with GASB 54. In the fund financial statements, government 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 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.

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 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, 2021, totaled \$9,913,320.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Net Position

In the government-wide financial statements and proprietary fund financial statements, 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."

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.

q. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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, 2021, were classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 33,023,589
Statement of Fiduciary Net Position:	
Cash and investments	<u>267,208</u>
Total cash and investments	<u>\$ 33,290,797</u>

Cash and investments as of June 30, 2021, consisted of the following:

Cash on hand	\$ 1,500
Deposits with financial institutions	677,661
Investments	<u>32,611,636</u>
Total cash and investments	<u>\$ 33,290,797</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code 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.

2. CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

Investment Types Authorized by State Law	*Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	None	None
United States Agency Securities	5 years	None	None
Banker's Acceptances	180 days	15%	10%
Commercial Paper	270 days	15%	10%
Non-negotiable Certificates of Deposits	5 years	30%	\$250,000
Negotiable Certificates of Deposits	5 years	30%	\$250,000
Repurchase Agreements	180 days	15%	10%
Medium-Term notes	2 years	20%	10%
Money Market Mutual Funds	N/A	20%	10%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	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.

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:

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Notes to Financial Statements
Year Ended June 30, 2021

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
LAIF	\$ 17,878,695	\$ 17,878,695	\$ -	\$ -
Negotiable Certificates of Deposit	7,221,554	2,871,967	3,063,164	1,286,423
Los Angeles County Pooled Investment Funds	1,654,452	1,654,452	-	-
US Agency Securities:				
Federal Home Loan Mortgage Corporation	1,986,050	-	-	1,986,050
Federal Home Loan Bank	995,720	-	-	995,720
Federal National Mortgage Association	494,925	-	-	494,925
Fannie Mae	989,890	-	-	989,890
Municipal Bonds	1,390,350	-	390,413	999,937
Total	\$ <u>32,611,636</u>	\$ <u>22,405,114</u>	\$ <u>3,453,577</u>	\$ <u>6,752,945</u>

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		
			AA+	A+	Not Rated
LAIF	\$ 17,878,695	N/A	\$ -	\$ -	\$ 17,878,695
Negotiable Certificates of Deposit	7,221,554	N/A	-	-	7,221,554
Los Angeles County Pooled Investment Funds	1,654,452	N/A	-	-	1,654,452
US Agency Securities:					
Federal Home Loan Mortgage Corporation	1,986,050	N/A	-	1,986,050	-
Federal Home Loan Bank	995,720	N/A	-	995,720	-
Federal National Mortgage Association	494,925	N/A	-	494,925	-
Fannie Mae	989,890	N/A	-	989,890	-
Municipal Bonds	1,390,350	N/A	1,390,350	-	-
Total	\$ <u>32,611,636</u>		\$ <u>1,390,350</u>	\$ <u>4,466,585</u>	\$ <u>26,754,701</u>

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. Investments in any one issuer that represent 5% or more of the total City's investments are as follows:

Issuer	Amount Invested
Federal Home Loan Mortgage Corporation	\$ 1,986,050

2. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to Custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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, 2021, 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 Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are 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, 2021:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
US Government Agency Securities:				
Federal Home Loan Mortgage Corporation	\$ -	\$ 1,986,050	\$ -	\$ 1,986,050
Federal Home Loan Bank	-	995,720	-	995,720
Federal National Mortgage Association	-	494,925	-	494,925
Freddie Mac	-	989,890	-	989,890
Municipal Bonds	-	1,390,350	-	1,390,350
Negotiable Certificates of Deposit	-	7,221,554	-	7,221,554
	<u>-</u>	<u>13,078,489</u>	<u>-</u>	<u>13,078,489</u>
Investments not Subject to Fair Value Hierarchy:				
LAIF				17,878,695
Los Angeles County Pooled Investment Fund				<u>1,654,452</u>
				<u>\$ 32,611,636</u>

CITY OF PALOS VERDES ESTATES, CALIFORNIA
Notes to Financial Statements
Year Ended June 30, 2021

3. CAPITAL ASSETS

A summary of changes in capital asset activity for the year ended June 30, 2021, is as follows:

	<u>Balance at</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 4,487,892	\$ -	\$ -	\$ 4,487,892
Construction in progress	<u>200,942</u>	<u>31,309</u>	<u>(126,692) *</u>	<u>105,559</u>
Total capital assets, not being depreciated	<u>4,688,834</u>	<u>31,309</u>	<u>(126,692)</u>	<u>4,593,451</u>
Capital assets, being depreciated:				
Buildings and improvements	29,068,275	-	(4)	29,068,271
Machinery	5,481,633	13,493	(9)	5,495,117
Furniture and fixtures	667,981	-	-	667,981
Vehicles	1,422,674	147,830	(65,656)	1,504,848
Infrastructure	<u>79,381,645</u>	<u>-</u>	<u>-</u>	<u>79,381,645</u>
Total capital assets, being depreciated	<u>116,022,208</u>	<u>161,323</u>	<u>(65,669)</u>	<u>116,117,862</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,054,885)	(563,994)	-	(24,618,879)
Machinery	(4,517,008)	(270,586)	(829)	(4,788,423)
Furniture and fixtures	(642,069)	(7,065)	(2)	(649,136)
Vehicles	(1,156,110)	(70,477)	65,592	(1,160,995)
Infrastructure	<u>(54,491,543)</u>	<u>(2,091,037)</u>	<u>41,192</u>	<u>(56,541,388)</u>
Total accumulated depreciation	<u>(84,861,615)</u>	<u>(3,003,159)</u>	<u>105,953</u>	<u>(87,758,821)</u>
Total capital assets, being depreciated, net	<u>31,160,593</u>	<u>(2,841,836)</u>	<u>40,284</u>	<u>28,359,041</u>
Governmental activities capital assets, net	<u>\$ 35,849,427</u>	<u>\$ (2,810,527)</u>	<u>\$ (86,408)</u>	<u>\$ 32,952,492</u>

* - Includes deletion of projects that did not meet the criteria of capital assets.

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

Governmental activities:	
General government	\$ 319,409
Public safety	1,843,798
Public works	202,075
Parks and recreation	473,875
Internal service funds	<u>164,002</u>
Total depreciation expense - governmental activities	<u>\$ 3,003,159</u>

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers In and Out

Transfers in and out for the fiscal year ended June 30, 2021, are as follows:

Transfers In	Transfers Out	Amount
General Fund	PVE Law Enforcement Revenue Fund	\$ 5,116,508
	Other Governmental Funds	4,202,597
	Internal Service Funds	1,068,910
General Capital Improvements		
Capital Project Fund	Other Governmental Funds	155,518
		\$ 10,543,533

The PVE Law Enforcement Special Revenue Fund transferred \$5,116,508 to the General Fund for Police Department related expenditures.

Other governmental funds transferred to General Fund for budgetary control improvement, interest income correction and close out of an existing fund.

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, 2021, is as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at July 1, 2021	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 674,735	\$ 467,856	\$ (375,956)	\$ 766,635	\$ 461,766	\$ 304,869

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.

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

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

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/>.

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.

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

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

Workers' Compensation Program (Continued)

For 2020-21 the Authority's pooled retention is \$1 million per occurrence, 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 \$45,078,820. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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. City property currently has earthquake protection in the amount of Non Participant. 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.

Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is facilitated by the Authority.

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

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 2020-21.

7. DEFINED BENEFITS PENSION PLANS

The following is a summary of pension-related items for the year ended June 30, 2021:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 4,445,052	\$ 1,130,845	\$ 438,176	\$ 756,989
CalPERS Safety	13,257,365	2,936,238	578,284	2,078,773
	<u>\$ 17,702,417</u>	<u>\$ 4,067,083</u>	<u>\$ 1,016,460</u>	<u>\$ 2,835,762</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.

