

**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, 2022**

**Prepared by:**

**Finance Department**

**Stephen Hannah  
Finance Director**

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**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2022**  
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## **INTRODUCTORY SECTION**

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December 22, 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, 2022. 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 is a planned community that is comprised primarily of residential properties, large areas of permanent open space, with panoramic views overlooking the Pacific Ocean and Los Angeles metropolitan area. The City was incorporated in 1939 and is the oldest of the four cities on the Palos Verdes Peninsula. The City's population of approximately 13,500 resides within an area of 4.75 square miles. As a residential community with almost no commercial tax base, the City has depended significantly on revenues derived from two primary sources, general property taxes and a special parcel tax, to provide services to residents and the public.

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

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

### **Financial Policies**

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

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

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

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

## Factors Affecting Financial Condition

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

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

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

**Palos Verdes Estates Law Enforcement Parcel Tax (Parcel tax).** In recent years, made possible by the voter approved temporary Parcel Tax, the City has been able to record a series of annual General Fund budgetary surpluses. The revenues generated since 2018 from the parcel tax have fulfilled their intended purpose of funding the majority of Police Services with annual revenues of approximately \$5.0 million. However, given the temporary nature of the tax, it will be necessary for the City to develop a sustainable financial solution in advance of the expiration of the tax.

Since the approval of Parcel Tax, the cost of Police Services for the community have grown just \$317 thousand or 4.8% over the last four fiscal years. When looking at total Public Safety (Police and Fire) costs for the City over the same period, costs have increased nearly \$1.6 million or 13.3%. The following table presents the growth for both Police and Fire services:

<b>Fiscal Year</b>	<b>Police Services</b>	<b>Fire Services</b>	<b>Total</b>
<b>2019</b>	\$ 6,573,612	\$ 5,132,191	\$ 11,705,803
<b>2022</b>	6,890,782	6,373,042	13,263,824
<b>% Change</b>	4.8%	24.2%	13.3%

With primary revenues growing at approximately 3 to 4% a year, these public safety costs are unsustainable over the long-term. This places a significant strain upon the City to maintain service levels, as well as the ability to appropriately invest in its infrastructure. Additionally, the above costs do not include the public safety aspects of Parklands fire risk mitigation. These three areas of public safety are key contributors to the city's unique character that residents treasure.

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

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

Throughout California, the fluctuating costs associated with the long-term funding of employee pensions obscures the understanding of each city's financial condition. After posting a 21.3 percent return for fiscal year 2020-21, CalPERS posted a loss of 6.1% for FY 2021-22; a miss of over 13% from their stated investment return goal. This investment return shortfall will result in growth of the City's pension debt. While the State's Public Employees Pension Reform Act reduces pension costs for newer employees, it remains critical that Palos Verdes Estates continues to carefully monitor these costs and invest in strategies designed to lower its long-term post-employment expenses.

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

### Acknowledgments

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

Respectfully submitted,



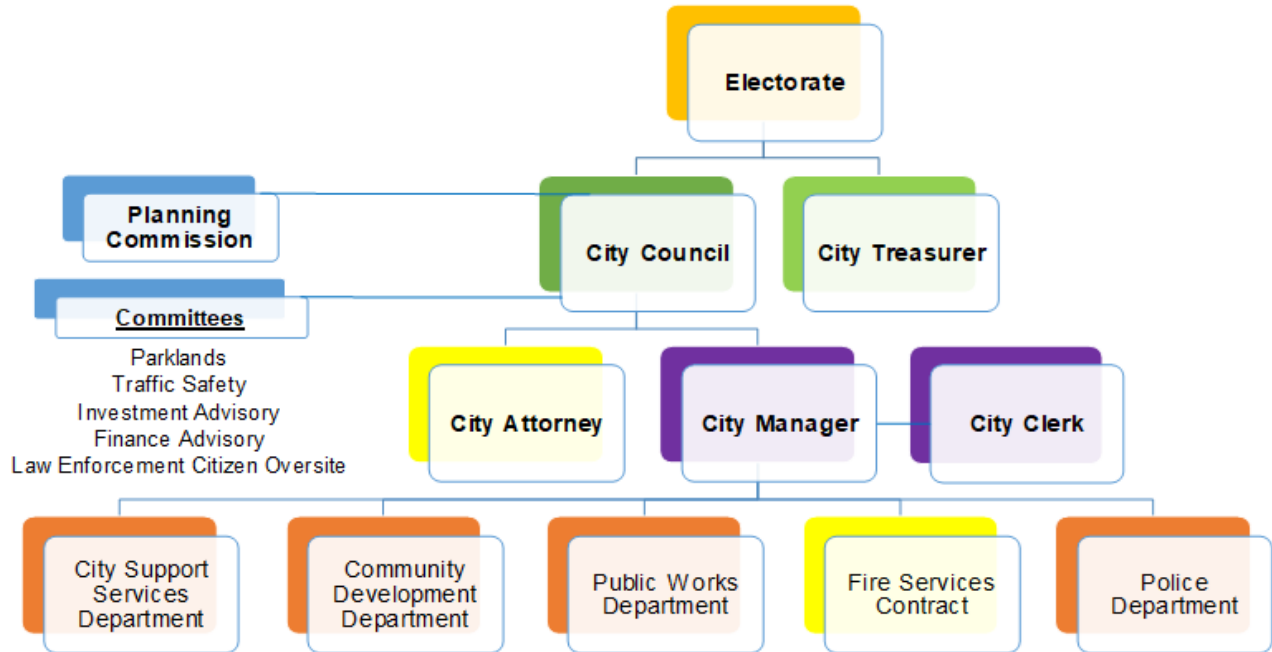
Mark Prestwich  
City Manager



Stephen W. Hannah  
Director of City Support Services

# Organization Chart

## Fiscal Year 2021 -2022



# **Elected Officials and Executive Team**

## **Fiscal Year 2021 – 2022**

### **CITY COUNCIL**

---

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

### **CITY TREASURER**

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**Kate Greenberg**

### **EXECUTIVE TEAM**

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<b>City Manager</b>	<b>Mark Prestwich</b>
<b>City Attorney</b>	<b>Trevor Rusin</b>
<b>City Support Services Director</b>	<b>Stephen Hannah</b>
<b>Chief of Police</b>	<b>Tony Best</b>
<b>Community Development Director (Interim)</b>	<b>Sheryl Brady</b>
<b>Public Works Director</b>	<b>Anastasia Seims</b>

## **FINANCIAL SECTION**

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LAS VEGAS  
MANILA, PH

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palos Verdes Estates, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Palos Verdes Estates, California as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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



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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and the required supplementary information on pages 61 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

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

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



### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report December 22, 2022 on our consideration of the City of Palos Verdes Estates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Vasquez & Company LLP*

**Glendale, California  
December 22, 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, 2022. 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 2020-21. As of June 30, 2022, the General Fund balance was \$26.3 million, an increase of \$2.9 million, or 12.6%.
- General Fund expenditures exceeded revenues by \$3.5 million before transfers. Net Transfers into the General Fund totaled \$6.5 million of which \$5.2 million was from PVE Law Enforcement Special Revenue Tax Fund. FY 2021-22 results include General Fund revenue of \$16.7 million and expenditures of \$20.2 million. Revenues available for appropriation were \$659 thousand lower than budgeted while actual expenditures were \$162 thousand lower than budgeted.
- During the year, the City's governmental revenues totaled \$25.7 million, an increase of \$2.7 million, or 11.9%, from the prior year. General governmental expenditures totaled \$22.2 million for the fiscal year, an increase in expenditures of \$2.7 million, or 13.8% from the prior year. Revenues remained relatively stable despite the impact of the pandemic. Overall governmental revenues exceeded expenditures by \$3.5 million.
- 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 million for emergency contingencies. The restricted fund balance includes funds for public works in the amount of \$5.9 million and one-time revenues related to ARPA funding in the amount of \$1.6 million. The assigned fund balance includes the exchange of Rule 20A Southern California Edison credits with the City of Rolling Hills in the amount of \$675 thousand. Additionally, \$6.4 million of resources identified by the City Council for Parklands and Capital Project needs were unused and assigned at fiscal year-end for future application in these areas.

### **Overview of the Financial Statements**

This discussion and analysis 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’ assets, deferred outflows of resources, liabilities and deferred inflows of resources, on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

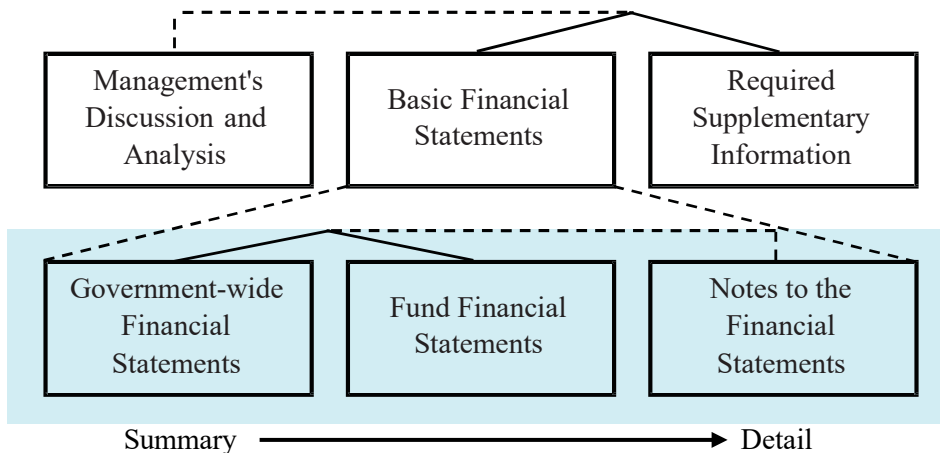
The *Statement of Activities* provides information about the City’s revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City’s programs. The Statement of Activities explains in detail the change in net position for the year. All changes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

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

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

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

**REQUIRED COMPONENTS OF  
THE ANNUAL FINANCIAL REPORT**



**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and budgetary comparison schedules can be found on pages 69-93.

**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 Special Revenue Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

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

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

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

**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, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$51.1 million, an increase of \$1.0 million, or 2.0%, from the prior fiscal year.

Net investment in capital assets accounted for \$30.8 million, or 60.4% of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by any outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Net investment in capital assets decreased by \$2.1 million, or 6.4%, from the prior fiscal year. This decrease is mostly attributable to the recognition of \$3.0 million in depreciation.

Restricted net position amounted to \$7.5 million, representing 14.7% 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 \$1.0 million or 15.8%, from the prior fiscal year primarily as a result of a review of capital project fund activities.

The remaining unrestricted component of \$12.7 million increased \$2.1 million, or 19.8%, from the prior fiscal year.

**Net Position**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>(in dollars)</u>
Current and other assets	\$ 38,970,127	\$ 34,684,942	\$ 4,285,185
Capital assets	<u>30,843,521</u>	<u>32,952,492</u>	<u>(2,108,971)</u>
Total assets	<u>69,813,648</u>	<u>67,637,434</u>	<u>2,176,214</u>
Deferred outflows	<u>4,854,454</u>	<u>4,105,618</u>	<u>748,836</u>
Current liabilities	<u>2,485,355</u>	<u>1,671,781</u>	<u>813,574</u>
Compensated absences	<u>761,970</u>	<u>766,635</u>	<u>(4,665)</u>
Net pension liability	<u>11,258,997</u>	<u>17,702,417</u>	<u>(6,443,420)</u>
Other postemployment benefit liability	<u>381,804</u>	<u>427,976</u>	<u>(46,172)</u>
Total liabilities	<u>14,888,126</u>	<u>20,568,809</u>	<u>(5,680,683)</u>
Deferred inflows	<u>8,709,703</u>	<u>1,119,595</u>	<u>7,590,108</u>
Net investment in capital assets	<u>30,843,521</u>	<u>32,952,492</u>	<u>(2,108,971)</u>
Restricted	<u>9,094,298</u>	<u>6,482,039</u>	<u>2,612,259</u>
Unrestricted	<u>11,132,454</u>	<u>10,620,117</u>	<u>512,337</u>
Total net position	<u>\$ 51,070,273</u>	<u>\$ 50,054,648</u>	<u>\$ 1,015,625</u>



