PALMDALE

a place to call home

CITY COUNCIL
SUCCESSOR AGENCY
HOUSING AUTHORITY
INDUSTRIAL DEVELOPMENT AUTHORITY
PALMDALE AIRPORT AUTHORITY
PALMDALE CIVIC AUTHORITY
PALMDALE FINANCING AUTHORITY
CITY COUNCIL CHAMBER
38300 SIERRA HIGHWAY
SUITE B
PALMDALE, CA 93550
WEDNESDAY, FEBRUARY 21, 2024
5:00 PM
www.cityofpalmdale.org

WELCOME

1. **CALL MEETING TO ORDER**

Note: All City Council memberships are reflected in their City Council titles.

2. **ROLL CALL**
   MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN
   COMMISSIONERS FRAGA-SAENZ, BETTS

3. **PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE**

4. **PRESENTATIONS**

   4.1 Declaring Black History Month.

   4.2 Declaring National Cancer Prevention Month.

   4.3 Presentation update from Economic and Community Development - Planning and Building and Safety Divisions.

PPT Planning and Building and Safety Divisions.pptx

4.4 Presentation of Measure AV Ad Hoc Committee Annual Report
PPT Measure AV Ad Hoc Committee Annual Rpt.pptx

PUBLIC COMMENT RULES

"(California Government Code Section 54954.3).
(a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2 [section omitted].

(b) (1) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of the subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(2) Notwithstanding paragraph (1), when the legislative body of a local agency limits time for public comment, the legislative body of a local agency shall provide at least twice the allotted time to a member of the public who utilizes a translator to ensure that non-English speakers receive the same opportunity to directly address the legislative body of a local agency."

In furtherance of Section 54954.3 of the Brown Act, the public is allotted to speak a total of two (2) minutes on the entirety of the Consent Calendar(s), Appointment(s), New Business and Closed Session, with two (2) minutes on each Public Hearing, and, if desired, an additional two (2) minutes on items not on the agenda that are within the subject matter jurisdiction of the City Council. As specified in the Brown Act, a speaker utilizing a translator will receive twice the amount of time specified.

5. **PUBLIC COMMENTS**

CONSENT CALENDAR(S), APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION: Now is the time for public participation on items listed on the Consent Calendar(s), Appointment(s), New Business, and Closed Session. Each speaker is allotted two (2) minutes in total for the entirety of the above sections.

6. **JOINT CONSENT CALENDAR CC/SA/HA/IDA/PAA/PCA/PFA**

6.1 Receive and File the Annual Comprehensive Financial Reports for the year ended June 30, 2023, for the City of Palmdale, the Housing Authority of the City of Palmdale, the Palmdale Civic Authority, the Palmdale Financing Authority, and the Palmdale Community Foundation.

SR Annual Comprehensive Financial Report June 30 2023.docx
Rpt City of Palmdale ACFR June 30 2023.pdf
Rpt Housing Authority ACFR June 30 2023.pdf
Rpt Civic Authority ACFR June 30 2023.pdf
Rpt Financing Authority ACFR June 30 2023.pdf
Rpt Palmdale Community Foundation ACFR June 30 2023.pdf

6.2 Review and approve FY 2023-24 Mid-Year Budget Adjustments.
SR Mid-Year Budget FY 2023-24.docx
Rpt Mid-Year Budget FY 2023-24.pdf

7. **CONSENT CALENDAR**

All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by Council, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

7.1 Adopt Resolution No. CC 2024-019, a Resolution of the City Council of the City of Palmdale of consideration to alter the Rate and Method of Special Tax for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities).
SR Amendment to CFD 2022-3 Rate and Method of Apportionment RMA.docx
Reso. No. CC 2024-019 Consider Alteration of RMA.docx

7.2 Notice of Completion - Accept public landscape improvements for Tract 60789 located on the west side of 40th Street East and Hollowglen Drive.
SR NOC.docx
Exh A List of Complete Public Improvements.docx
Exh B Site Map Location.docx
NOC.docx
Photo of Site.pdf