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

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Below is a summary of the plans' provisions and benefits in effect at the June 30, 2020 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	6.908%	6.750%
Required employee contribution rates:		
Normal cost rate	11.031%	7.732%
Payment of unfunded liability	\$ 165,393	\$ 2,201

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	8.990%	13.000%
Required employee contribution rates:		
Normal cost rate	23.674%	13.044%
Payment of unfunded liability	\$ 714,014	\$ 1,301

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

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.

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

As of June 30, 2021, 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	\$ 4,445,052
Safety	13,257,365
Total net pension liability	\$ 17,702,417

The City of Palos Verdes Estates’ 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, 2020, 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, 2019 rolled forward to June 30, 2020 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.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2019 and 2020, were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2019	0.09886%	0.19441%
Proportion - June 30, 2020	0.10538%	0.19899%
Change - Increase (decrease)	0.00652%	0.00458%

For the year ended June 30, 2021, the City recognized pension expense of \$756,989 and \$2,078,773 for the Miscellaneous and Safety Plans, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Pension contributions subsequent to measurement date	\$ 429,611	\$ -	\$ 1,262,681	\$ -
Difference between expected and actual experience	229,067	-	1,028,041	-
Change in assumptions	-	31,704	-	44,161
Net differences between projected and actual earnings on plan investments	132,047	-	288,139	-
Change in employer's proportion	340,120	-	357,377	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	406,472	-	534,123
Total	<u>\$ 1,130,845</u>	<u>\$ 438,176</u>	<u>\$ 2,936,238</u>	<u>\$ 578,284</u>

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

Amounts of \$429,611 and \$1,262,681 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, 2022. 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
June 30		June 30		June 30
2022	\$	20,773	\$	229,112
2023		92,256		420,741
2024		86,696		301,046
2025		63,333		144,374

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	(1)
Mortality rate table	(2)

- (1) Varies by entry age and service.
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

7. DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15% 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 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% 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.

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:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net pension liability	\$ 6,861,431	\$ 19,300,892
Current discount rate	7.15%	7.15%
Net pension liability	\$ 4,445,052	\$ 13,257,365
1% increase	8.15%	8.15%
Net pension liability	\$ 2,448,473	\$ 8,298,081

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, 2021, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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.

Benefits Provided

The following summarizes the primary characteristics of the benefit:

	General Employees	Management	Police
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, 2021, the following employees were covered by the benefit terms of the Plan:

Inactive employees currently receiving benefits	12
Participating active employees	40
Total	52

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 GASB74. Plan assets have not been accumulated in a separately established trust fund.

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, 2021, using an actuarial valuation date of June 30, 2021. As summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

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

Actuarial Assumptions

Actuarial Cost Method	Entry-Age normal cost method
Actuarial Assumptions	
Discount rate	1.92%
Inflation	2.50%
Salary increase	2.75%
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

(2) Based on CalPERS Experience Study and Review of Actuarial Assumptions published in December 2017 for

Change of Assumptions

In fiscal year 2020-2021, the financial reporting discount rate changed from 2.45% to 1.92%. Deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

Discount Rate

The discount rate used to measure the total OPEB liability was 1.92% for the plan. Since there are no assets accumulated in a separately established trust fund, the discount rate was based on the Fidelity municipal government-obligation AA-rated 20-yr bond index rate.

Changes in the Total OPEB Liability

Balance at June 30, 2020		\$ <u>402,891</u>
Changes in the year:		
Service cost		21,848
Interest on the total OPEB liability		9,971
Difference between expected and actual experience		6,754
Change in assumptions		22,262
Benefit payments		<u>(35,750)</u>
Current year changes		<u>25,085</u>
Balance at June 30, 2021		<u>\$ 427,976</u>

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

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		0.92%
Total OPEB liability	\$	454,001
Current discount rate		1.92%
Total OPEB liability	\$	427,976
1% increase		2.92%
Total OPEB liability	\$	403,441

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

The following presents the City’s total OPEB liability for the Plan, calculated using the healthcare cost trend 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		
Total OPEB liability ¹	\$	427,976
Healthcare trend rate		
Total OPEB liability ¹	\$	427,976
1% increase		
Total OPEB liability ¹	\$	427,976

¹ 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.

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

OPEB Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the City recognized OPEB expense of \$23,070. At June 30, 2021, 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	\$ 6,004	\$ (56,606)
Change in assumptions	32,531	(46,529)
Total	\$ 38,535	\$ (103,135)

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

Year ending June 30		Amounts
2022	\$	(8,745)
2023		(8,750)
2024		(8,753)
2025		(8,748)
2026		(8,749)
Thereafter		(20,855)

Payable to the Pension Plan

At June 30, 2021, there was no outstanding amount of contributions payable to the OPEB plan for the year ended June 30, 2021.

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.

9. JOINT VENTURES (CONTINUED)

Palos Verdes Peninsula Transit Joint Powers Authority (Continued)

The Palos Verdes Peninsula Transit Authority’s fiscal year ends on June 30. As of June 30, 2021, audited financial statements indicated the following:

Total assets	\$ 4,623,124
Total liabilities	123,747
Total net position	4,499,377
Revenues	2,844,784
Expenses	2,015,392
Net change in net position	829,392

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

10. CONTINGENCIES

There are several pending lawsuits in which the City is involved. Legal counsel estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

COVID-19

The worldwide pandemic that is the coronavirus continues to impact every aspect of society. The Fiscal Year 2020-21 financial statements include the impacts to revenue and expenditures from the economic and organizational response to the coronavirus. The FY 2021-22 budget was built conservatively, with continued uncertainty about how the pandemic would impact the City in coming months.

Management continues to monitor the impacts the coronavirus is having on the organization as well as the local and regional economy. There have been numerous changes to stay at home orders or other modified restrictions in the months after June 30, 2021. Management responds as necessary and for the most part has no control over the bottom line impact the coronavirus and the measures taken to control it have on the City. Management does not foresee significant impacts beyond what was forecast in the adopted budget for FY 2021-22. In addition, management does not anticipate having to take drastic actions to combat the impacts of the coronavirus, as new safety protocols implemented since March 2020 remain in place.

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, 2021 are as follows:

(a)	-	(b)	=	(c)
Actual Special Tax Revenue Received		Actual Allowable Law Enforcement Expenses		Special Tax Revenue Over/(Under) Allowable Expenses
\$ 5,062,302	-	6,628,589	=	\$ (1,566,287)

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS AND DEFICIT FUND EQUITY

For the fiscal year ended June 30, 2021, expenditures exceeded appropriations in the Proposition A and Special Fire Parcel Tax (nonmajor) special revenue funds by \$3,043 and \$250, respectively. The necessary budget amounts were underestimated when completing the budget for these funds in the fiscal year 2021.

Measure W (nonmajor) special revenue fund has a negative fund balance of \$50,496 as of June 30, 2021. During the current fiscal year, revenues exceeded expenditures by \$52,570 thereby reducing the negative fund balance from the previous fiscal year.

13. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, 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

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

Fiscal year ended	Miscellaneous						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	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	0.04085%	0.03863%	0.03609%	0.03516%	0.03313%	0.02771%	0.02858%
Plan's proportionate share of the net pension liability	\$ 4,445,052	\$ 3,958,694	\$ 3,477,503	\$ 3,486,675	\$ 2,866,438	\$ 1,902,144	\$ 1,778,540
Plan's covered payroll	\$ 1,848,336	\$ 2,082,523	\$ 2,175,646	\$ 2,615,522	\$ 2,631,865	\$ 2,236,354	\$ 1,176,206
Plan's proportionate share of the net pension liability as a percentage of covered payroll	240.49%	190.09%	159.84%	133.31%	108.91%	85.06%	100.13%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.52%	78.26%	80.10%	78.79%	81.09%	86.72%	87.59%
Plan's proportionate share of aggregate employer contributions	\$ 612,687	\$ 590,326	\$ 533,137	\$ 490,023	\$ 457,711	\$ 429,477	\$ 339,407

Notes to Schedule:

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.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

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

Fiscal year ended	Miscellaneous						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution (actuarially determined)	\$ 429,611	\$ 329,638	\$ 292,074	\$ 264,132	\$ 262,115	\$ 216,861	\$ 183,781
Contributions in relation to the actuarially determined contributions	(429,611)	(329,638)	(292,074)	(264,132)	(262,115)	(216,861)	(183,781)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,848,336	\$ 2,082,523	\$ 2,175,646	\$ 2,615,522	\$ 2,631,865	\$ 2,236,354	\$ 1,776,206
Contributions as a percentage of covered payroll	23.24%	15.83%	13.42%	10.10%	9.96%	9.70%	10.35%
Notes to Schedule:							
Valuation date	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.25% (3)	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(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

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

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

Fiscal year ended	Safety						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	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	0.12185%	0.11843%	0.11626%	0.11155%	0.11156%	0.10844%	0.10409%
Plan's proportionate share of the net pension liability	\$ 13,257,365	\$ 12,136,014	\$ 11,202,797	\$ 11,062,935	\$ 9,653,657	\$ 7,443,296	\$ 6,476,937
Plan's covered payroll	\$ 2,219,136	\$ 2,483,523	\$ 2,379,274	\$ 2,701,490	\$ 2,560,208	\$ 2,387,823	\$ 2,299,291
Plan's proportionate share of the net pension liability as a percentage of covered payroll	597.41%	488.03%	470.85%	409.51%	377.07%	311.72%	281.69%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	70.21%	71.78%	73.49%	72.16%	73.72%	78.92%	81.16%
Plan's proportionate share of aggregate employer contributions	\$ 1,617,246	\$ 1,353,963	\$ 1,309,888	\$ 989,631	\$ 935,561	\$ 948,325	\$ 792,313

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in assumptions:

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

ASB68, 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, 2019 to June 30, 2020:

There were no changes in assumption.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

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

Fiscal year ended	Safety						
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution (actuarially determined)	\$ 1,262,681	\$ 1,177,920	\$ 1,075,089	\$ 937,914	\$ 893,364	\$ 778,148	\$ 662,948
Contributions in relation to the actuarially determined contributions	(1,262,681)	(1,177,920)	(1,075,089)	(937,914)	(893,364)	(778,148)	(662,948)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,219,136	\$ 2,486,759	\$ 2,379,274	\$ 2,701,490	\$ 2,560,208	\$ 2,387,823	\$ 2,299,291
Contributions as a percentage of covered payroll	56.90%	47.37%	45.19%	34.72%	34.89%	32.59%	28.83%
Notes to Schedule:							
Valuation date	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.25% (3)	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(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

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

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

Fiscal year ended	June 30, 2021
Measurement date	6/30/2021
Total OPEB liability:	
Service cost	\$ 21,848
Interest on total OPEB liability	9,971
Differences between expected and actual experience	6,754
Changes in assumptions	22,262
Benefit payments	(35,750)
Net change in total OPEB liability	25,085
Total OPEB liability - Beginning of Year	402,891
Total pension liability - Ending	\$ 427,976
Covered payroll	\$ 3,368,142
Net pension liability as percentage of covered payroll	12.70%

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 one year is 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 8,965,207	\$ 8,965,207	\$ 9,246,963	\$ 281,756
Other taxes	1,251,050	1,251,050	1,610,502	359,452
Licenses and permits	523,365	523,365	857,707	334,342
Revenue from other agencies	1,673,057	1,673,057	1,678,340	5,283
Charges for services	507,733	507,733	1,015,755	508,022
Use of money and property	1,216,889	1,216,889	1,202,171	(14,718)
Fines and forfeitures	90,000	90,000	106,841	16,841
Miscellaneous	221,000	221,000	90,654	(130,346)
Total Revenues	<u>14,448,301</u>	<u>14,448,301</u>	<u>15,808,933</u>	<u>1,360,632</u>
Expenditures:				
Current:				
General government	2,263,491	2,289,891	2,182,848	107,043
Public safety	12,829,018	12,622,118	12,499,387	122,731
Parks and recreation	1,434,252	1,434,467	1,387,406	47,061
Public works	1,967,266	2,147,551	2,192,599	(45,048)
Total Expenditures	<u>18,494,027</u>	<u>18,494,027</u>	<u>18,262,240</u>	<u>231,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,045,726)</u>	<u>(4,045,726)</u>	<u>(2,453,307)</u>	<u>1,592,419</u>
Other Financing Sources:				
Transfers in	<u>5,023,366</u>	<u>9,266,651</u>	<u>10,388,015</u>	<u>1,121,364</u>
Total Other Financing Sources	<u>5,023,366</u>	<u>9,266,651</u>	<u>10,388,015</u>	<u>1,121,364</u>
Net Change in Fund Balance	977,640	5,220,925	7,934,708	2,713,783
Fund Balance at Beginning of Year	<u>15,399,948</u>	<u>15,399,948</u>	<u>15,399,948</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 16,377,588</u>	<u>\$ 20,620,873</u>	<u>\$ 23,334,656</u>	<u>\$ 2,713,783</u>

See independent auditor's report.

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
PVE Law Enforcement Special Revenue Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 5,023,366	\$ 5,023,366	\$ 5,062,469	\$ 39,103
Total Revenues	5,023,366	5,023,366	5,062,469	39,103
Other Financing Uses:				
Transfers out	(5,023,366)	(5,136,651)	(5,116,508)	20,143
Total Other Financing Uses	(5,023,366)	(5,136,651)	(5,116,508)	20,143
Net Change in Fund Balance	-	(113,285)	(54,039)	59,246
Fund Balance at Beginning of Year	180,555	180,555	180,555	-
Fund Balance at End of Year	\$ 180,555	\$ 67,270	\$ 126,516	\$ 59,246

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 generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, and Capital Projects Funds consistent with generally accepted accounting principles (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. However, expenditures cannot legally exceed total appropriations at the fund level. The City Manager is authorized to transfer amounts within individual fund budgets and between departments based on policy based dollar limits. 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.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

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 Measure R 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.

Special Fire Parcel Tax - to account for funds received from a voter approved direct assessment levied by the City of the purpose of funding contract fire suppression services through Los Angeles County.

Cares Act - to account for the CARES Act federal funding received to respond to the COVID-19 public health emergency.

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.

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

Sewer Capital Projects Fund - 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.

CITY OF PALOS VERDES ESTATES
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds					
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA
Assets:						
Cash and investments	\$ 132,103	\$ 673,700	\$ 707,207	\$ 1,096,549	\$ 15,588	\$ 628,312
Accounts receivable	-	-	-	-	-	24,284
Prepaid costs	5,096	-	-	-	-	-
Total Assets	\$ 137,199	\$ 673,700	\$ 707,207	\$ 1,096,549	\$ 15,588	\$ 652,596
Liabilities:						
Accounts payable	\$ 447	\$ -	\$ 858	\$ -	\$ 1,529	\$ -
Accrued salaries and benefits	12,072	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	12,519	-	858	-	1,529	-
Fund Balances:						
Restricted for:						
Public safety	-	673,700	706,349	-	14,059	-
Public works	124,680	-	-	1,096,549	-	652,596
Assigned to:						
Capital projects	-	-	-	-	-	-
Unassigned						
	-	-	-	-	-	-
Total Fund Balances	124,680	673,700	706,349	1,096,549	14,059	652,596
Total Liabilities and Fund Balances	\$ 137,199	\$ 673,700	\$ 707,207	\$ 1,096,549	\$ 15,588	\$ 652,596