**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

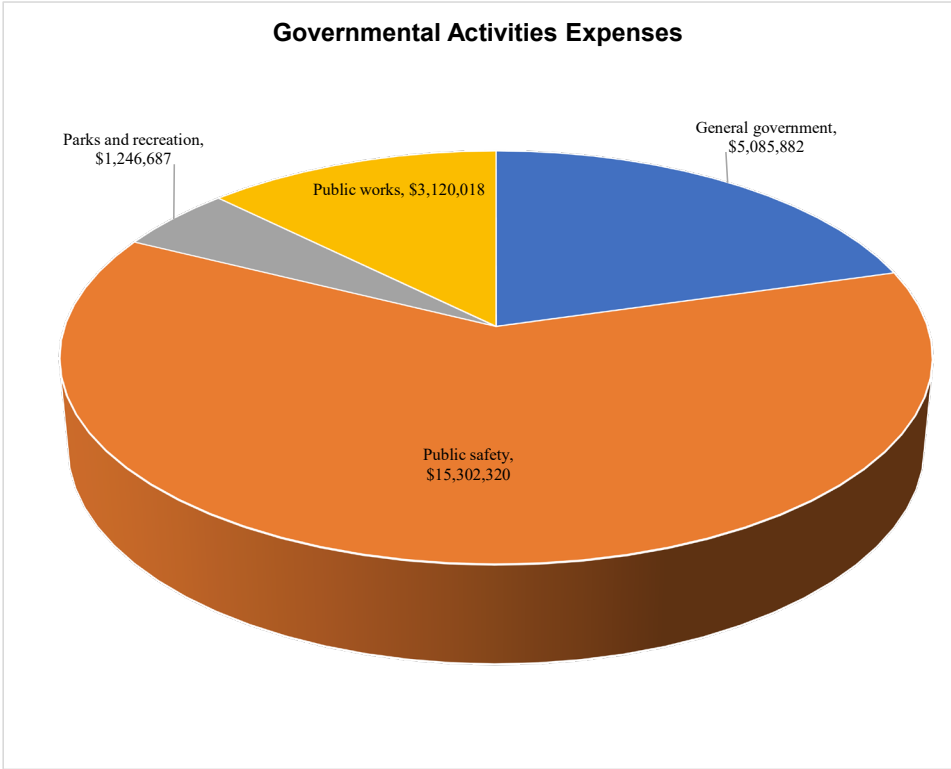
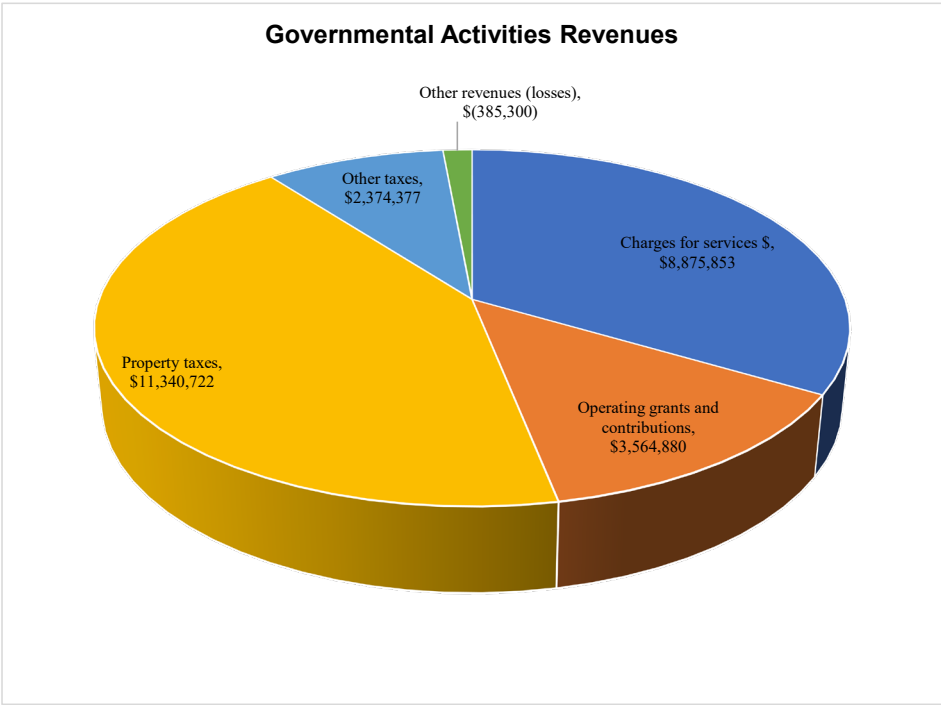
**Governmental activities.** During FY 2021-22, governmental activities net position increased \$1.0 million, or 2.0%, when compared to the prior fiscal year.

Total revenues for governmental activities increased \$2.7 million, or 11.8%. Program Revenues, that is revenues derived from charges for services and grants, increased \$2.6 million or 26.4%. General Revenues, revenues such as from taxes and investments, increased \$123 thousand or 0.9%. This resulted from a \$613 thousand reduction in Investment income as the value of investments declined and concession revenues fell due to the COVID driven closures of these recreation centers. This was offset by a \$423 thousand increase in Property taxes, a \$314 thousand increase in Other Taxes.

Governmental Activities expenses increased \$923 thousand or 3.9%. This is attributable to an increase in the Public works function of \$6.4 million, related to increase in capital improvement activities over the relatively static COVID impacted prior fiscal year. Parks and recreation costs fell \$455 thousand as Parklands contract expenditures decreased due to COVID. Public Safety and Public Works expenses decreased primarily resulting from the decrease in the safety portion of the Net Pension Liability.

The following table presents condensed information from the statement of activities for the fiscal years 2022 and 2021. 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.

	<u>2022</u>	<u>2021</u>	<u>Change (in dollars)</u>
<b>Program revenues:</b>			
Charges for services	\$ 8,875,853	\$ 8,274,433	\$ 601,420
Operating grants and contributions	3,564,880	1,523,459	2,041,421
Capital grants and contributions	-	46,563	(46,563)
<b>General revenues:</b>			
Property taxes	11,340,722	10,917,976	422,746
Other taxes	2,374,377	2,060,799	313,578
Other revenues (losses)	<u>(385,300)</u>	<u>227,777</u>	<u>(613,077)</u>
<b>Total revenues</b>	<u>25,770,532</u>	<u>23,051,007</u>	<u>2,719,525</u>
<b>Expenses:</b>			
General government	5,085,882	2,750,258	2,335,624
Public safety	15,302,320	15,460,775	(158,455)
Parks and recreation	1,246,687	1,701,830	(455,143)
Public works	<u>3,120,018</u>	<u>3,919,193</u>	<u>(799,175)</u>
<b>Total expenses</b>	<u>24,754,907</u>	<u>23,832,055</u>	<u>922,851</u>
Change in net position	1,015,625	(781,048)	1,796,674
Net position beginning	<u>50,054,648</u>	<u>50,835,696</u>	<u>(781,048)</u>
Net position end	<u>\$ 51,070,273</u>	<u>\$ 50,054,648</u>	<u>\$ 1,015,626</u>



**Fund Financial Statements / Budgetary Basis**

***Governmental Funds***

The City's governmental funds ending fund balances totaled \$35.1 million, an increase of \$3.5 million or 11.0% compared to the prior year. At June 30, 2022, the total of all restricted fund balances for government funds was \$7.5 million while assigned fund balance totaled \$8.7 million. These balances consisted primarily of capital fund reserves. Total assets for governmental funds increased \$4.3 million, reflecting a \$3.8 million increase in cash and investments over the prior year. Total liabilities increased by \$796 thousand, or 47.6%.

***Major funds***

The General Fund ended the year with a fund balance of \$26.3 million, an increase of \$2.9 million or 12.6% over the prior fiscal year. This change includes the transfer in of \$1.6 million of ARPA funds and \$5.2 million from PVE Law Enforcement Special Revenue Funds. These amounts were offset by the increase in the expenditures from capital improvement activities because of further recovery from the COVID era.

The General Fund committed fund balance is \$8.0 million, as required by City policy. The unassigned fund balance of the General Fund totaled \$10.3 million, a \$404 thousand increase over last year's balance. Total assets for the General Fund has increased by \$3.5 million, reflecting a \$2.9 million increase in cash and investments over the prior year. Total liabilities has increased by \$559 thousand, or 37.8%.

The revenues of the General Fund has increased by \$893 thousand or 5.7%. The increase resulted primarily from the \$377 thousand increase in Property Tax revenues. General Fund expenditures increased by \$2.0 million or 10.9%, 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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>(in dollars)</u>
<b>Revenues</b>	<b>\$ 16,702,280</b>	\$ 15,808,933	\$ 893,347
<b>Expenditures</b>	<b>20,244,392</b>	18,262,240	1,982,152
Excess revenues/expenditures	<b>(3,542,112)</b>	(2,453,307)	(1,088,805)
<b>Transfers In</b>	<b>6,850,969</b>	10,388,015	(3,537,046)
<b>Transfers Out</b>	<b>(364,725)</b>	-	(364,725)
Net transfers	<b>6,486,244</b>	10,388,015	(3,901,771)
Net change in fund balance	<b>2,944,132</b>	7,934,708	(4,990,576)
Beginning fund balance	<b>23,334,656</b>	15,399,948	7,934,708
<b>Ending fund balance</b>	<b>\$ 26,278,788</b>	\$ 23,334,656	\$ 2,944,132

The General Capital Improvements Fund (CIF) ended the year with a fund balance of \$1.4 million, a decrease of \$529 thousand or 27.9% and Public Works expenses increased \$1.2 million or 449.9% over the prior fiscal year. This significant change is the result of an increase in capital improvement activity over the relatively static COVID impacted prior fiscal year. The other major governmental fund, the PVE Law Enforcement Special Revenue Fund reflects no material variation in any activity based (P&L) or point in time (BS) financial data. The following schedule provides a year-over-year comparison for all governmental funds:

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

**Total Governmental Funds**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u> <u>(in dollars)</u>
<b>Revenues</b>	\$ <b>25,696,188</b>	\$ 22,959,701	\$ 2,736,487
<b>Expenditures</b>	<b>22,174,207</b>	19,482,156	2,692,051
Excess revenues/expenditures	<u>3,521,981</u>	<u>42,441,857</u>	<u>44,436</u>
<b>Transfers In</b>	<b>7,820,066</b>	10,543,533	(2,723,467)
<b>Transfers Out</b>	<b>(7,851,886)</b>	(9,474,623)	1,622,737
Net transfers	<u>(31,820)</u>	<u>1,068,910</u>	<u>(1,100,730)</u>
Net change in fund balance	<b>3,490,161</b>	4,546,455	(1,056,294)
Beginning fund balance	<u>31,659,465</u>	<u>27,113,010</u>	<u>4,546,455</u>
<b>Ending fund balance</b>	<b>\$ <u>35,149,626</u></b>	<b>\$ <u>31,659,465</u></b>	<b>\$ <u>3,490,161</u></b>

**Proprietary funds.** The only proprietary fund of the City is the internal service fund for equipment replacement. Total Net Position for the Equipment Replacement at year end equaled to \$1.6 million. This reflects an overall decrease of \$135 thousand from prior year.

**General Fund Budgetary Highlights**

There was an increase of \$1.6 million from the original estimated revenues and a decrease of \$685 thousand between the original expenditure budget and the final amended appropriation budget of the General Fund. The final amended General Fund budget totaled \$17.4 million for estimated revenues and \$20.4 million for expenditures. Net transfers were approximately \$6.5 million.

At year end, budget results were net unfavorable. General Fund actual revenues came in \$659 thousand, or 3.8%, below estimates while General fund expenditures were \$162 thousand, or 0.8%, 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 \$826 thousand decrease or -48.9%, in use of money or property primarily related to investment losses. Other taxes exceeded estimates by \$167 thousand mostly related to Property Transfer and Sales Taxes exceeding estimated revenues by \$146 thousand and \$95 thousand respectively, offset by an \$83 thousand shortfall in Franchise Cable 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 \$57 thousand, or 2.4%, public safety had favorable expenditure variances of \$268 thousand, or 3.0% and Parks and Recreation had positive variances of \$57 thousand, or 5.0%, while public works had an unfavorable variance of \$221 thousand or 2.9%.

**Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$30.8 million (net of accumulated depreciation). This is a decrease of \$2.1 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 \$101 thousand and construction in progress expenditures of \$776 thousand were considered capitalizable. The most significant change in balances have to do with annual depreciation cost incurred. The most significant expenditures that can be capitalized during the year were for Public Safety vehicles.

**Capital Assets (Net of Depreciation)**  
**June 30, 2022 and 2021**

<b>Capital Assets</b>	<b>2022</b>	<b>2021</b>	<b>Change (in dollars)</b>
Land	\$ 4,487,892	\$ 4,487,892	\$ -
Construction in progress	866,803	105,559	761,244
Building and improvements	3,921,017	4,449,392	(528,375)
Machinery	484,417	706,694	(222,277)
Furniture and fixtures	14,414	18,845	(4,431)
Vehicles	319,758	343,853	(24,095)
Infrastructure	20,749,220	22,840,257	(2,091,037)
Total	<u>\$ 30,843,521</u>	<u>\$ 32,952,492</u>	<u>\$ (2,108,971)</u>

Additional information on the City's capital assets can be found in Note 3 beginning on page 42 of this report.