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2021

	Special Revenue Funds (Continued)						
	Measure M	Proposition A	Measure R	Proposition C	Measure W	Special Fire Parcel Tax	Cares Act
Assets:							
Cash and investments	\$ 197,903	\$ 113,847	\$ 173,349	\$ 825,245	\$ 102,776	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-
Total Assets	\$ 197,903	\$ 113,847	\$ 173,349	\$ 825,245	\$ 102,776	\$ -	\$ -
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 50,206	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	103,066	-	-
Total Liabilities	-	-	-	-	153,272	-	-
Fund Balances:							
Restricted for:							
Public safety	-	-	-	-	-	-	-
Public works	197,903	113,847	173,349	825,245	-	-	-
Assigned to:							
Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(50,496)	-	-
Total Fund Balances	197,903	113,847	173,349	825,245	(50,496)	-	-
Total Liabilities and Fund Balances	\$ 197,903	\$ 113,847	\$ 173,349	\$ 825,245	\$ 102,776	\$ -	\$ -

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2021

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Improvements	Sewer	Parklands	
Assets:				
Cash and investments	\$ 1,912,197	\$ 1,678,908	\$ 105,674	\$ 8,363,358
Accounts receivable	-	-	-	24,284
Prepaid costs	-	23	-	5,119
	1,912,197	1,678,931	105,674	8,392,761
Total Assets	\$ 1,912,197	\$ 1,678,931	\$ 105,674	\$ 8,392,761
Liabilities:				
Accounts payable	\$ 18,931	\$ 6,979	\$ -	\$ 78,950
Accrued salaries and benefits	-	380	-	12,452
Due to other funds	-	-	-	103,066
	18,931	7,359	-	194,468
Total Liabilities	18,931	7,359	-	194,468
Fund Balances:				
Restricted for:				
Public safety	-	-	-	1,394,108
Public works	-	1,671,572	105,674	4,961,415
Assigned to:				
Capital projects	1,893,266	-	-	1,893,266
Unassigned	-	-	-	(50,496)
	1,893,266	1,671,572	105,674	8,198,293
Total Fund Balances	1,893,266	1,671,572	105,674	8,198,293
Total Liabilities and Fund Balances	\$ 1,912,197	\$ 1,678,931	\$ 105,674	\$ 8,392,761

(Concluded)

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue Funds					
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA
Revenues:						
Revenue from other agencies	\$ 296,935	\$ -	\$ 156,727	\$ 76,213	\$ 3,300	\$ 228,008
Use of money and property	1,393	7,124	7,260	11,299	158	6,486
Total Revenues	298,328	7,124	163,987	87,512	3,458	234,494
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	69,037	-	3,069	-
Public works	284,527	-	7,270	15,591	-	-
Total Expenditures	284,527	-	76,307	15,591	3,069	-
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	13,801	7,124	87,680	71,921	389	234,494
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(155,518)
Total Other Financing Sources (Uses)	-	-	-	-	-	(155,518)
Net Change in Fund Balances	13,801	7,124	87,680	71,921	389	78,976
Fund Balances at Beginning of Year	110,879	666,576	618,669	1,024,628	13,670	573,620
Fund Balances at End of Year	\$ 124,680	\$ 673,700	\$ 706,349	\$ 1,096,549	\$ 14,059	\$ 652,596

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year Ended June 30, 2021

	Special Revenue Funds (Continued)						
	Measure M	Proposition A	Measure R	Proposition C	Measure W	Special Fire Parcel Tax	
Revenues:							
Revenue from other agencies	\$ 192,345	\$ 272,507	\$ 169,761	\$ 226,035	\$ 257,952	\$ -	\$ 162,859
Use of money and property	988	1,231	2,636	5,854	517	-	711
Total Revenues	193,333	273,738	172,397	231,889	258,469	-	163,570
Expenditures:							
Current:							
General government	-	10,145	-	-	-	-	-
Public safety	-	-	-	-	-	-	87,630
Public works	-	245,543	-	-	205,899	-	3,593
Total Expenditures	-	255,688	-	-	205,899	-	91,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	193,333	18,050	172,397	231,889	52,570	-	72,347
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(250)	(72,347)
Total Other Financing Sources (Uses)	-	-	-	-	-	(250)	(72,347)
Net Change in Fund Balances	193,333	18,050	172,397	231,889	52,570	(250)	-
Fund Balances at Beginning of Year	4,570	95,797	952	593,356	(103,066)	250	-
Fund Balances at End of Year	\$ 197,903	\$ 113,847	\$ 173,349	\$ 825,245	\$ (50,496)	\$ -	\$ -

(Continued)

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
Year Ended June 30, 2021

	<u>Capital Projects Funds</u>			Total
	<u>General Capital Improvements</u>	<u>Sewer</u>	<u>Parklands</u>	Nonmajor Governmental Funds
Revenues:				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ 2,042,642
Use of money and property	-	-	-	45,657
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,088,299</u>
Expenditures:				
Current:				
General government	-	-	-	10,145
Public safety	-	-	-	159,736
Public works	256,966	30,646	-	1,050,035
Total Expenditures	<u>256,966</u>	<u>30,646</u>	<u>-</u>	<u>1,219,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(256,966)</u>	<u>(30,646)</u>	<u>-</u>	<u>868,383</u>
Other Financing Sources (Uses):				
Transfers in	155,518	-	-	155,518
Transfers out	<u>(2,200,000)</u>	<u>(1,930,000)</u>	<u>-</u>	<u>(4,358,115)</u>
Total Other Financing Sources (Uses)	<u>(2,044,482)</u>	<u>(1,930,000)</u>	<u>-</u>	<u>(4,202,597)</u>
Net Change in Fund Balances	(2,301,448)	(1,960,646)	-	(3,334,214)
Fund Balances at Beginning of Year	<u>4,194,714</u>	<u>3,632,218</u>	<u>105,674</u>	<u>11,532,507</u>
Fund Balances at End of Year	<u>\$ 1,893,266</u>	<u>\$ 1,671,572</u>	<u>\$ 105,674</u>	<u>\$ 8,198,293</u>

(Concluded)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Gas Tax Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 322,620	\$ 322,620	\$ 296,935	\$ (25,685)
Use of money and property	1,000	1,000	1,393	393
Total Revenues	323,620	323,620	298,328	(25,292)
Expenditures:				
Current:				
Public works	288,122	288,122	284,527	3,595
Total Expenditures	288,122	288,122	284,527	3,595
Net Change in Fund Balance	35,498	35,498	13,801	(28,887)
Fund Balance at Beginning of Year	110,879	110,879	110,879	-
Fund Balance at End of Year	\$ 146,377	\$ 146,377	\$ 124,680	\$ (21,697)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Drug Intervention Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 6,000	\$ 6,000	\$ 7,124	\$ 1,124
Total Revenues	6,000	6,000	7,124	1,124
Net Change in Fund Balance	6,000	6,000	7,124	1,124
Fund Balance at Beginning of Year	666,576	666,576	666,576	-
Fund Balance at End of Year	\$ 672,576	\$ 672,576	\$ 673,700	\$ 1,124

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
SLESF Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 150,000	\$ 150,000	\$ 156,727	\$ 6,727
Use of money and property	5,000	5,000	7,260	2,260
Total Revenues	<u>155,000</u>	<u>155,000</u>	<u>163,987</u>	<u>8,987</u>
Expenditures:				
Current:				
Public safety	88,177	112,000	69,037	42,963
Public works	-	7,270	7,270	-
Total Expenditures	<u>88,177</u>	<u>119,270</u>	<u>76,307</u>	<u>42,963</u>
				-
Net Change in Fund Balance	66,823	35,730	87,680	51,950
Fund Balance at Beginning of Year	<u>618,669</u>	<u>618,669</u>	<u>618,669</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 685,492</u></u>	<u><u>\$ 654,399</u></u>	<u><u>\$ 706,349</u></u>	<u><u>\$ 51,950</u></u>