**Long-term debt.** The City has no debt instruments outstanding but does record existing liabilities in the area of vested employee benefits. At the end of the current fiscal year, the City's net pension liability under GASB 68 was \$11.3 million consisting of \$2.6 million for the Miscellaneous Plan and \$8.7 million for the Safety Plan. The City's total other postemployment benefit liability under GASB 75 was \$382 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**

Fiscal Year 2022-23 begins with the country facing a possible recession as inflation negatively impacts all sectors of the economy. Overall, state and local governments will likely see reduction in transitory economic activity such as Transient Occupancy Tax (TOT) and non-online derived sales tax revenues. The State will likely see a significant decrease in revenues as capital gains derived income taxes diminish.

Fortunately, for the City, its revenues are primarily generated via property tax collections based upon a stable and healthy assessed valuation. While the economic downturn may impact the timing of Property Tax remittances to the County, consistent with 2008-09, the City anticipates little impact on overall property tax revenues. The City's expenditures will continue to be managed to ensure fiscal stability. The bottom line: despite uncertainty in the broader world, the City's finances should remain stable in the short term.

**Fiscal Year 2022/2023 Budget**

The City appropriates funds for expenditures on an annual basis. FY 2022-23 budget was adopted by the City Council on June 28, 2022. Key highlights of the adopted budget were:

- Estimated revenues excluding non-parcel tax related transfers for the General Fund increased \$1,151,870.
- Property Taxes growth was expected to moderate with an increase in expected receipts of \$33,170.
- Other taxes were expected to increase by 20% or \$297,800 as the City anticipates continued growth in Sales and Property Transfer tax receipts.
- Charges for services project a growth of \$128,500 or 14.2% as the demand for building and planning services was expected to remain strong.
- Concession revenues were estimated to grow by \$283,000 or 25.1% as activity at these venues returns to pre-COVID levels.
- The appropriation of \$1,070,739 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, including Parcel Tax receipts, exceeded adopted appropriations by \$1,321,096.
- The adopted budget for the City Council was \$2,103,839. This amount includes \$2,070,739 appropriated for unmet needs.
- Excluding the appropriations for unmet needs, the fiscal year 2022-23 adopted General Fund budget was \$2,748,895 greater than that of fiscal year 2021-22 final amended budget.
- The appropriation for the Los Angeles County Fire and Paramedic service costs decreased by \$50,788 or 0.8% from prior year at \$6,325,000.
- 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](mailto:pvefinance@pvestates.org)).

**CITY OF PALOS VERDES ESTATES**  
**Statement of Net Position**  
**June 30, 2022**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 36,797,232
Receivables:	
Accounts	482,724
Interest	26,180
Taxes	972,968
Prepaid costs	652,550
Due from other governments	369
Inventory	38,104
Total current assets	38,970,127
Noncurrent assets:	
Capital assets:	
Capital assets not being depreciated	5,354,695
Capital assets being depreciated, net	25,488,826
Total noncurrent assets	30,843,521
<b>Total Assets</b>	<b>69,813,648</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Related to pensions	4,802,912
Related to other post employment benefits	51,542
<b>Total Deferred Outflows of Resources</b>	<b>4,854,454</b>
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	1,423,817
Accrued salaries and benefits	419,698
Unearned revenue	641,840
Total current liabilities	2,485,355
Noncurrent liabilities:	
Due within one year- compensated absences	504,983
Due in more than one year	
Compensated absences	256,987
Net pension liability	11,258,997
Other postemployment benefit liability	381,804
Total liabilities	14,888,126
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Related to pensions	8,571,780
Related to other post employment benefits	137,923
Total deferred inflows of resources	8,709,703
 <b><u>NET POSITION</u></b>	
Net investment in capital assets	30,843,521
Restricted for:	
Public safety	3,194,679
Public works	5,899,619
Unrestricted	11,132,454
Total net position	\$ 51,070,273

See accompanying notes to the basic financial statements.

**CITY OF PALOS VERDES ESTATES**  
**Statement of Activities**  
**Year Ended June 30, 2022**

<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	\$ 5,085,882	\$ 96,254	\$ -	\$ -	\$ (4,989,628)
Public safety	15,302,320	5,338,324	1,954,340	-	(8,009,656)
Parks and recreation	1,246,687	1,509,134	-	-	262,447
Public works	3,120,018	1,932,141	1,610,540	-	422,663
<b>Total Governmental Activities</b>	<b>\$ 24,754,907</b>	<b>\$ 8,875,853</b>	<b>\$ 3,564,880</b>	<b>\$ -</b>	<b>\$ (12,314,174)</b>
General revenues:					
Taxes:					
Property taxes					11,340,722
Sales and use taxes					1,003,834
Franchise taxes					638,049
Business licenses taxes					263,462
Other taxes					469,032
Investment loss					(585,109)
Gain on sale of capital assets					7,705
Miscellaneous					192,104
					<u>13,329,799</u>
					1,015,625
					<u>50,054,648</u>
					<b>\$ <u>51,070,273</u></b>



**CITY OF PALOS VERDES ESTATES**

**Balance Sheet  
Governmental Funds  
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund PVE Law Enforcement</u>	<u>Capital Project Fund General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and investments	\$ 26,202,495	\$ -	\$ 1,736,244	\$ 7,506,114	\$ 35,444,853
Accounts receivable	479,214	-	-	3,503	482,717
Interest receivable	26,180	-	-	-	26,180
Taxes receivable	933,625	39,343	-	-	972,968
Prepaid costs	635,287	-	-	17,263	652,550
Due from other governments	-	-	-	369	369
Inventory - materials	38,104	-	-	-	38,104
<b>Total Assets</b>	<b>\$ 28,314,905</b>	<b>\$ 39,343</b>	<b>\$ 1,736,244</b>	<b>\$ 7,527,249</b>	<b>\$ 37,617,741</b>
<b>Liabilities:</b>					
Accounts payable	\$ 974,830	\$ -	\$ 372,112	\$ 59,635	\$ 1,406,577
Accrued salaries and benefits	419,447	-	-	251	419,698
Unearned revenue	641,840	-	-	-	641,840
<b>Total Liabilities</b>	<b>2,036,117</b>	<b>-</b>	<b>372,112</b>	<b>59,886</b>	<b>2,468,115</b>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Prepaid costs	635,287	-	-	-	635,287
Inventory - materials	38,104	-	-	-	38,104
<b>Restricted for:</b>					
Public safety	1,587,592	39,343	-	1,567,744	3,194,679
Public works	-	-	-	5,899,619	5,899,619
<b>Committed to:</b>					
Emergency contingencies	8,000,000	-	-	-	8,000,000
<b>Assigned to:</b>					
Nonrecurring expenditures	675,295	-	-	-	675,295
Capital projects	5,025,068	-	1,364,132	-	6,389,200
<b>Unassigned</b>	<b>10,317,442</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,317,442</b>
<b>Total Fund Balances</b>	<b>26,278,788</b>	<b>39,343</b>	<b>1,364,132</b>	<b>7,467,363</b>	<b>35,149,626</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 28,314,905</b>	<b>\$ 39,343</b>	<b>\$ 1,736,244</b>	<b>\$ 7,527,249</b>	<b>\$ 37,617,741</b>

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, 2022**

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Fund balances - total governmental funds \$ 35,149,626

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	\$ 116,117,308	
Less accumulated depreciation	<u>(85,575,585)</u>	
		30,541,723

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

Compensated absences	(761,970)
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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	4,802,912	
Deferred inflows of resources	(8,571,780)	
Net pension liability	<u>(11,258,997)</u>	
		(15,027,865)

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	51,542	
Deferred inflows of resources	(137,923)	
Total OPEB liability	<u>(381,804)</u>	
		(468,185)

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.

1,636,944

**Net position of governmental activities**

**\$ 51,070,273**

See accompanying notes to the basic financial statements.

**CITY OF PALOS VERDES ESTATES**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue Fund PVE Law Enforcement</u>	<u>Capital Project Fund General Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes	\$ 9,623,464	\$ -	\$ -	\$ -	\$ 9,623,464
Special assessments	-	5,066,571	-	-	5,066,571
Other taxes	1,879,729	-	-	-	1,879,729
Licenses and permits	888,155	-	-	-	888,155
Revenue from other agencies	1,724,522	-	187,963	3,699,293	5,611,778
Charges for services	1,255,263	-	-	-	1,255,263
Use of money and property	863,798	-	-	40,081	903,879
Fines and forfeitures	146,819	-	-	-	146,819
Miscellaneous	320,530	-	-	-	320,530
<b>Total Revenues</b>	<b>16,702,280</b>	<b>5,066,571</b>	<b>187,963</b>	<b>3,739,374</b>	<b>25,696,188</b>
<b>Expenditures:</b>					
Current:					
General government	4,385,355	-	-	10,304	4,395,659
Public safety	13,289,563	-	-	1,665	13,291,228
Parks and recreation	1,093,754	-	-	-	1,093,754
Public works	1,475,720	-	1,412,985	504,861	3,393,566
<b>Total Expenditures</b>	<b>20,244,392</b>	<b>-</b>	<b>1,412,985</b>	<b>516,830</b>	<b>22,174,207</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,542,112)	5,066,571	(1,225,022)	3,222,544	3,521,981
<b>Other Financing Sources (Uses):</b>					
Transfers in	6,850,969	-	695,888	273,209	7,820,066
Transfers out	(364,725)	(5,153,744)	-	(2,333,417)	(7,851,886)
<b>Total Other Financing Sources (Uses)</b>	<b>6,486,244</b>	<b>(5,153,744)</b>	<b>695,888</b>	<b>(2,060,208)</b>	<b>(31,820)</b>
Net Change in Fund Balances	2,944,132	(87,173)	(529,134)	1,162,336	3,490,161
Fund Balances at Beginning of Year	23,334,656	126,516	1,893,266	6,305,027	31,659,465
<b>Fund Balances at End of Year</b>	<b>\$ 26,278,788</b>	<b>\$ 39,343</b>	<b>\$ 1,364,132</b>	<b>\$ 7,467,363</b>	<b>\$ 35,149,626</b>

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, 2022**

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Net change in fund balances - total governmental funds \$ 3,490,161

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	\$ 761,244	
Depreciation expense	<u>(2,753,468)</u>	(1,992,224)

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)	6,443,420	
Deferred pension related items	(6,819,491)	
OPEB liability	46,172	
Deferred OPEB related items	(21,781)	
Compensated absences (net)	<u>4,665</u>	(347,015)

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.

(135,297)

Change in net position of governmental activities \$ 1,015,625

**CITY OF PALOS VERDES ESTATES**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Assets:</b>	
Current Assets:	
Cash and investments	\$ 1,352,379
Accounts receivable	7
	<b>1,352,386</b>
<b>Total Current Assets</b>	<b>1,352,386</b>
Capital Assets:	
Machinery and equipment	3,543,708
Furniture and fixtures	306,694
Vehicles	1,605,808
Less accumulated depreciation	(5,154,412)
	<b>301,798</b>
<b>Net Capital Assets</b>	<b>301,798</b>
<b>Total Assets</b>	<b>1,654,184</b>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts payable	17,240
	<b>17,240</b>
<b>Total Current Liabilities</b>	<b>17,240</b>
<b>Total Liabilities</b>	<b>17,240</b>
<b>Net Position:</b>	
Net investment in capital assets	301,798
Unrestricted	1,335,146
	<b>1,636,944</b>
<b>Total Net Position</b>	<b>\$ 1,636,944</b>

**CITY OF PALOS VERDES ESTATES**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 56,746
<b>Total Operating Revenues</b>	<b>56,746</b>
<b>Operating Expenses:</b>	
General government	12,586
Material and supplies	11,167
Depreciation expense	217,708
<b>Total Operating Expenses</b>	<b>241,461</b>
Operating Loss	(184,715)
<b>Nonoperating Revenues:</b>	
Interest revenue	9,893
Gain on disposal of capital assets	7,705
<b>Total Nonoperating Revenues</b>	<b>17,598</b>
Loss Before Transfers	(167,117)
<b>Transfers:</b>	
Transfers in	31,820
<b>Total Transfers</b>	<b>31,820</b>
Changes in Net Position	(135,297)
Net Position at Beginning of Year	1,772,241
<b>Net Position at End of Year</b>	<b>\$ 1,636,944</b>

See accompanying notes to the basic financial statements.

**CITY OF PALOS VERDES ESTATES**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from user departments	\$ 56,746
Cash paid to suppliers for goods and services	(6,513)
<b>Net Cash Provided by Operating Activities</b>	<b>50,233</b>
<b>Cash Flows from Noncapital Financing Activity:</b>	
Transfers from other funds	31,820
<b>Cash Provided by Noncapital Financing Activity</b>	<b>31,820</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	(100,961)
Proceeds from sales of capital assets	7,705
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(93,256)</b>
<b>Cash Flows from Investing Activity:</b>	
Interest received	9,893
<b>Cash Provided by Investing Activity</b>	<b>9,893</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,310)</b>
Cash and Cash Equivalents at Beginning of Year	1,353,689
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,352,379</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>	
Operating loss	\$ (184,715)
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>	
Depreciation expense	217,708
Increase in accounts payable	17,240
<b>Total Adjustments</b>	<b>234,948</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 50,233</b>

See accompanying notes to the basic financial statements.

**CITY OF PALOS VERDES ESTATES**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

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	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and investments	\$ <u>295,754</u>
<b>Total Assets</b>	<b>\$ <u><u>295,754</u></u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 25
Deposits payable	<u>26,523</u>
<b>Total Liabilities</b>	<u><b>26,548</b></u>
<b>Net position:</b>	
Held in trust for other purposes	<u>269,206</u>
<b>Total liabilities and net position</b>	<b>\$ <u><u>295,754</u></u></b>



**CITY OF PALOS VERDES ESTATES**  
**Statement of Changes In Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2022**

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	<u>Custodial Funds</u>
<b>Additions:</b>	
Investment earnings	\$ 1,936
Other revenue	<u>62</u>
Total Additions	<u>1,998</u>
<b>Deductions</b>	
Administrative expenses	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	1,998
Net Position at Beginning of Year	<u>267,208</u>
<b>Net Position at End of Year</b>	<b><u>\$ 269,206</u></b>

**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.

**1. 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.

**1. 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.

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

Additionally, the City reports the following fund types:

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. Implementation of GASB 87**

During the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The implementation of this new accounting standards did not have a significant impact on the City’s financial statements. No changes were required as a result of the implementation.

**e. Cash and Cash Equivalents**

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

**f. Investments**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**f. 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.

**g. Prepaid Costs and Inventory**

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

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

**h. 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, 2022, there were no material delinquent, unsecured property taxes. At June 30, 2022, the total property taxes receivable of \$733,477 is included in the total receivables in the accompanying financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i. Capital Assets**

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

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

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

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)**

**j. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the plans.
- Deferred inflows related to pensions for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k. Pension Plans**

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

**l. Postemployment benefits other than pensions**

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

**m. 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**n. 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, 2022, totaled \$10,317,442.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**o. 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.

**p. 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, 2022, were classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 36,797,232
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Statement of Fiduciary Net Position:

Cash and investments	295,754
----------------------	---------

Total cash and investments	\$ <u><u>37,092,986</u></u>
----------------------------	-----------------------------

Cash and investments as of June 30, 2022, consisted of the following:

Cash on hand	\$ 1,500
--------------	----------

Deposits with financial institutions	662,219
--------------------------------------	---------

Investments	<u>36,429,267</u>
-------------	-------------------

Total cash and investments	\$ <u><u>37,092,986</u></u>
----------------------------	-----------------------------

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

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

**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	\$ 14,587,677	\$ 14,587,677	\$ -	\$ -
Negotiable Certificate of Deposit	6,609,850	3,126,838	1,663,520	1,819,492
Los Angeles County Pooled Investment Funds	9,673,105	9,673,105	-	-
US Agency Securities:				
Federal Farm Credit Bank	965,990	-	-	965,990
Federal Home Loan Mortgage Corporation	926,780	-	-	926,780
Federal Home Loan Bank	983,990	-	-	983,990
Federal National Mortgage Association	1,382,470	-	-	1,382,470
Municipal Bonds	1,299,405	-	682,539	616,866
Total	\$ <u>36,429,267</u>	\$ <u>27,387,620</u>	\$ <u>2,346,059</u>	\$ <u>6,695,588</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	\$ 14,587,677	N/A	\$ -	\$ -	\$ 14,587,677
Negotiable Certificate of Deposit	6,609,850	N/A	-	-	6,609,850
Los Angeles County Pooled Investment Funds	9,673,105	N/A	-	-	9,673,105
US Agency Securities:					
Federal Farm Credit Bank	965,990	N/A	-	965,990	-
Federal Home Loan Mortgage Corporation	926,780	N/A	-	926,780	-
Federal Home Loan Bank	983,990	N/A	-	983,990	-
Federal National Mortgage Association	1,382,470	N/A	-	1,382,470	-
Municipal Bonds	1,299,405	N/A	1,299,405	-	-
Total	\$ <u>36,429,267</u>		\$ <u>1,299,405</u>	\$ <u>4,259,230</u>	\$ <u>30,870,632</u>

2. **CASH AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer that represent 5% or more of total City's investments at June 30, 2022.

**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, 2022, 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.



**2. CASH AND INVESTMENTS (CONTINUED)**

**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.

**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, 2022:

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
US Government Agency Securities:				
Federal Farm Credit Bank	\$ -	\$ 965,990	\$ -	\$ 965,990
Federal Home Loan Mortgage Corporation	-	926,780	-	926,780
Federal Home Loan Bank	-	983,990	-	983,990
Federal National Mortgage Association	-	1,382,470	-	1,382,470
Municipal Bonds	-	1,299,405	-	1,299,405
Negotiable Certificates of Deposit	-	6,609,850	-	6,609,850
Total leveled investments	\$ -	\$ 12,168,485	\$ -	12,168,485
Investments not Subject to Fair Value Hierarchy:				
LAIF				14,587,677
Los Angeles County Pooled Investment Fund				<u>9,673,105</u>
Total investment portfolio				\$ <u>36,429,267</u>

**CITY OF PALOS VERDES ESTATES, CALIFORNIA**  
**Notes to Financial Statements**  
**Year Ended June 30, 2022**

**3. CAPITAL ASSETS**

A summary of changes in capital asset activity for the year ended June 30, 2022, is as follows:

	Balance at <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2022</u>
Capital assets, not being depreciated:				
Land	\$ 4,487,892	\$ -	\$ -	\$ 4,487,892
Construction in progress	105,559	776,172	(14,928) *	866,803
Total capital assets, not being depreciated	<u>4,593,451</u>	<u>776,172</u>	<u>(14,928)</u>	<u>5,354,695</u>
Capital assets, being depreciated:				
Buildings and improvements	29,068,271	-	-	29,068,271
Machinery	5,495,117	-	-	5,495,117
Furniture and fixtures	667,981	-	-	667,981
Vehicles	1,504,848	100,961	-	1,605,809
Infrastructure	79,381,645	-	-	79,381,645
Total capital assets, being depreciated	<u>116,117,862</u>	<u>100,961</u>	<u>-</u>	<u>116,218,823</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,618,879)	(528,375)	-	(25,147,254)
Machinery	(4,788,423)	(222,277)	-	(5,010,700)
Furniture and fixtures	(649,136)	(4,431)	-	(653,567)
Vehicles	(1,160,995)	(125,056)	-	(1,286,051)
Infrastructure	(56,541,388)	(2,091,037)	-	(58,632,425)
Total accumulated depreciation	<u>(87,758,821)</u>	<u>(2,971,176)</u>	<u>-</u>	<u>(90,729,997)</u>
Total capital assets, being depreciated, net	<u>28,359,041</u>	<u>(2,870,215)</u>	<u>-</u>	<u>25,488,826</u>
Governmental activities capital assets, net	<u>\$ 32,952,492</u>	<u>\$ (2,094,043)</u>	<u>\$ (14,928)</u>	<u>\$ 30,843,521</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	\$ 291,802
Public safety	1,094,207
Public works	1,227,583
Parks and recreation	139,876
Internal service funds	217,708
Total depreciation expense - governmental activities	<u>\$ 2,971,176</u>

**4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Transfers In and Out**

Transfers in and out for the fiscal year ended June 30, 2022, are as follows:

Transfers In	Transfers Out	Amount
General Fund	PVE Law Enforcement Revenue Fund	\$ 5,153,744
	Other Governmental Funds	1,697,225
 General Capital Improvements		
Capital Project Fund	General Fund	261,500
	Other Governmental Funds	434,388
 Other Governmental Funds	General Fund	103,225
	Other Governmental Funds	169,984
 Internal Service Fund	Other Governmental Funds	31,820
		\$ 7,851,886

The PVE Law Enforcement Special Revenue Fund transferred \$5,153,744 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, 2022, is as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year	Due in More Than One Year
Compensated absences \$	766,635	\$ 321,471	\$ (326,136)	\$ 761,970	\$ 504,983	\$ 256,987

**5. LONG-TERM LIABILITIES (CONTINUED)**

**Compensated Absences**

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

**6. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**

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

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

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

**b. Primary Self-Insurance Programs of the Authority**

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

Primary Liability Program

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

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

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

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

Workers' Compensation Program

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

For 2021-22 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 \$46,804,465. 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.

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

**c. Purchased Insurance (Continued)**

Crime Insurance

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

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2021-22.

**7. DEFINED BENEFITS PENSION PLANS**

The following is a summary of pension-related items as of and for the year ended June 30, 2022:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 2,578,912	\$ 1,136,801	\$ 2,599,519	\$ 923,387
CalPERS Safety	8,680,085	3,666,111	5,972,261	1,983,752
	\$ 11,258,997	\$ 4,802,912	\$ 8,571,780	\$ 2,907,139

**General Information about the Pension Plans**

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**7. DEFINED BENEFITS PENSION PLANS**

**General Information about the Pension Plans (Continued)**

Benefits Provided

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

Below is a summary of the plans' provisions and benefits in effect at the June 30, 2021 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	6.91%	6.75%
Required employee contribution rates:		
Normal cost rate	10.88%	7.59%
Payment of unfunded liability	\$ 448,288	\$ -

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

**General Information about the Pension Plans (Continued)**

Benefits Provided (Continued)

Major Benefit Options	Safety	
	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit provision/benefit formula	3.0%@55	2.7%@62
Social security	No	No
Full/modified	Full	Full
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Minimum 50	Minimum 52
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	8.99%	13.00%
Required employee contribution rates:		
Normal cost rate	23.71%	13.13%
Payment of unfunded liability	\$ 1,513,177	\$ -

Contribution Description

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

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



**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

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

As of June 30, 2022, 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	\$ 2,578,912
Safety	8,680,085
Total net pension liability	\$ 11,258,997

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, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2020 and 2021 were as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020	0.10538%	0.19899%
Proportion - June 30, 2021	0.13582%	0.24733%
Change - Increase	0.03044%	0.04834%

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

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

For the year ended June 30, 2022, the City recognized pension expense of \$923,387 and \$1,983,752 for the Miscellaneous and Safety Plans, respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	\$ 634,139	\$ -	\$ 1,896,929	\$ -
Difference between expected and actual experience	289,197	-	1,482,985	-
Net differences between projected and actual earnings on plan investments	-	2,251,254	-	5,166,319
Change in employer's proportion	213,465	-	286,197	-
Difference between the employer's contributions and the employer's proportionate share of contributions	-	348,265	-	805,942
Total	\$ 1,136,801	\$ 2,599,519	\$ 3,666,111	\$ 5,972,261

Amounts of \$634,139 and \$1,896,929 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending		
June 30	Miscellaneous	Safety
2023	\$ (469,756)	\$ (741,384)
2024	(482,342)	(897,185)
2025	(522,629)	(1,142,810)
2026	(622,130)	(1,421,700)
2027	-	-
Thereafter	-	-
	\$ (2,096,857)	\$ (4,203,079)

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

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

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The total pension liability was based on the following assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method

Actuarial Assumptions

Discount rate	7.15%
Inflation	2.50%
Salary increase	Varied by Entry Age and Service
Mortality rate table	(1)

(1) CalPERS developed the mortality table used based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2017 experience study report.

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.

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

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

Long-Term Expected Rate of Return (Continued)

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

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1 - 10 (2, 4)	Real Return Years 11+ (3, 4)
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	<u>100.00%</u>		

- (1) In the CalPERS' ACFR, 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.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.
- (4) Figures are based on previous ALM of 2017.

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.

**7. DEFINED BENEFITS PENSION PLANS (CONTINUED)**

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

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

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

		Miscellaneous		Safety
1% Decrease		6.15%		6.15%
Net pension liability	\$	5,058,017	\$	14,891,374
Current discount rate		7.15%		7.15%
Net pension liability	\$	2,578,912	\$	8,680,085
1% increase		8.15%		8.15%
Net pension liability	\$	529,472	\$	3,578,278

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, 2022, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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

**Description of Plan**

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

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

**Benefits Provided**

The following summarizes the primary characteristics of the benefit:

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

**Employees Covered**

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms of the Plan:

**Employees Covered**

Inactive employees currently receiving benefits	12
Participating active employees	48
Total	<u>60</u>

**Funding Policy and Contribution Rates**

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

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

**Total OPEB Liability**

The City's total OPEB liability for the plan is measured as the total OPEB liability. There are no fiduciary plan net position. The total OPEB liability of the Plan is measured as of June 30, 2022, using an actuarial valuation date of June 30, 2022. As summary of principal assumptions and methods used to determine the total OPEB liability is shown below.