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Special Projects Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 54,000	\$ 54,000	\$ 76,213	\$ 22,213
Use of money and property	8,000	8,000	11,299	3,299
Total Revenues	62,000	62,000	87,512	25,512
Expenditures:				
Current:				
Public works	32,200	32,200	15,591	16,609
Total Expenditures	32,200	32,200	15,591	16,609
Net Change in Fund Balance	29,800	29,800	71,921	42,121
Fund Balance at Beginning of Year	1,024,628	1,024,628	1,024,628	-
Fund Balance at End of Year	\$ 1,054,428	\$ 1,054,428	\$ 1,096,549	\$ 42,121

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Corrections Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 6,000	\$ 6,000	\$ 3,300	\$ (2,700)
Use of money and property	-	-	158	158
Total Revenues	6,000	6,000	3,458	(2,542)
Expenditures:				
Current:				
Public safety	4,700	4,700	3,069	1,631
Total Expenditures	4,700	4,700	3,069	1,631
Net Change in Fund Balance	1,300	1,300	389	(911)
Fund Balance at Beginning of Year	13,670	13,670	13,670	-
Fund Balance at End of Year	\$ 14,970	\$ 14,970	\$ 14,059	\$ (911)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Road Maintenance and Rehabilitation Account (RMRA) Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 232,776	\$ 232,776	\$ 228,008	\$ (4,768)
Use of money and property	3,000	3,000	6,486	3,486
Total Revenues	<u>235,776</u>	<u>235,776</u>	<u>234,494</u>	<u>(1,282)</u>
Other Financing Uses:				
Transfers out	(775,662)	(957,162)	(155,518)	801,644
Total Other Financing Uses	<u>(775,662)</u>	<u>(957,162)</u>	<u>(155,518)</u>	<u>801,644</u>
Net Change in Fund Balance	(539,886)	(721,386)	78,976	800,362
Fund Balance at Beginning of Year	573,620	573,620	573,620	-
Fund Balance at End of Year	<u>\$ 33,734</u>	<u>\$ (147,766)</u>	<u>\$ 652,596</u>	<u>\$ 800,362</u>

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure M Special Revenue Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Revenue from other agencies	\$ 155,357	\$ 155,357	\$ 192,345	\$ 36,988
Use of money and property	2,000	2,000	988	(1,012)
Total Revenues	157,357	157,357	193,333	35,976
Other Financing Uses:				
Transfers out	(698,871)	(698,871)	-	698,871
Total Other Financing Uses	(698,871)	(698,871)	-	698,871
Net Change in Fund Balance	(541,514)	(541,514)	193,333	734,847
Fund Balance at Beginning of Year	4,570	4,570	4,570	-
Fund Balance at End of Year	\$ (536,944)	\$ (536,944)	\$ 197,903	\$ 734,847

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Proposition A Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 220,357	\$ 220,357	\$ 272,507	\$ 52,150
Use of money and property	1,000	1,000	1,231	231
Total Revenues	221,357	221,357	273,738	52,381
Expenditures:				
Current:				
General government	7,102	7,102	10,145	(3,043)
Public works	245,543	245,543	245,543	-
Total Expenditures	252,645	252,645	255,688	(3,043)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,288)	(31,288)	18,050	49,338
Net Change in Fund Balance	(31,288)	(31,288)	18,050	49,338
Fund Balance at Beginning of Year	95,797	95,797	95,797	-
Fund Balance at End of Year	\$ 64,509	\$ 64,509	\$ 113,847	\$ 49,338

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure R Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 137,087	\$ 137,087	\$ 169,761	\$ 32,674
Use of money and property	2,000	2,000	2,636	636
Total Revenues	139,087	139,087	172,397	33,310
Other Financing Uses:				
Transfers out	(497,754)	(497,754)	-	497,754
Total Other Financing Uses	(497,754)	(497,754)	-	497,754
Net Change in Fund Balance	(358,667)	(358,667)	172,397	531,064
Fund Balance at Beginning of Year	952	952	952	-
				-
Fund Balance at End of Year	\$ (357,715)	\$ (357,715)	\$ 173,349	\$ 531,064

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Proposition C Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 182,780	\$ 182,780	\$ 226,035	\$ 43,255
Use of money and property	6,000	6,000	5,854	(146)
Total Revenues	188,780	188,780	231,889	43,109
Other Financing Uses:				
Transfers out	(627,323)	(627,323)	-	627,323
Total Other Financing Uses	(627,323)	(627,323)	-	627,323
Net Change in Fund Balance	(438,543)	(438,543)	231,889	670,432
Fund Balance at Beginning of Year	593,356	593,356	593,356	-
Fund Balance at End of Year	\$ 154,813	154,813	825,245	670,432

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Measure W Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 260,000	\$ 260,000	\$ 257,952	\$ (2,048)
Use of money and property	-	-	517	517
Total Revenues	<u>260,000</u>	<u>260,000</u>	<u>258,469</u>	<u>(1,531)</u>
Expenditures:				
Current:				
Public works	<u>173,295</u>	<u>260,000</u>	<u>205,899</u>	<u>54,101</u>
Total Expenditures	<u>173,295</u>	<u>260,000</u>	<u>205,899</u>	<u>54,101</u>
Net Change in Fund Balance	86,705	-	52,570	52,570
Fund Balance at Beginning of Year	<u>(103,066)</u>	<u>(103,066)</u>	<u>(103,066)</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ (16,361)</u></u>	<u><u>\$ (103,066)</u></u>	<u><u>\$ (50,496)</u></u>	<u><u>\$ 52,570</u></u>

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Special Fire Parcel Tax Special Revenue Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers out	\$ -	\$ -	\$ (250)	\$ (250)
Total Other Financing Uses	-	-	(250)	(250)
Net Change in Fund Balance	-	-	(250)	(250)
Fund Balance at Beginning of Year	250	250	250	-
Fund Balance at End of Year	\$ 250	\$ 250	\$ -	\$ (250)

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Cares Act Special Revenue Fund
Year Ended June 30, 2021

	<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	\$ 162,859	\$ 162,859	\$ 162,859	\$ -
Use of money and property	711	711	711	-
Total Revenues	163,570	163,570	163,570	-
Expenditures:				
Current:				
Public safety	87,630	87,630	87,630	-
Public works	3,593	3,593	3,593	-
Total Expenditures	91,223	91,223	91,223	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,347	72,347	72,347	-
Other Financing Uses:				
Transfers out	(72,347)	(72,347)	(72,347)	-
Total Other Financing Uses	(72,347)	(72,347)	(72,347)	-
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 Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Total Revenues	40,000	40,000	-	(40,000)
Expenditures:				
Current:				
Public works	2,969,453	2,969,453	256,966	2,712,487
Total Expenditures	2,969,453	2,969,453	256,966	2,712,487
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,929,453)	(2,929,453)	(256,966)	2,672,487
Other Financing Sources (Uses):				
Transfers in	2,596,610	2,778,110	155,518	(2,622,592)
Transfers out	-	(2,200,000)	(2,200,000)	-
Total Other Financing Sources (Uses)	2,596,610	578,110	(2,044,482)	(2,622,592)
Net Change in Fund Balance	(332,843)	(2,351,343)	(2,301,448)	49,895
Fund Balance at Beginning of Year	4,194,714	4,194,714	4,194,714	-
Fund Balance at End of Year	\$ 3,861,871	\$ 1,843,371	\$ 1,893,266	\$ 49,895

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Sewer Capital Projects Fund
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 26,000	\$ 26,000	\$ -	\$ (26,000)
Total Revenues	26,000	26,000	-	(26,000)
Expenditures:				
Current:				
Public works	559,493	559,493	30,646	528,847
Total Expenditures	559,493	559,493	30,646	528,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	(533,493)	(533,493)	(30,646)	502,847
Other Financing Uses:				
Transfers out	-	(1,930,000)	(1,930,000)	-
Total Other Financing Uses	-	(1,930,000)	(1,930,000)	-
Net Change in Fund Balance	(533,493)	(2,463,493)	(1,960,646)	502,847
Fund Balance at Beginning of Year	3,632,218	3,632,218	3,632,218	-
Fund Balance at End of Year	\$ 3,098,725	\$ 1,168,725	\$ 1,671,572	\$ 502,847

CITY OF PALOS VERDES ESTATES
Budgetary Comparison Schedule
Parklands Capital Projects Fund
Year Ended June 30, 2021

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

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of equipment and services of the City on a cost-reimbursement basis. The City uses the following Internal Service Funds:

Equipment Replacement - to account for the purchase and maintenance of vehicular equipment on behalf of all City departments.