**Actuarial Assumptions**

Actuarial Cost Method	Entry-Age normal cost method
Actuarial Assumptions	
Discount rate	3.69%
Inflation	2.50%
Payroll growth	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Healthcare cost rate	(1)
Mortality rate table	(2)

(1) Not applicable since the benefit provided is a flat dollar healthcare stipend that is not expected to increase in the future.

(2) Based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous and Police members.

**Change of Assumptions**

The following assumptions have been updated since the last valuation:

1. The Single Equivalent Discount Rate (SEDR) has increased from 1.92% as of June 30, 2021, to 3.69% as of June 30, 2022 based on the updated municipal bond index, which caused a decrease in the City's liability.
2. Payroll growth, mortality, termination, and retirement rates have been updated from CalPERS Experience Study and Review of Actuarial Assumptions published in December 2017 to the most recent study published in November 2021. The net impact of these changes is a decrease in the liability.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.69% 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.

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

**Changes in the Total OPEB Liability**

Balance at June 30, 2021	\$ <u>427,976</u>
Changes in the year:	
Service cost	15,746
Interest on the total OPEB liability	8,178
Difference between expected and actual experience	19,968
Change in assumptions	(54,314)
Benefit payments	<u>(35,750)</u>
 Current year changes	 <u>(46,172)</u>
 Balance at June 30, 2022	 \$ <u><u>381,804</u></u>

**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	2.69%
Total OPEB liability	\$ 402,992
 Current discount rate	 3.69%
Total OPEB liability	\$ 381,804
 1% increase	 4.69%
Total OPEB liability	\$ 361,782



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

**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 <sup>1</sup>	\$	381,804
Healthcare trend rate		
Total OPEB liability <sup>1</sup>	\$	381,804
1% increase		
Total OPEB liability <sup>1</sup>	\$	381,804

<sup>1</sup> The Total OPEB liability remains the same regardless of healthcare trend rates since the benefit provided is a flat dollar healthcare stipend that is not expected to increase in the future.

**OPEB Expenses and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2022, the City recognized OPEB expense of \$23,070. At June 30, 2022, 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	\$	23,003	\$	(48,997)
Change in assumptions		28,539		(88,926)
Total	\$	51,542	\$	(137,923)

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

Year ending June 30	Amounts
2023	\$ (12,565)
2024	(12,565)
2025	(12,565)
2026	(12,565)
2027	(12,565)
Thereafter	(23,556)

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

**Payable to the Pension Plan**

At June 30, 2022, there was no outstanding amount of contributions payable to the OPEB plan for the year ended June 30, 2022.

**9. JOINT VENTURES**

**Palos Verdes Peninsula Transit Joint Powers Authority**

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

The Palos Verdes Peninsula Transit Authority’s fiscal year ends on June 30. As of June 30, 2022, unaudited financial statements indicated the following:

Total assets	\$	5,021,618
Total liabilities		141,832
Total Net Position		4,879,786
Revenues		2,774,299
Expenses		2,393,890
Net change in net position		380,409

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.

**10. CONTINGENCIES (CONTINUED)**

**COVID-19**

The worldwide pandemic that is the coronavirus continues to impact every aspect of society. The Fiscal Year 2021-22 financial statements include the impacts to revenue and expenditures from the economic and organizational response to the coronavirus. The FY 2022-23 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 as the economy started to recover due to lifting of restrictions during the fiscal year 2021-22. Management projects improvement in the bottom line due to the economic recovery and does not foresee significant impacts beyond what was forecast in the adopted budget for FY 2022-23.

**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, 2022 are as follows:

(a)	-	(b)	=	(c)
Actual		Actual		Special Tax
Special Tax		Allowable Law		Revenue
Revenue		Enforcement		Over/(Under)
Received		Expenses		Allowable
\$ 5,066,571	-	6,916,518	= \$	Expenses
				(1,849,947)

***12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS***

For the fiscal year ended June 30, 2022, expenditures exceeded appropriations in the CARES Act Fund (nonmajor) special revenue fund by \$159. The necessary budget amount was underestimated when completing the budget for these funds in the fiscal year 2022.

***13. SUBSEQUENT EVENTS***

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 22, 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							
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement date/period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.04768%	0.04085%	0.03863%	0.03609%	0.03516%	0.03313%	0.02771%	0.02858%
Plan's proportionate share of the net pension liability	\$ 2,578,912	\$ 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	\$ 1,847,347	\$ 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	139.60%	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	86.27%	75.52%	78.26%	80.10%	78.79%	81.09%	86.72%	87.59%
Plan's proportionate share of aggregate employer contributions	\$ 637,084	\$ 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.

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

There were no changes in assumption.

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

See independent auditor's report.

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

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 634,139	\$ 389,211	\$ 329,638	\$ 292,074	\$ 264,132	\$ 262,115	\$ 216,861	\$ 183,781
Contributions in relation to the actuarially determined contributions	<u>(634,139)</u>	<u>(429,611)</u>	<u>(329,638)</u>	<u>(292,074)</u>	<u>(264,132)</u>	<u>(262,115)</u>	<u>(216,861)</u>	<u>(183,781)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (40,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,847,347	\$ 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	34.33%	21.06%	15.83%	13.42%	10.10%	9.96%	9.70%	10.35%

Notes to Schedule:

Valuation date	6/30/2020	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	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)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

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

(4) Minimum of 50 years

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

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

See independent auditor's report.

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

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.16050%	0.12185%	0.11843%	0.11626%	0.11155%	0.11156%	0.10844%	0.10409%
Plan's proportionate share of the net pension liability	\$ 8,680,085	\$ 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	\$ 2,072,827	\$ 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	418.76%	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	81.19%	70.21%	71.78%	73.49%	72.16%	73.72%	78.92%	81.16%
Plan's proportionate share of aggregate employer contributions	\$ 2,001,488	\$ 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.

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 eight years are shown.

See independent auditor's report.



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

Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 1,896,929	\$ 1,249,977	\$ 1,177,920	\$ 1,075,089	\$ 937,914	\$ 893,364	\$ 778,148	\$ 662,948
Contributions in relation to the actuarially determined contributions	<u>(1,896,929)</u>	<u>(1,262,681)</u>	<u>(1,177,920)</u>	<u>(1,075,089)</u>	<u>(937,914)</u>	<u>(893,364)</u>	<u>(778,148)</u>	<u>(662,948)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (12,704)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,072,827	\$ 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	91.51%	56.33%	47.37%	45.19%	34.72%	34.89%	32.59%	28.83%
Notes to Schedule:								
Valuation date	6/30/2020	6/30/2019	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
<b>Methods and assumptions used to determine contribution rates:</b>								
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.500%	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	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)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

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

(4) Minimum of 50 years

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

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

See independent auditor's report.

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

Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Measurement date	6/30/2022	6/30/2021
Total OPEB liability:		
Service cost	\$ 15,746	\$ 21,848
Interest on total OPEB liability	8,178	9,971
Differences between expected and actual experience	19,968	6,754
Changes in assumptions	(54,314)	22,262
Benefit payments	<u>(35,750)</u>	<u>(35,750)</u>
Net change in total OPEB liability	(46,172)	25,085
Total OPEB liability - Beginning of Year	<u>427,976</u>	<u>402,891</u>
Total OPEB liability - Ending	<u>\$ 381,804</u>	<u>\$ 427,976</u>
Covered payroll	<u>\$ 3,584,407</u>	<u>\$ 3,368,142</u>
Total OPEB liability as percentage of covered payroll	<u>10.70%</u>	<u>12.70%</u>

Notes to Schedule:

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

\* Fiscal year 2021 was the first year of implementation and therefore only two years are shown.

The plan was previously reported as part of the pension plans of the City under GASB 73.

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 9,542,030	\$ 9,623,480	\$ 9,623,464	\$ (16)
Other taxes	1,486,300	1,712,640	1,879,729	167,089
Licenses and permits	736,400	888,180	888,155	(25)
Revenue from other agencies	1,700,000	1,724,530	1,724,522	(8)
Charges for services	905,000	1,255,510	1,255,263	(247)
Use of money and property	1,290,400	1,689,990	863,798	(826,192)
Fines and forfeitures	92,500	146,830	146,819	(11)
Miscellaneous	50,000	320,530	320,530	-
<b>Total Revenues</b>	<b><u>15,802,630</u></b>	<b><u>17,361,690</u></b>	<b><u>16,702,280</u></b>	<b><u>(659,410)</u></b>
<b>Expenditures:</b>				
Current:				
General government	5,574,420	4,418,388	4,385,355	33,033
Public safety	12,823,687	13,348,387	13,289,563	58,824
Parks and recreation	1,160,372	1,151,104	1,093,754	57,350
Public works	1,532,571	1,488,471	1,475,720	12,751
<b>Total Expenditures</b>	<b><u>21,091,050</u></b>	<b><u>20,406,350</u></b>	<b><u>20,244,392</u></b>	<b><u>161,958</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,288,420)</u>	<u>(3,044,660)</u>	<u>(3,542,112)</u>	<u>(497,452)</u>
<b>Other Financing Sources:</b>				
Transfers in	5,050,000	6,850,982	6,850,969	(13)
Transfers out	(261,500)	(364,800)	(364,725)	75
<b>Total Other Financing Sources</b>	<b><u>4,788,500</u></b>	<b><u>6,486,182</u></b>	<b><u>6,486,244</u></b>	<b><u>62</u></b>
Net Change in Fund Balance	(499,920)	3,441,522	2,944,132	(497,390)
Fund Balance at Beginning of Year	<u>23,334,656</u>	<u>23,334,656</u>	<u>23,334,656</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ 22,834,736</u></b>	<b><u>\$ 26,776,178</u></b>	<b><u>\$ 26,278,788</u></b>	<b><u>\$ (497,390)</u></b>

See independent auditor's report.

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**PVE Law Enforcement Special Revenue Fund**  
**Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Special assessments	\$ 5,050,000	\$ 5,066,580	\$ 5,066,571	\$ (9)
<b>Total Revenues</b>	<b>5,050,000</b>	<b>5,066,580</b>	<b>5,066,571</b>	<b>(9)</b>
<b>Other Financing Uses:</b>				
Transfers out	(5,050,000)	(5,153,750)	(5,153,744)	6
<b>Total Other Financing Uses</b>	<b>(5,050,000)</b>	<b>(5,153,750)</b>	<b>(5,153,744)</b>	<b>6</b>
Net Change in Fund Balance	-	(87,170)	(87,173)	(3)
Fund Balance at Beginning of Year	126,516	126,516	126,516	-
<b>Fund Balance at End of Year</b>	<b>\$ 126,516</b>	<b>\$ 39,346</b>	<b>\$ 39,343</b>	<b>\$ (3)</b>

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. Budgets are adopted for all funds except for the CARES Act Special Revenue Fund. Budgetary revisions that alter the total appropriations of a fund and/or a capital project must be approved by the City Council. Unexpended budgetary appropriations lapse at year-end. Budgeted amounts, as shown, include the originally adopted budget, reappropriated prior-year obligations, as well as any amendments authorized by the City Council.

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**SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

American Rescue Plan Act (ARPA) - accounts for the ARPA funds provided by the federal government to cover revenue shortfalls and COVID-19 related costs.



## **NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

### **CAPITAL PROJECTS FUND**

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

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

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

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**CITY OF PALOS VERDES ESTATES**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds							
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA	Measure M	Proposition A
<b>Assets:</b>								
Cash and investments	\$ 430,788	\$ 678,502	\$ 873,540	\$ 961,067	\$ 16,369	\$ 885,111	\$ 284,864	\$ 190,183
Accounts receivable	3,503	-	-	-	-	-	-	-
Prepaid costs	5,096	-	-	-	-	-	-	12,144
Due from other governments	-	-	-	369	-	-	-	-
<b>Total Assets</b>	<b>\$ 439,387</b>	<b>\$ 678,502</b>	<b>\$ 873,540</b>	<b>\$ 961,436</b>	<b>\$ 16,369</b>	<b>\$ 885,111</b>	<b>\$ 284,864</b>	<b>\$ 202,327</b>
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 667	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>								
<b>Restricted for:</b>								
Public safety	-	678,502	873,540	-	15,702	-	-	-
Public works	439,387	-	-	961,436	-	885,111	284,864	202,327
<b>Total Fund Balances</b>	<b>439,387</b>	<b>678,502</b>	<b>873,540</b>	<b>961,436</b>	<b>15,702</b>	<b>885,111</b>	<b>284,864</b>	<b>202,327</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 439,387</b>	<b>\$ 678,502</b>	<b>\$ 873,540</b>	<b>\$ 961,436</b>	<b>\$ 16,369</b>	<b>\$ 885,111</b>	<b>\$ 284,864</b>	<b>\$ 202,327</b>

(Continued)

**CITY OF PALOS VERDES ESTATES**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

<u>Special Revenue Funds (Continued)</u>						<u>Capital Projects Funds</u>		<u>Total</u>
<u>Measure R</u>	<u>Proposition C</u>	<u>Measure W</u>	<u>AQMD</u>	<u>CARES Act</u>	<u>ARPA</u>	<u>Sewer</u>	<u>Parklands</u>	<u>Nonmajor Governmental Funds</u>
\$ 382,739	\$ 759,858	\$ 121,191	\$ 156,109	\$ -	\$ -	\$ 1,660,119	\$ 105,674	\$ 7,506,114
-	-	-	-	-	-	-	-	3,503
-	-	-	-	-	-	23	-	17,263
-	-	-	-	-	-	-	-	369
<b>\$ 382,739</b>	<b>\$ 759,858</b>	<b>\$ 121,191</b>	<b>\$ 156,109</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,660,142</b>	<b>\$ 105,674</b>	<b>\$ 7,527,249</b>
\$ -	\$ -	\$ 53,540	\$ -	\$ -	\$ -	\$ 5,428	\$ -	\$ 59,635
-	-	-	-	-	-	251	-	251
-	-	<b>53,540</b>	-	-	-	<b>5,679</b>	-	<b>59,886</b>
-	-	-	-	-	-	-	-	1,567,744
382,739	759,858	67,651	156,109	-	-	1,654,463	105,674	5,899,619
<b>382,739</b>	<b>759,858</b>	<b>67,651</b>	<b>156,109</b>	<b>-</b>	<b>-</b>	<b>1,654,463</b>	<b>105,674</b>	<b>7,467,363</b>
<b>\$ 382,739</b>	<b>\$ 759,858</b>	<b>\$ 121,191</b>	<b>\$ 156,109</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,660,142</b>	<b>\$ 105,674</b>	<b>\$ 7,527,249</b>

(Concluded)

**CITY OF PALOS VERDES ESTATES**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

	Special Revenue Funds							
	Gas Tax	Drug Intervention	SLESF	Special Projects	Corrections	RMRA	Measure M	Proposition A
<b>Revenues:</b>								
Revenue from other agencies	\$ 320,111	\$ -	\$ 161,285	\$ 29,992	\$ 3,199	\$ 269,027	\$ 234,452	\$ 333,087
Use of money and property	2,271	4,802	5,906	6,730	109	5,750	2,509	936
<b>Total Revenues</b>	<b>322,382</b>	<b>4,802</b>	<b>167,191</b>	<b>36,722</b>	<b>3,308</b>	<b>274,777</b>	<b>236,961</b>	<b>334,023</b>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,665	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Public works	7,675	-	-	1,851	-	-	-	245,543
<b>Total Expenditures</b>	<b>7,675</b>	<b>-</b>	<b>-</b>	<b>1,851</b>	<b>1,665</b>	<b>-</b>	<b>-</b>	<b>245,543</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	314,707	4,802	167,191	34,871	1,643	274,777	236,961	88,480
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(169,984)	-	(42,262)	(150,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(169,984)</b>	<b>-</b>	<b>(42,262)</b>	<b>(150,000)</b>	<b>-</b>
Net Change in Fund Balances	314,707	4,802	167,191	(135,113)	1,643	232,515	86,961	88,480
Fund Balances at Beginning of Year	124,680	673,700	706,349	1,096,549	14,059	652,596	197,903	113,847
<b>Fund Balances at End of Year</b>	<b>\$ 439,387</b>	<b>\$ 678,502</b>	<b>\$ 873,540</b>	<b>\$ 961,436</b>	<b>\$ 15,702</b>	<b>\$ 885,111</b>	<b>\$ 284,864</b>	<b>\$ 202,327</b>

(Continued)

**CITY OF PALOS VERDES ESTATES**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2022**

Special Revenue Funds (Continued)						Capital Projects Funds		Total Nonmajor Governmental Funds
Measure R	Proposition C	Measure W	AQMD	CARES Act	ARPA	Sewer	Parklands	Funds
\$ 207,183	\$ 276,289	\$ 260,196	\$ 16,880	\$ -	\$ 1,587,592	\$ -	\$ -	\$ 3,699,293
2,207	7,177	619	1,065	-	-	-	-	40,081
<b>209,390</b>	<b>283,466</b>	<b>260,815</b>	<b>17,945</b>	<b>-</b>	<b>1,587,592</b>	<b>-</b>	<b>-</b>	<b>3,739,374</b>
-	10,145	-	-	159	-	-	-	10,304
-	-	-	-	-	-	-	-	1,665
-	-	-	-	-	-	-	-	-
-	-	245,734	-	-	-	4,058	-	504,861
<b>-</b>	<b>10,145</b>	<b>245,734</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>4,058</b>	<b>-</b>	<b>516,830</b>
209,390	273,321	15,081	17,945	(159)	1,587,592	(4,058)	-	3,222,544
-	-	103,066	169,984	159	-	-	-	273,209
-	(338,708)	-	(31,820)	-	(1,587,592)	(13,051)	-	(2,333,417)
<b>-</b>	<b>(338,708)</b>	<b>103,066</b>	<b>138,164</b>	<b>159</b>	<b>(1,587,592)</b>	<b>(13,051)</b>	<b>-</b>	<b>(2,060,208)</b>
209,390	(65,387)	118,147	156,109	-	-	(17,109)	-	1,162,336
173,349	825,245	(50,496)	-	-	-	1,671,572	105,674	6,305,027
<b>\$ 382,739</b>	<b>\$ 759,858</b>	<b>\$ 67,651</b>	<b>\$ 156,109</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,654,463</b>	<b>\$ 105,674</b>	<b>\$ 7,467,363</b>

(Concluded)

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Gas Tax Special Revenue Fund**  
**Year Ended June 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 328,000	\$ 317,110	\$ 320,111	\$ 3,001
Use of money and property	800	2,280	2,271	(9)
<b>Total Revenues</b>	<b>328,800</b>	<b>319,390</b>	<b>322,382</b>	<b>2,992</b>
<b>Expenditures:</b>				
Current:				
Public works	35,000	35,000	7,675	27,325
<b>Total Expenditures</b>	<b>35,000</b>	<b>35,000</b>	<b>7,675</b>	<b>27,325</b>
Net Change in Fund Balance	293,800	284,390	314,707	30,317
Fund Balance at Beginning of Year	124,680	124,680	124,680	-
<b>Fund Balance at End of Year</b>	<b>\$ 418,480</b>	<b>\$ 409,070</b>	<b>\$ 439,387</b>	<b>\$ 30,317</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Drug Intervention Special Revenue Fund**  
**Year Ended June 30, 2022**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 4,800	\$ 4,810	\$ 4,802	\$ (8)
<b>Total Revenues</b>	<b>4,800</b>	<b>4,810</b>	<b>4,802</b>	<b>(8)</b>
Net Change in Fund Balance	4,800	4,810	4,802	(8)
Fund Balance at Beginning of Year	673,700	673,700	673,700	-
<b>Fund Balance at End of Year</b>	<b>\$ 678,500</b>	<b>\$ 678,510</b>	<b>\$ 678,502</b>	<b>\$ (8)</b>



**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**SLESF Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 157,000	\$ 161,280	\$ 161,285	\$ 5
Use of money and property	4,000	5,910	5,906	(4)
<b>Total Revenues</b>	<b>161,000</b>	<b>167,190</b>	<b>167,191</b>	<b>1</b>
<b>Expenditures:</b>				
Current:				
Public safety	24,910	24,910	-	24,910
<b>Total Expenditures</b>	<b>24,910</b>	<b>24,910</b>	<b>-</b>	<b>24,910</b>
Net Change in Fund Balance	136,090	142,280	167,191	24,911
Fund Balance at Beginning of Year	706,349	706,349	706,349	-
<b>Fund Balance at End of Year</b>	<b>\$ 842,439</b>	<b>\$ 848,629</b>	<b>\$ 873,540</b>	<b>\$ 24,911</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Special Projects Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 331,478	\$ 30,000	\$ 29,992	\$ (8)
Use of money and property	6,400	6,730	6,730	-
<b>Total Revenues</b>	<b><u>337,878</u></b>	<b><u>36,730</u></b>	<b><u>36,722</u></b>	<b><u>(8)</u></b>
<b>Expenditures:</b>				
Current:				
Public works	25,000	25,000	1,851	23,149
<b>Total Expenditures</b>	<b><u>25,000</u></b>	<b><u>25,000</u></b>	<b><u>1,851</u></b>	<b><u>23,149</u></b>
Excess of Revenues Over Expenditures	<u>312,878</u>	<u>11,730</u>	<u>34,871</u>	<u>23,141</u>
<b>Other Financing Uses:</b>				
Transfers out	<u>(302,478)</u>	<u>(302,478)</u>	<u>(169,984)</u>	<u>132,494</u>
<b>Total Other Financing Uses</b>	<b><u>(302,478)</u></b>	<b><u>(302,478)</u></b>	<b><u>(169,984)</u></b>	<b><u>-</u></b>
Net Change in Fund Balance	10,400	(290,748)	(135,113)	155,635
Fund Balance at Beginning of Year	<u>1,096,549</u>	<u>1,096,549</u>	<u>1,096,549</u>	<u>-</u>
<b>Fund Balance at End of Year</b>	<b><u>\$ 1,106,949</u></b>	<b><u>\$ 805,801</u></b>	<b><u>\$ 961,436</u></b>	<b><u>\$ 155,635</u></b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Corrections Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 5,000	\$ 3,200	\$ 3,199	\$ (1)
Use of money and property	-	110	109	(1)
<b>Total Revenues</b>	<b>5,000</b>	<b>3,310</b>	<b>3,308</b>	<b>(2)</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	1,700	1,665	35
<b>Total Expenditures</b>	<b>-</b>	<b>1,700</b>	<b>1,665</b>	<b>35</b>
Net Change in Fund Balance	5,000	1,610	1,643	33
Fund Balance at Beginning of Year	14,059	14,059	14,059	-
<b>Fund Balance at End of Year</b>	<b>\$ 19,059</b>	<b>\$ 15,669</b>	<b>\$ 15,702</b>	<b>\$ 33</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Road Maintenance and Rehabilitation Account (RMRA) Special Revenue Fund**  
**Year Ended June 30, 2022**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from other agencies	\$ 210,000	\$ 269,030	\$ 269,027	\$ (3)
Use of money and property	2,400	5,750	5,750	-
<b>Total Revenues</b>	<b>212,400</b>	<b>274,780</b>	<b>274,777</b>	<b>(3)</b>
<b>Other Financing Uses:</b>				
Transfers out	(600,000)	(600,000)	(42,262)	557,738
<b>Total Other Financing Uses</b>	<b>(600,000)</b>	<b>(600,000)</b>	<b>(42,262)</b>	<b>557,738</b>
Net Change in Fund Balance	(387,600)	(325,220)	232,515	557,735
Fund Balance at Beginning of Year	652,596	652,596	652,596	-
<b>Fund Balance at End of Year</b>	<b>\$ 264,996</b>	<b>\$ 327,376</b>	<b>\$ 885,111</b>	<b>\$ 557,735</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Measure M Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 195,000	\$ 234,460	\$ 234,452	\$ (8)
Use of money and property	1,600	2,510	2,509	(1)
<b>Total Revenues</b>	<b>196,600</b>	<b>236,970</b>	<b>236,961</b>	<b>(9)</b>
<b>Other Financing Uses:</b>				
Transfers out	(150,000)	(150,000)	(150,000)	-
<b>Total Other Financing Uses</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>-</b>
Net Change in Fund Balance	46,600	86,970	86,961	(9)
Fund Balance at Beginning of Year	197,903	197,903	197,903	-
<b>Fund Balance at End of Year</b>	<b>\$ 244,503</b>	<b>\$ 284,873</b>	<b>\$ 284,864</b>	<b>\$ (9)</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Proposition A Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 275,000	\$ 314,460	\$ 333,087	\$ 18,627
Use of money and property	800	940	936	(4)
<b>Total Revenues</b>	<b>275,800</b>	<b>315,400</b>	<b>334,023</b>	<b>18,623</b>
<b>Expenditures:</b>				
Current:				
General government	10,145	-	-	-
Public works	260,820	250,675	245,543	5,132
<b>Total Expenditures</b>	<b>270,965</b>	<b>250,675</b>	<b>245,543</b>	<b>5,132</b>
Excess of Revenues Over Expenditures	4,835	64,725	88,480	23,755
Net Change in Fund Balance	4,835	64,725	88,480	23,755
Fund Balance at Beginning of Year	113,847	113,847	113,847	-
<b>Fund Balance at End of Year</b>	<b>\$ 118,682</b>	<b>\$ 178,572</b>	<b>\$ 202,327</b>	<b>\$ 23,755</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Measure R Special Revenue Fund**  
**Year Ended June 30, 2022**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from other agencies	\$ 175,000	\$ 207,190	\$ 207,183	\$ (7)
Use of money and property	1,600	2,210	2,207	(3)
<b>Total Revenues</b>	<b>176,600</b>	<b>209,400</b>	<b>209,390</b>	<b>(10)</b>
Net Change in Fund Balance	176,600	209,400	209,390	(10)
Fund Balance at Beginning of Year	173,349	173,349	173,349	-
				-
<b>Fund Balance at End of Year</b>	<b>\$ 349,949</b>	<b>\$ 382,749</b>	<b>\$ 382,739</b>	<b>\$ (10)</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Proposition C Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ 230,000	\$ 276,290	\$ 276,289	\$ (1)
Use of money and property	4,800	7,180	7,177	(3)
<b>Total Revenues</b>	<b>234,800</b>	<b>283,470</b>	<b>283,466</b>	<b>(4)</b>
<b>Expenditures:</b>				
Current:				
General government	-	10,145	10,145	-
<b>Total Expenditures</b>	<b>-</b>	<b>10,145</b>	<b>10,145</b>	<b>-</b>
Excess of Revenues Over Expenditures	234,800	273,325	273,321	(4)
<b>Other Financing Uses:</b>				
Transfers out	(250,000)	(359,700)	(338,708)	20,992
<b>Total Other Financing Uses</b>	<b>(250,000)</b>	<b>(359,700)</b>	<b>(338,708)</b>	<b>20,992</b>
Net Change in Fund Balance	(15,200)	(86,375)	(65,387)	20,988
Fund Balance at Beginning of Year	825,245	825,245	825,245	-
<b>Fund Balance at End of Year</b>	<b>\$ 810,045</b>	<b>\$ 738,870</b>	<b>\$ 759,858</b>	<b>\$ 20,988</b>