Insurance - to account for the City's insurance activities.

CITY OF PALOS VERDES ESTATES
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Insurance	Total
Assets:			
Current Assets:			
Cash and investments	\$ 1,353,689	\$ -	\$ 1,353,689
Accounts receivable	7	-	7
Total Current Assets	1,353,696	-	1,353,696
Capital Assets:			
Machinery and equipment	3,543,708	-	3,543,708
Furniture and fixtures	306,694	-	306,694
Vehicles	1,504,847	-	1,504,847
Less accumulated depreciation	(4,936,704)	-	(4,936,704)
Net Capital Assets	418,545	-	418,545
Total Assets	1,772,241	-	1,772,241
Net Position:			
Net investment in capital assets	418,545	-	418,545
Unrestricted	1,353,696	-	1,353,696
Total Net Position	\$ 1,772,241	\$ -	\$ 1,772,241

CITY OF PALOS VERDES ESTATES
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds		
	Equipment Replacement	Insurance	Total
Operating Revenues:			
Charges for services	\$ 46,044	\$ 1,208,724	\$ 1,254,768
Total Operating Revenues	46,044	1,208,724	1,254,768
Operating Expenses:			
Material and supplies	67,751	-	67,751
General liability insurance	-	660,623	660,623
Property and vehicle insurance	-	68,038	68,038
Workers' compensation	-	480,961	480,961
Depreciation expense	164,002	-	164,002
Total Operating Expenses	231,753	1,209,622	1,441,375
Operating Loss	(185,709)	(898)	(186,607)
Nonoperating Revenues:			
Interest revenue	13,186	-	13,186
Gain on sale of capital assets	32,076	-	32,076
Total Nonoperating Revenues	45,262	-	45,262
Loss Before Transfers	(140,447)	(898)	(141,345)
Transfers:			
Transfers out	(5,773)	(1,063,137)	(1,068,910)
Total Transfers	(5,773)	(1,063,137)	(1,068,910)
Changes in Net Position	(146,220)	(1,064,035)	(1,210,255)
Net Position at Beginning of Year	1,918,461	1,064,035	2,982,496
Net Position at End of Year	\$ 1,772,241	\$ -	\$ 1,772,241

CITY OF PALOS VERDES ESTATES
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2021

	Governmental Activities -		
	Internal Service Funds		
	Equipment Replacement	Insurance	Total
Cash Flows from Operating Activities:			
Cash received from user departments	\$ 46,037	\$ 1,208,724	\$ 1,254,761
Cash paid to suppliers for goods and services	(73,910)	(640,614)	(714,524)
Net Cash Provided by (Used in) Operating Activities	(27,873)	568,110	540,237
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	(5,773)	(1,063,137)	(1,068,910)
Cash Used in Noncapital Financing Activities	(5,773)	(1,063,137)	(1,068,910)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(160,087)	-	(160,087)
Proceeds from sales of capital assets	32,076	-	32,076
Net Cash Used in Capital and Related Financing Activities	(128,011)	-	(128,011)
Cash Flows from Investing Activities:			
Interest received	13,186	-	13,186
Cash Provided by Investing Activities	13,186	-	13,186
Net Decrease in Cash and Cash Equivalents	(148,471)	(495,027)	(643,498)
Cash and Cash Equivalents at Beginning of Year	1,502,160	495,027	1,997,187
Cash and Cash Equivalents at End of Year	\$ 1,353,689	\$ -	\$ 1,353,689
Reconciliation of Operating Loss to			
Net Cash Provided by (Used in) Operating Activities:			
Operating loss	\$ (185,709)	\$ (898)	\$ (186,607)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	164,002	-	164,002
Increase in accounts receivable	(7)	-	(7)
Decrease in prepaid costs	-	569,008	569,008
Decrease in accounts payable	(6,159)	-	(6,159)
Total Adjustments	157,836	569,008	726,844
Net Cash Provided by (Used in) Operating Activities	\$ (27,873)	\$ 568,110	\$ 540,237
Noncash Investing, Capital and Financing Activities:			
Equipment acquisitions funded by governmental funds	\$ 160,087	\$ -	\$ 160,087

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 special deposits.

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, 2021

	<u>Special Deposits</u>	<u>Police Property Evidence</u>	<u>Total Custodial Funds</u>
Assets:			
Cash and investments	\$ <u>257,403</u>	\$ <u>9,805</u>	\$ <u>267,208</u>
Total Assets	\$ <u>257,403</u>	\$ <u>9,805</u>	\$ <u>267,208</u>
Net Position:			
Held in trust for other purposes	\$ <u>257,403</u>	\$ <u>9,805</u>	\$ <u>267,208</u>

CITY OF PALOS VERDES ESTATES
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2021

	Special Deposits	Police Property Evidence	Total Custodial Funds
Additions:			
Investment earnings	\$ 2,621	\$ -	\$ 2,621
Other revenue	26,764	104	26,868
	29,385	104	29,489
Deductions:			
Administrative expenses	5,059	-	5,059
	5,059	-	5,059
Change in Net Position	24,326	104	24,430
Net Position at Beginning of Year	233,077	9,701	242,778
Net Position at End of Year	\$ 257,403	\$ 9,805	\$ 267,208

STATISTICAL SECTION

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.	99 - 102
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	103 - 109
<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 financial activities take place.	110 - 111
<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.	112 - 113
<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.	114 - 116