**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Measure W Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ -	\$ 260,196	\$ 260,196
Use of money and property	-	-	619	619
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>260,815</b>	<b>260,815</b>
<b>Expenditures:</b>				
Current:				
Public works	185,300	256,855	245,734	11,121
<b>Total Expenditures</b>	<b>185,300</b>	<b>256,855</b>	<b>245,734</b>	<b>11,121</b>
<b>Other Financing Sources:</b>				
Transfers in	-	-	103,066	103,066
<b>Total Other Financing Sources</b>	<b>(24,000)</b>	<b>-</b>	<b>103,066</b>	<b>103,066</b>
Net Change in Fund Balance	(209,300)	(256,855)	118,147	375,002
Fund Balance at Beginning of Year	(50,496)	(50,496)	(50,496)	-
<b>Fund Balance at End of Year</b>	<b>\$ (259,796)</b>	<b>\$ (307,351)</b>	<b>\$ 67,651</b>	<b>\$ 375,002</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Air Quality Management District (AQMD) Special Revenue Fund**  
**Year Ended June 30, 2022**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ 16,880	\$ 16,880	\$ -
Use of money and property	-	1,070	1,065	(5)
<b>Total Revenues</b>	<b>-</b>	<b>17,950</b>	<b>17,945</b>	<b>(5)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	169,984	169,984
Transfers out	-	(31,900)	(31,820)	80
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(31,900)</b>	<b>138,164</b>	<b>170,064</b>
Net Change in Fund Balance	-	(13,950)	156,109	170,059
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ (13,950)</b>	<b>\$ 156,109</b>	<b>\$ 170,059</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**CARES Act Special Revenue Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
<b>Total Expenditures</b>	-	-	<b>159</b>	<b>(159)</b>
<b>Other Financing Sources:</b>				
Transfers in	-	-	159	159
<b>Total Other Financing Sources</b>	-	-	<b>159</b>	<b>159</b>
Net Change in Fund Balance	-	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**American Rescue Plan Act (ARPA) Special Revenue Fund**  
**Year Ended June 30, 2022**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from other agencies	\$ -	\$ 1,587,600	\$ 1,587,592	\$ (8)
<b>Total Revenues</b>	<b>-</b>	<b>1,587,600</b>	<b>1,587,592</b>	<b>(8)</b>
<b>Other Financing Uses:</b>				
Transfers out	(1,587,600)	(1,587,600)	(1,587,592)	8
<b>Total Other Financing Uses</b>	<b>(1,587,600)</b>	<b>(1,587,600)</b>	<b>(1,587,592)</b>	<b>8</b>
Net Change in Fund Balance	(1,587,600)	-	-	-
Fund Balance at Beginning of Year	-	-	-	-
<b>Fund Balance at End of Year</b>	<b>\$ (1,587,600)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Sewer Capital Projects Fund**  
**Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Current:				
Public works	\$ 86,400	\$ 86,400	\$ 4,058	\$ 82,342
<b>Total Expenditures</b>	<b>86,400</b>	<b>86,400</b>	<b>4,058</b>	<b>82,342</b>
<b>Other Financing Uses:</b>				
Transfers out	(539,400)	(539,400)	(13,051)	526,349
<b>Total Other Financing Uses</b>	<b>(539,400)</b>	<b>(539,400)</b>	<b>(13,051)</b>	<b>526,349</b>
Net Change in Fund Balance	(625,800)	(625,800)	(17,109)	608,691
Fund Balance at Beginning of Year	1,671,572	1,671,572	1,671,572	-
<b>Fund Balance at End of Year</b>	<b>\$ 1,045,772</b>	<b>\$ 1,045,772</b>	<b>\$ 1,654,463</b>	<b>\$ 608,691</b>

**CITY OF PALOS VERDES ESTATES**  
**Budgetary Comparison Schedule**  
**Parklands Capital Projects Fund**  
**Year Ended June 30, 2022**

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

## 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, 2022**

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	<u>Special Deposits</u>	<u>Police Property Evidence</u>	<u>Total Custodial Funds</u>
<b>Assets:</b>			
Cash and investments	\$ 287,731	\$ 8,023	\$ 295,754
<b>Total Assets</b>	<b>\$ 287,731</b>	<b>\$ 8,023</b>	<b>\$ 295,754</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 25	\$ 25
Deposits payable	28,392	(1,869)	26,523
<b>Total Liabilities</b>	<b>28,392</b>	<b>(1,844)</b>	<b>26,548</b>
<b>Net Position:</b>			
Held in trust for other purposes	259,339	9,867	269,206
<b>Total Liabilities and net position</b>	<b>\$ 287,731</b>	<b>\$ 8,023</b>	<b>\$ 295,754</b>



**CITY OF PALOS VERDES ESTATES**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**Year Ended June 30, 2022**

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	<b>Special Deposits</b>	<b>Police Property/ Evidence</b>	<b>Total Custodial Funds</b>
<b>Additions:</b>			
Investment earnings	\$ 1,936	\$ -	\$ 1,936
Other revenue	-	62	62
Total Additions	1,936	62	1,998
<b>Deductions:</b>			
Administrative expenses	-	-	-
Total Deductions	-	-	-
Change in Net Position	1,936	62	1,998
Net Position at Beginning of Year	257,403	9,805	267,208
<b>Net Position at End of Year</b>	<b>\$ 259,339</b>	<b>\$ 9,867</b>	<b>\$ 269,206</b>

**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.

<b>Contents</b>	<b><u>Pages</u></b>
<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.	95 - 98
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	99 - 105
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	106 - 107
<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.	108 - 109
<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.	110 - 112

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 51,728	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953	\$ 30,844
Restricted	7,996	7,970	7,773	6,417	6,588	6,997	7,850	5,688	6,522	9,094
Unrestricted	20,244	20,813	10,747	9,210	8,958	5,684	7,398	9,298	10,569	11,132
 Total governmental activities net position	<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>\$ 50,044</u>	<u>\$ 51,070</u>
 Primary government										
Net investment in capital assets	\$ 53,240	\$ 48,675	\$ 46,006	\$ 45,358	\$ 42,688	\$ 41,014	\$ 39,168	\$ 35,849	\$ 32,953	\$ 30,844
Restricted	8,461	7,970	7,773	6,417	6,588	6,997	7,850	5,688	6,522	9,094
Unrestricted	20,531	20,813	10,747	9,210	8,958	5,684	7,398	9,298	10,569	11,132
 Total primary government net position	<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>\$ 50,044</u>	<u>\$ 51,070</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government	\$ 2,157	\$ 1,542	\$ 2,244	\$ 2,911	\$ 3,520	\$ 2,686	\$ 2,826	\$ 2,422	\$ 2,859	\$ 5,086
Public safety	9,969	10,299	10,476	11,555	12,045	12,120	12,726	13,484	16,180	15,302
Public works	4,692	5,257	5,703	3,092	3,243	5,111	5,813	2,427	4,292	3,120
Parks and recreation	2,980	2,970	3,013	6,891	5,798	1,935	1,476	7,507	1,721	1,247
Total governmental activities expenses	<u>\$ 19,270</u>	<u>\$ 19,798</u>	<u>\$ 20,068</u>	<u>\$ 21,436</u>	<u>\$ 24,606</u>	<u>\$ 21,852</u>	<u>\$ 22,841</u>	<u>\$ 25,840</u>	<u>\$ 25,052</u>	<u>\$ 24,755</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 85	\$ 50	\$ 56	\$ 472	\$ 1,278	\$ 92	\$ 96	\$ 128	\$ 1,311	\$ 96
Public safety	4,416	4,548	4,675	4,765	4,890	199	5,173	5,102	5,222	5,339
Public works	1,153	957	1,154	1,283	1,422	1,651	1,671	1,280	1,798	1,932
Parks and recreation	1,109	1,190	1,261	-	1,322	-	1,380	1,549	1,152	1,509
Operating grants and contributions	1,036	1,177	1,353	2,013	1,022	3,097	1,366	1,354	1,523	3,565
Capital grants and contributions	1,070	48	20	1,756	380	916	705	53	47	-
Total governmental activities program revenues	<u>8,800</u>	<u>8,869</u>	<u>7,970</u>	<u>8,519</u>	<u>10,314</u>	<u>5,955</u>	<u>10,391</u>	<u>9,466</u>	<u>11,053</u>	<u>12,441</u>
Net (expense)/revenue	<u>\$ (10,470)</u>	<u>\$ (10,929)</u>	<u>\$ (12,098)</u>	<u>\$ (12,917)</u>	<u>\$ (14,292)</u>	<u>\$ (15,897)</u>	<u>\$ (12,450)</u>	<u>\$ (16,374)</u>	<u>\$ (13,999)</u>	<u>\$ (12,314)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 9,089	\$ 9,466	\$ 9,928	\$ 10,365	\$ 10,918	\$ 11,341
Sales and use taxes	349	384	427	435	426	533	631	555	848	1,004
Franchise taxes and other taxes	925	985	1,042	1,009	1,058	1,063	1,038	977	1,213	1,371
Motor vehicle in lieu tax (unrestricted)	1,126	1,184	1,248	1,323	-	-	-	-	-	-
Investment income (Loss)	(12)	256	215	320	76	118	875	880	110	(585)
Miscellaneous	178	285	343	361	552	178	702	16	118	199
Total General Revenue and Extraordinary Item	<u>8,483</u>	<u>8,665</u>	<u>9,588</u>	<u>10,134</u>	<u>11,201</u>	<u>11,358</u>	<u>13,174</u>	<u>12,793</u>	<u>13,207</u>	<u>13,330</u>
Change in Net Position	<u>\$ (1,987)</u>	<u>\$ (2,264)</u>	<u>\$ (2,510)</u>	<u>\$ (2,783)</u>	<u>\$ (3,091)</u>	<u>\$ (4,539)</u>	<u>\$ 724</u>	<u>\$ (3,581)</u>	<u>\$ (792)</u>	<u>\$ 1,016</u>

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

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General fund:</b>										
Nonspendable	\$ 98	\$ 99	\$ 31	\$ 15	\$ 15	\$ 458	\$ 528	\$ 509	\$ 616	\$ 673
Restricted	-	-	-	-	-	-	-	-	-	1,588
Committed	7,200	7,200	7,200	7,200	7,200	7,200	7,200	8,000	8,000	8,000
Assigned	-	-	-	-	-	-	675	675	4,805	5,700
Unassigned	2,097	2,521	3,219	4,114	3,924	2,597	4,633	6,216	9,914	10,318
Total general fund	<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>\$23,335</u>	<u>\$26,279</u>
<b>All other governmental funds:</b>										
Nonspendable	\$ 358	\$ 373	\$ -	\$ 395	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -
Restricted	7,487	7,598	7,773	6,417	6,588	6,997	7,850	5,688	6,522	7,507
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	9,052	8,375	7,132	5,096	6,182	5,121	5,138	6,128	1,893	1,364
Unassigned	-	-	-	-	-	-	-	(103)	(101)	-
Total all other governmental funds	<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>8,314</u>	<u>8,871</u>
<b>Total</b>	<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>\$31,649</u></u>	<u><u>\$35,150</u></u>