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 53,240	\$ 51,728	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953
Restricted	8,461	7,996	7,970	7,773	6,417	6,588	6,997	7,850	5,688	6,482
Unrestricted	<u>20,531</u>	<u>20,244</u>	<u>20,813</u>	<u>10,747</u>	<u>9,210</u>	<u>8,958</u>	<u>5,684</u>	<u>7,398</u>	<u>9,298</u>	<u>10,620</u>
 Total governmental activities net position	 <u>\$ 82,232</u>	 <u>\$ 79,968</u>	 <u>\$ 77,458</u>	 <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>\$ 50,055</u>
 Primary government										
Net investment in capital assets	\$ 53,240	\$ 53,240	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953
Restricted	8,461	8,461	7,970	7,773	6,417	6,588	6,997	7,850	5,688	6,482
Unrestricted	<u>20,531</u>	<u>20,531</u>	<u>20,813</u>	<u>10,747</u>	<u>9,210</u>	<u>8,958</u>	<u>5,684</u>	<u>7,398</u>	<u>9,298</u>	<u>10,620</u>
 Total primary government net position	 <u>\$ 82,232</u>	 <u>\$ 82,232</u>	 <u>\$ 77,458</u>	 <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>\$ 50,055</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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 1,573	\$ 2,157	\$ 1,542	\$ 2,244	\$ 2,911	\$ 3,520	\$ 2,686	\$ 2,826	\$ 2,422	\$ 2,750
Public safety	10,281	9,969	10,299	10,476	11,555	12,045	12,120	12,726	13,484	15,461
Public works	4,250	4,692	5,257	5,703	3,092	3,243	5,111	5,813	2,427	3,919
Parks and recreation	3,166	2,980	2,970	3,013	6,891	5,798	1,935	1,476	7,507	1,702
Total governmental activities expenses	\$ 18,660	\$ 19,270	\$ 19,798	\$ 20,068	\$ 21,436	\$ 24,606	\$ 21,852	\$ 22,841	\$ 25,840	\$ 23,832
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 56	\$ 85	\$ 50	\$ 56	\$ 472	\$ 1,278	\$ 92	\$ 96	\$ 128	\$ 103
Public safety	4,260	4,416	4,548	4,675	4,765	4,890	199	5,173	5,102	5,222
Public works	1,129	1,153	957	1,154	1,283	1,422	1,651	1,671	1,280	1,798
Parks and recreation	1,066	1,109	1,190	1,261	-	1,322	-	1,380	1,549	1,152
Operating grants and contributions	1,077	1,036	1,177	1,353	2,013	1,022	3,097	1,366	1,354	1,523
Capital grants and contributions	1,212	1,070	48	20	1,756	380	916	705	53	47
Total governmental activities program revenues	9,224	8,800	8,869	7,970	8,519	10,314	5,955	10,391	9,466	9,845
Net (expense)/revenue	\$ (9,436)	\$ (10,470)	\$ (10,929)	\$ (12,098)	\$ (12,917)	#####	\$ (15,897)	\$ (12,450)	\$ (16,374)	\$ (13,987)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 9,089	\$ 9,466	\$ 9,928	\$ 10,365	\$ 10,918
Sales and use taxes	318	349	384	427	435	426	533	631	555	848
Franchise taxes and other taxes	897	925	985	1,042	1,009	1,058	1,063	1,038	977	1,213
Motor vehicle in lieu tax (unrestricted)	1,097	1,126	1,184	1,248	1,323	-	-	-	-	-
Investment income	186	(12)	256	215	320	76	118	875	880	109
Miscellaneous	143	178	285	343	361	552	178	702	16	118
Total General Revenue and Extraordinary Item	8,437	8,483	8,665	9,588	10,134	11,201	11,358	13,174	12,793	13,206
Change in Net Position	\$ (999)	\$ (1,987)	\$ (2,264)	\$ (2,510)	\$ (2,783)	\$ (3,091)	\$ (4,539)	\$ 724	\$ (3,581)	\$ (781)

* 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

** 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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund:										
Nonspendable	\$ 86	\$ 98	\$ 99	\$ 31	\$ 15	\$ 15	\$ 458	\$ 528	\$ 509	\$ 616
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	8,000	8,000
Assigned	-	-	-	-	-	-	-	675	675	4,805
Unassigned	1,605	2,097	2,521	3,219	4,114	3,924	2,597	4,633	6,216	9,913
Total general fund	<u>\$ 9,333</u>	<u>\$ 8,891</u>	<u>\$ 9,395</u>	<u>\$ 9,820</u>	<u>\$ 10,450</u>	<u>\$ 11,139</u>	<u>\$ 10,255</u>	<u>\$ 13,036</u>	<u>\$ 15,400</u>	<u>\$ 23,334</u>
All other governmental funds:										
Nonspendable	\$ 3	\$ 358	\$ 373	\$ -	\$ 395	\$ -	\$ 7	\$ -	\$ -	\$ -
Restricted	8,308	7,487	7,598	7,773	6,417	6,588	6,997	7,850	5,688	6,482
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	9,611	9,052	8,375	7,132	5,096	6,182	5,121	5,138	6,128	1,893
Unassigned	-	-	-	-	-	-	-	-	(103)	(50)
Total all other governmental funds	<u>18,298</u>	<u>17,922</u>	<u>16,897</u>	<u>16,346</u>	<u>14,905</u>	<u>12,770</u>	<u>12,125</u>	<u>12,988</u>	<u>11,713</u>	<u>8,325</u>
Total	<u><u>\$ 27,631</u></u>	<u><u>\$ 26,813</u></u>	<u><u>\$ 26,292</u></u>	<u><u>\$ 26,166</u></u>	<u><u>\$ 25,355</u></u>	<u><u>\$ 23,909</u></u>	<u><u>\$ 22,380</u></u>	<u><u>\$ 26,024</u></u>	<u><u>\$ 27,113</u></u>	<u><u>\$ 31,659</u></u>

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

	Fiscal Year										
	2011	2012	2013	2014*	2015*	2016*	2017	2018	2019	2020	2021
Revenues:											
Property Tax	\$ 5,693	\$ 5,842	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 7,701	\$ 8,116	\$ 8,397	\$ 8,761	\$ 9,247
Special assessment	5,316	5,044	5,221	4,316	4,464	4,582	4,715	44	4,988	4,993	5,062
Other taxes	1,574	1,214	1,274	1,369	1,469	1,445	1,468	1,345	1,476	1,348	1,610
Licenses and permits	625	675	701	606	598	590	590	898	903	829	858
Revenues from other agencies	2,051	2,278	2,218	2,416	2,591	2,543	2,694	3,364	3,221	3,227	3,721
Charges for services	501	454	475	407	447	601	656	807	797	829	1,016
Use of money and property	1,175	1,228	1,089	1,412	1,423	1,612	1,368	1,460	2,213	2,133	1,248
Fines and forfeitures	210	212	206	207	176	147	135	129	148	85	107
Miscellaneous	79	144	176	288	326	361	552	210	712	29	91
Total revenues	17,845	17,224	17,091	17,459	17,515	18,353	19,879	16,373	22,855	22,234	22,960
Expenditures											
General government	1,595	1,437	1,503	1,853	2,069	2,164	2,363	2,347	2,534	1,853	2,193
Public safety	10,805	10,368	9,851	10,298	10,803	11,412	11,854	11,504	11,785	12,680	12,659
Public works	3,913	4,938	4,971	3,786	4,801	6,450	4,628	3,223	3,641	1,150	3,243
Parks and recreation	1,091	1,166	1,078	1,141	1,190	1,221	1,363	1,269	1,249	5,462	1,387
Total expenditures	17,501	17,404	17,909	17,403	17,078	18,863	20,208	18,343	19,209	21,145	19,482
Excess (deficiency) of revenues over (under) expenditures	344	(180)	(818)	56	437	(510)	(329)	(1,970)	3,646	1,089	3,478
Other financing sources (uses):											
Transfers in	5,357	1,162	883	700	1,015	-	2,658	6,232	5,825	6,292	10,544
Transfers out	(5,515)	(1,162)	(1,461)	(1,263)	(1,317)	-	(1,658)	(5,791)	(5,827)	(6,292)	(9,475)
Total other financing sources (uses)	-	(158)	-	(578)	(563)	(302)	1,000	441	(2)	-	1,069
Net change in fund balances	\$ 344	\$ (338)	\$ (818)	\$ (522)	\$ (126)	\$ (812)	\$ 671	\$ (1,529)	\$ 3,644	\$ 1,089	\$ 4,547

* 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
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales and Use Tax	Franchise and Other Taxes	Motor Vehicle in Lieu Tax	Total
2012	\$ 5,841,800	\$ 317,694	\$ 896,566	\$ 1,097,377	\$ 8,153,437
2013	6,098,958	348,653	925,656	1,126,463	8,499,730
2014	6,494,062	383,800	984,904	1,183,953	9,046,719
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	11,403,716
2020	8,760,576	438,411	976,561	1,604,678	11,780,226
2021	9,246,963	847,609	1,213,190	1,671,013	12,978,775

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			
2012	\$ 5,279,303	\$ 47,759	\$ 4,732	\$ 7,560	\$ 5,324,234	0.1130%
2013	5,419,878	48,191	4,344	7,389	5,465,024	0.1130%
2014	5,696,771	48,936	4,285	8,128	5,741,864	0.1130%
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%

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
2012	0.1130	0.8870	1.0000	0.0225	0.0037	0.0064	0.0353	1.06786
2013	0.1130	0.8870	1.0000	0.0241	0.0035	0.0064	0.0488	1.08279
2014	0.1130	0.8870	1.0000	0.0231	0.0035	0.0061	0.0445	1.07727
2015	0.1130	0.8870	1.0000	0.0233	0.0035	0.0059	0.0402	1.07281
2016	0.1130	0.8870	1.0000	0.0234	0.0035	0.0056	0.0358	1.06830
2017	0.1130	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

Source: Los Angeles County Auditor Controller's Office.