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

	Fiscal Year									
	2013	2014*	2015*	2016*	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Property taxes	\$ 6,099	\$ 6,494	\$ 6,859	\$ 7,247	\$ 7,701	\$ 8,116	\$ 8,397	\$ 8,761	\$ 9,247	\$ 9,623
Special assessment	5,221	4,316	4,464	4,582	4,715	44	4,988	4,993	5,062	5,067
Other taxes	1,274	1,369	1,469	1,445	1,468	1,345	1,476	1,348	1,610	1,880
Licenses and permits	701	606	598	590	590	898	903	829	858	888
Revenues from other agencies	2,218	2,416	2,591	2,543	2,694	3,364	3,221	3,227	3,721	5,612
Charges for services	475	407	447	601	656	807	797	829	1,016	1,255
Use of money and property	1,089	1,412	1,423	1,612	1,368	1,460	2,213	2,133	1,248	904
Fines and forfeitures	206	207	176	147	135	129	148	85	107	147
Miscellaneous	176	288	326	361	552	210	712	29	91	320
Total revenues	<u>17,091</u>	<u>17,459</u>	<u>17,515</u>	<u>18,353</u>	<u>19,879</u>	<u>16,373</u>	<u>22,855</u>	<u>22,234</u>	<u>22,960</u>	<u>25,696</u>
<b>Expenditures</b>										
General government	1,503	1,853	2,069	2,164	2,363	2,347	2,534	1,853	2,193	4,396
Public safety	9,851	10,298	10,803	11,412	11,854	11,504	11,785	12,680	12,659	13,291
Public works	4,971	3,786	4,801	6,450	4,628	3,223	3,641	1,150	3,254	3,394
Parks and recreation	1,078	1,141	1,190	1,221	1,363	1,269	1,249	5,462	1,387	1,093
Total expenditures	<u>17,909</u>	<u>17,403</u>	<u>17,078</u>	<u>18,863</u>	<u>20,208</u>	<u>18,343</u>	<u>19,209</u>	<u>21,145</u>	<u>19,493</u>	<u>22,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(818)</u>	<u>56</u>	<u>437</u>	<u>(510)</u>	<u>(329)</u>	<u>(1,970)</u>	<u>3,646</u>	<u>1,089</u>	<u>3,467</u>	<u>3,522</u>
<b>Other financing sources (uses):</b>										
Transfers in	883	700	1,015	-	2,658	6,232	5,825	6,292	10,544	7,820
Transfers out	<u>(1,461)</u>	<u>(1,263)</u>	<u>(1,317)</u>	<u>-</u>	<u>(1,658)</u>	<u>(5,791)</u>	<u>(5,827)</u>	<u>(6,292)</u>	<u>(9,475)</u>	<u>(7,852)</u>
Total other financing sources (uses)	<u>-</u>	<u>(578)</u>	<u>(563)</u>	<u>(302)</u>	<u>1,000</u>	<u>441</u>	<u>(2)</u>	<u>-</u>	<u>1,069</u>	<u>(32)</u>
Net change in fund balances	<u>\$ (818)</u>	<u>\$ (522)</u>	<u>\$ (126)</u>	<u>\$ (812)</u>	<u>\$ 671</u>	<u>\$ (1,529)</u>	<u>\$ 3,644</u>	<u>\$ 1,089</u>	<u>\$ 4,536</u>	<u>\$ 3,490</u>

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

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

Fiscal Year	Property Taxes	Sales and Use Tax	Franchise and Other Taxes	Motor Vehicle in Lieu Tax	Total
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	9,246,962	560,171	1,213,191	1,671,013	12,691,337
2022	9,623,464	509,186	1,370,543	1,717,258	13,220,451

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			
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%
2022	8,212,499	78,918	3,844	6,351	8,288,910	0.1114%

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
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	0.1130	0.8870	1.0000	0.0236	0.0035	-	0.0272	1.05426
2021	0.1130	0.8870	1.0000	0.0238	0.0035	-	0.0402	1.06744
2022	0.1130	0.8870	1.0000	0.0240	0.0035	-	0.0438	1.07124

Source: Los Angeles County Auditor Controller's Office.

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

Taxpayer	2022			2013		
	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	\$ 36,569,184	1	0.44%	\$ 31,514,216	1	0.58%
Lowell W and Lisa B. Hill	34,603,905	2	0.41%			
Tatiana Von Furstenberg Trust	18,665,219	3	0.22%			
Masafumi Miyamoto	16,506,329	4	0.20%	14,224,671	2	0.26%
Yi Lin	14,989,373	5	0.18%			
PVM Holdings	14,839,274	6	0.18%			
Jackson and Julie Yang	14,739,978	7	0.18%	12,702,471	4	0.23%
Deborah D Adkins Messenger Trust	14,530,995	8	0.17%			
Timothy D Armour Trust	14,483,138	9	0.17%	9,740,000	8	0.18%
Winstep International Holdings USA LLC	14,434,212	10	0.17%			
Jose A and Brigit Collozo Trust				13,005,090	3	0.24%
Wendy and Jason Moskowitz Trust				11,689,494	5	0.21%
Richard C Lundquist Company Trust				10,903,366	6	0.20%
Palos Verdes Golf Club				9,740,943	7	0.18%
Shokeen Living Trust				9,333,000	9	0.17%
Deepak and Nandini Chopra Trust				9,064,490	10	0.17%
	<u>\$ 194,361,607</u>		<u>2.32%</u>	<u>\$ 131,917,741</u>		<u>2.42%</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 <sup>1</sup>	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2022	9,889,950	9,238,555	93.41%	-	9,238,555	93.41%

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

Source: Los Angeles County Auditor Controller's Office.

**CITY OF PALOS VERDES ESTATES**  
**Taxable Property Subject to Law Enforcement Services Special Tax**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Assessable		Real Property Square Footage			Special Tax			Total Direct Tax Rate
	Parcels w/ Bldg. - Improvement	Vacant	Residential Property	Commercial Property	Total Square Footage	Residential Property	Commercial Property	Total	
2019	5,134	-	15,862,547	296,601	16,159,148	\$ 4,917,393	\$ 70,264	\$ 4,987,658	\$342/parcel plus \$0.308658/sq/ft
2019	-	79	-	-	-	19,576	-	27,018	\$342/parcel
2020	5,138	-	15,893,109	285,320	16,178,429	4,924,190	68,692	4,992,882	\$342/parcel plus \$0.308614/sq/ft
2020	-	83	-	-	-	-	-	28,386	\$342/parcel
2021	5,139	-	15,905,313	285,320	16,190,633	4,927,972	68,692	4,996,664	\$342/parcel plus \$0.308614/sq/ft
2021	-	81	-	-	-	-	-	27,702	\$342/parcel
2022	5,128	-	15,908,117	285,320	16,193,437	4,946,001	71,770	5,017,771	\$342/parcel plus \$0.309864/sq/ft
2022	-	92	-	-	-	-	-	27,702	\$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**

<b>Land Use</b>	<b>Estimated Number of Parcels</b>	<b>Estimated Number of Lots</b>	<b>Estimated Building Square Footage</b>	<b>Base amount (Rate per Lot) FY 2021-22</b>	<b>Improvement amount (Rate per sq. ft.) FY 2021-22</b>	<b>Estimated Special Tax Revenue for FY 2021-22</b>
Single Family Home	5,068	5,130	15,696,558	\$ 342.00	\$ 0.20	\$ 4,893,771
Multi-Family	26	29	211,559	342.00	0.20	52,230
Commercial	34	43	285,320	342.00	0.20	71,770
Vacant (Undevelopped)	92	92		342.00	0.20	31,464
<b>Totals:</b>	<u>5,220</u>	<u>\$ 5,294</u>	<u>\$ 16,193,437</u>			<u>\$ 5,049,235</u>

<b>Land Use</b>	<b>Estimated Number of Parcels</b>	<b>Estimated Number of Lots</b>	<b>Estimated Building Square Footage</b>	<b>Base amount (Rate per Lot) FY 2020-21</b>	<b>Improvement amount (Rate per sq. ft.) FY 2020-21</b>	<b>Estimated Special Tax Revenue for FY 2020-21</b>
Single Family Home	5,079	5,079	15,693,754	\$ 342.00	\$ 0.20	\$ 4,875,769
Multi-Family	26	26	211,559	342.00	0.20	51,204
Commercial	34	34	285,320	342.00	0.20	68,692
Vacant (Undevelopped)	81	81		342.00	0.20	27,702
<b>Totals:</b>	<u>5,220</u>	<u>\$ 5,220</u>	<u>\$ 16,190,633</u>			<u>\$ 5,023,367</u>

Source: Special Tax Report prepared by NBS.

**CITY OF PALOS VERDES ESTATES**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2022**

2021-2022 Assessed Valuation: \$8,385,506,804

Governmental Unit	Outstanding Debt 6/30/22	Estimated Percentage Applicable	Estimated Share of
<b>Overlapping General Fund Debt (Note 1)</b>			
Los Angeles County General Fund Obligations	\$ 2,698,357,105	0.473%	\$ 12,763,229
Los Angeles County Superindendant of Schools COP'S	3,972,227	0.473%	\$ 18,789
Los Angeles County Sanitation District-			
South Bay Authorities	422,802	14.979%	\$ 63,332
Los Angeles County Sanitation District #5	2,481,354	0.547%	\$ 13,574
<b>Direct &amp; Overlapping Tax &amp; Assessment Debt (Note 2)</b>			
Los Angeles Community College District	4,146,515,000	0.838%	34,747,796
Palos Verdes Peninsula Unified School District	45,869,791	29.804%	13,671,033
Metropolitan Water District	20,175,000	0.247%	<u>49,832</u>
Subtotal, overlapping debt			61,327,585
City direct debt			<u>(0)</u>
Net Total direct and overlapping debt			<u><u>\$ 61,327,585</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, 2022**  
**(dollars in thousands)**

Assessed value before homeowners exemption	<u>\$8,385,507</u>
Debt limit- 15% of assessed value	\$1,257,826
Amount of debt applicable to debt limit	-
	<u>\$1,257,826</u>

	2013	2014	2015	2016	2017	2018	2019	2019	2021	2022
Debt Limit	\$ 819,753	\$ 862,783	\$ 908,444	\$ 965,056	\$1,012,222	\$1,061,380	\$1,116,289	\$1,167,513	\$1,216,734	\$1,257,826
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$1,257,826</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**

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<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income</u> (thousands of dollars)	<u>Per Capita</u> <u>Personal Income</u>	<u>Unemployment</u> <u>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
2022	12,980	997,436	76,844	1.5

- 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	2022		2013	
		Percentage of Total City Employment	Rank	Number of Employees	Percentage of Total City Employment
Unified School District	1222	85.34%	1	527	57.19%
Concession Clubs					
Palos Verdes Golf Club	96	6.70%	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	3.70%	3	56	6.02%
Restaurants	33	2.30%	5	19	2.28%
Real Estate and Escrow Companies	<u>17</u>	1.19%	4	<u>27</u>	2.60%
Total	<u>1432</u>	100.00%		<u>751</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Administration	5.13	5.13	5.19	5.69	5.69	5.69	3.56	3.50	5.60	3.00
Finance / City Support Services	3.00	4.00	4.00	4.00	4.00	4.00	4.50	4.50	4.00	5.60
Building and Planning	2.00	3.00	4.00	6.00	4.50	4.50	5.00	5.00	4.50	6.00
Police:										
Sworn officers	25.00	25.00	25.00	25.00	25.00	25.00	23.00	23.00	22.00	22.00
Service officers (2)	12.00	12.00	12.00	12.00	12.00	13.00	11.00	11.00	9.00	9.00
Other	2.80	2.80	2.60	3.10	3.90	1.50	1.50	1.50	2.00	2.00
Public Works / Street and Parks	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>7.50</u>	<u>7.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>7.00</u>
Total	55.43	57.43	58.29	61.29	62.59	60.69	54.56	54.50	53.10	54.60

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police:</b>										
Physical arrests	590	679	521	562	580	516	356	375	284	235
Parking violations	2,705	2,580	1,619	1,697	1,476	1,462	1,104	1,262	1,694	1,916
Moving violations	1,552	1,068	639	1,039	1,004	1,430	1,937	725	611	782
<b>Building &amp; Planning:</b>										
Building permits issues	2,025	2,064	2,087	2,130	2,030	1,813	1,980	738	671	604
Total number of inspections	2,442	2,336	2,197	2,618	2,916	2,957	2,894	2,984	2,735	2,725
Grading applications	18	21	21	23	28	17	1	12	13	25
Neighborhood compatibility applications	27	29	29	32	42	27	32	21	34	47
Miscellaneous applications	50	46	62	74	96	71	51	59	79	76
<b>Public Works:</b>										
Public works permits	191	219	219	278	418	372	387	373	365	355

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Police:</b>										
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
<b>Recreation facilities: (2)</b>										
Golf	1	1	1	1	1	1	1	1	1	1
Stables	1	1	1	1	1	1	1	1	1	1
Tennis club	1	1	1	1	1	1	1	1	1	1
Beach club	1	1	1	1	1	1	1	1	1	1

Source: City Departments

Notes

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

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