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

Taxpayer	2021			2012		
	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	\$ 36,194,213	1	0.45%			
Lowell W and Lisa B. Hill	34,249,087	2	0.42%	\$ 30,896,291	1	0.58%
Tatiana Von Furstenberg Trust	18,473,833	3	0.23%	13,945,759	3	0.26%
California Water Services Co.	16,848,526	4	0.21%			
Masafumi Miyamoto	16,337,079	5	0.20%	15,058,331	2	0.28%
Yi Lin	14,835,576	6	0.18%			
PVM Holdings	14,687,117	7	0.18%			
Jackson and Julie Yang	14,588,839	8	0.18%	12,453,404	4	0.23%
Timothy D Armour Trust	14,413,688	9	0.18%	9,200,000	9	0.17%
Deborah D Adkins Messenger Trust	14,382,000	10	0.17%			
Jason and Wendy Moskowitz Trust				11,460,290	5	0.22%
Richard C Lundquist Company Trust				10,689,576	6	0.20%
Shokeen Living Trust				9,600,000	7	0.18%
Palos Verdes Golf Club				7,980,828	8	0.18%
Deepak and Nandini Chopra Trust				8,886,757	10	0.17%
	<u>\$ 195,009,958</u>		<u>2.40%</u>	<u>\$ 130,171,236</u>		<u>2.47%</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
2012	\$ 5,611,918	\$ 5,494,212	97.90%	-	\$ 5,494,212	97.90%
2013	5,793,667	5,689,018	98.19%	-	5,689,018	98.19%
2014	6,121,791	6,031,018	98.52%	-	6,031,018	98.52%
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%

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 to Law Enforcement Services Special Tax
Last Ten Fiscal Years

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	0	15,862,547	296,601	16,159,148	\$ 4,917,393	\$ 70,264	\$ 4,987,658	\$342/parcel plus \$0.308658/sq/ft
2019	0	79	0	0	0	19,576	0	27,018	\$342/parcel
2020	5,138	0	15,893,109	285,320	16,178,429	4,924,190	68,692	4,992,882	\$342/parcel plus \$0.308614/sq/ft
2020	0	83	0	0	0	0	0	28,386	\$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) FY21-22	Improvement amount (Rate per sq. ft.) FY21-22	Estimated Special Tax Revenue for FY 2021-22
Single Family Home	5,068	5,130	15,696,558	\$ 342	\$ 0.20	\$ 4,893,772
Multi-Family	26	29	211,559	342	0.20	52,230
Commercial	34	43	285,320	342	0.20	71,770
Vacant (Undevelopped)	92	92		342	0.20	31,464
Totals:	<u>5,220</u>	<u>5,294</u>	<u>16,193,437</u>			<u>\$ 5,049,236</u>

CITY OF PALOS VERDES ESTATES
Direct and Overlapping Governmental Activities Debt
June 30, 2021

2020-2021 Assessed Valuation: \$8,111,558,837

Governmental Unit	Outstanding Debt 6/30/21	Estimated Percentage Applicable	Estimated Share of
Overlapping General Fund Debt (Note 1)			
Los Angeles County General Fund Obligations	\$ 2,618,507,256	0.483%	\$ 12,647,390
Los Angeles County Superindendant of Schools COP'S	4,565,373	0.483%	22,051
Los Angeles County Sanitation District-			
South Bay Authorities	698,865	15.359%	107,339
Los Angeles County Sanitation District #5	4,100,179	0.537%	22,018
Direct & Overlapping Tax & Assessment Debt (Note 2)			
Los Angeles Community College District	4,405,250,000	0.842%	37,083,468
Palos Verdes Peninsula Unified School District	50,379,648	29.829%	15,027,961
Metropolitan Water District	13,101,783	0.509%	<u>66,727</u>
Subtotal, overlapping debt			64,976,954
City direct debt			<u>(0)</u>
Net Total direct and overlapping debt			<u><u>\$ 64,976,954</u></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, 2021
(dollars in thousands)

Assessed value before homeowners exemption	<u>\$8,111,559</u>
Debt limit- 15% of assessed value	\$1,216,734
Amount of debt applicable to debt limit	<u>-</u>
	<u>\$1,216,734</u>

	<u>2012</u>	<u>2013</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>
Debt Limit	\$798,635	\$819,753	\$862,783	\$ 908,444	\$965,056	\$1,012,222	\$1,061,380	\$1,116,289	\$1,167,513	\$1,216,734
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>
Legal debt margin	<u>\$798,635</u>	<u>\$819,753</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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

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>
2012	13,516	\$ 1,246,247	\$ 91,710	2.1
2013	13,589	1,211,307	88,643	1.7
2014	13,665	1,206,227	88,239	1.4
2015	13,665	1,185,951	86,490	1.1
2016	13,712	1,220,847	89,035	0.8
2017	13,663	1,257,471	92,035	0.8
2018	13,519	1,031,827	76,324	1.0
2019	13,544	1,089,150	80,416	1.9
2020	13,190	915,133	69,381	6.4
2021	13,116	955,399	72,842	3.4

- 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

Type of Business (1)	Number of Employees	2021		2012	
		Percentage of Total City Employment	Rank	Number of Employees	Percentage of Total City Employment
Unified School District	1,219	85.36%	1	527	57.19%
Concession Clubs					
Palos Verdes Golf Club	96	6.72%	2	100	13.24%
Palos Verdes Beach & Athletic Club	6			16	
Palos Verdes Tennis Club	3			6	
Palos Verdes Stables	2				
City Government					
City of Palos Verdes Estates	53	3.71%	3	56	6.02%
Restaurants	33	2.31%	4	21	2.28%
Real Estate and Escrow Companies	<u>16</u>	1.12%	5	<u>24</u>	2.60%
Total	<u>1,428</u>	100.00%		<u>750</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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Administration	5.13	5.13	5.13	5.19	5.69	5.69	5.69	3.56	3.50	5.60
Finance	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.50	4.50	4.00
Building and Planning	2.00	2.00	3.00	4.00	6.00	4.50	4.50	5.00	5.00	4.50
Police:										
Sworn officers	25.00	25.00	25.00	25.00	25.00	25.00	25.00	23.00	23.00	22.00
Service officers (2)	12.00	12.00	12.00	12.00	12.00	12.00	13.00	11.00	11.00	9.00
Other	2.50	2.80	2.80	2.60	3.10	3.90	1.50	1.50	1.50	2.00
Street and Parks	5.50	5.50	5.50	5.50	5.50	7.50	7.00	6.00	6.00	6.00
Total	55.13	55.43	57.43	58.29	61.29	62.59	60.69	54.56	54.50	53.10

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 Relations Officer and 1 Traffic Control Officer.

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Physical arrests	503	590	679	521	562	580	516	356	375	284
Parking violations	2,917	2,705	2,580	1,619	1,697	1,476	1,462	1,104	1,262	1,694
Moving violations	1,191	1,552	1,068	639	1,039	1,004	1,430	1,937	725	611
Building & Planning:										
Building permits issues	1,994	2,025	2,064	2,087	2,130	2,030	1,813	1,980	738	671
Total number of inspections	2,565	2,442	2,336	2,197	2,618	2,916	2,957	2,894	2,984	2,735
Grading applications	12	18	21	21	23	28	17	1	12	13
Neighborhood compatibility applications	23	27	29	29	32	42	27	32	21	34
Miscellaneous applications	57	50	46	62	74	96	71	51	59	79
Public Works:										
Public works permits	227	191	219	219	278	418	372	387	373	365

Source: City Departments

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

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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).

THIS PAGE INTENTIONALLY LEFT BLANK