7.3 Award Construction Agreement with Square Signs, LLC., dba Front Signs, for PN 888, Street Sweeping Signage, for $391,150 for a term of 100 working days from the date of the Notice to Proceed.
SR Agrmt No. A-8618 with Square Signs LLC. dba Front Signs.docx
Agrmt No. A-8618 with Square Signs, LLC., dba Front Signs.pdf
Atch 1 Street Sweeping Zones.pdf
Atch 2 Street Sweeping Days.pdf
Atch 3 Sign Standards.pdf
Atch 4 Sign Map-Sample Neighborhood.pdf

7.4 Approve the Master Power Purchase and Sale Agreement and Confirmation Letter between Energy for Palmdale's Independent Choice (EPIC) and Southern California Edison (SCE) for the purchase of resource adequacy capacity.
SR Agrmt No. A-8712 for EPIC Master Power Agreement.docx

Agrmt No. A-8712 with Southern California Edison.docx
Atch 1 Paragraph 10 to the Collateral Annex SCE Version 2020.10.08.pdf
Atch 2 MCAM Resource Adequacy Capacity Confirmation Letter 2022.08.26 Redacted.pdf

7.5 Adopt Resolution No. CC 2024-011, a Resolution of the City Council of the City of Palmdale authorizing the acceptance of the California Department of Justice Tobacco Grant Program funds of $793,710 and approve the related agreement for the term of November 1, 2023, through June 30, 2026.
SR Agrmt No. A-8670 with CA DOJ Tobacco Grant Program.docx
Reso. No. CC 2024-011.docx
Agrmt No. A-8670 with the California Department of Justice Tobacco Grant Program

7.6 Approve the City's 2024 State and Federal Legislative Platform to promote Palmdale's priorities and legislative initiatives at the State and Federal levels.
SR 2024 Legislative Platform.docx
2024 Fed State Legislative Platform.pdf

7.7 Approve the minutes from the previous meetings.

CC/SA - February 7, 2024
Minutes 02 07 2024 CC SA.pdf

8. **COUNCIL REPORTS, ANNOUNCEMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

8.1 Council reports, announcements, and requests for future agenda items.

9. **CITY MANAGER'S REPORT**

10. **NON-AGENDA PUBLIC COMMENTS*: Now is the time for public participation on items not listed on the agenda. Each speaker is allotted two (2) minutes total.***

11. **PRESENTATION BY CITY ATTORNEY**

11.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
William Robert Herrera, et al vs. City of Palmdale, et al.
Central District of California Federal District Court
Case No. 2:16-cv-09453-MWF-MAR
This closed session is being held pursuant to the authority of California Government Code Section 54956.9.

11.2 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Priscilla Huerta, et al vs. City of Palmdale, et al.

Central District of California Federal District Court
Case No. 2:18-10354-MWF-FFM
This closed session is being held pursuant to the authority of California Government Code Section 54956.9.

12. **ANNOUNCEMENT BY CITY ATTORNEY**

13. **ADJOURN** meeting to March 6, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

Americans with Disabilities Act (ADA) Accommodations
In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

If you require oral translation, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

PLANNING DIVISION

B.E.S.T GOALS

BUILDING CULTURE AND COMMUNITY
ECONOMIC VITALITY AND INNOVATION
SOCIAL UNITY
TRANSPORTATION AND INFRASTRUCTURE

GENERAL PLAN GOALS

HOUSING

JOB CREATION

TRANSPORTATION

AEROSPACE

PALMDALE BOULEVARD

SUSTAINABILITY

HOUSING

ADU STANDARD PLANS

8 PERSPECTIVE 2

7 PERSPECTIVE 1

6 PERSPECTIVE 2

7 PERSPECTIVE 1

PALMDALE ZONING CODE

ACCESSORY DWELLING UNITS

Source: City of San Jose Planning Department

The following provides an overview of accessory dwelling units (ADUs), the different types and forms that exist, and how they work in the City. Find development standards, the review process, and answers to frequently asked question regarding ADU development.

GLOSSARY

Accessory Structure: A non-habitable structure customarily incidental and subordinate to a principal, structure or use on the same lot. Examples include sheds, gazebos, garages, and the like.

ADU: An additional detached or attached residential dwelling unit which provides complete independent living facilities for one or more persons on the same parcel as a single-family unit.

CODE REFERENCES

- **PMC 17.26.030** (Zoning Clearance Review)
- **PMC 17.37.010** (Detached Single Family Residential Standards)
- **PMC 17.91.010.F** (Accessory Dwelling Unit and Junior Accessory Dwelling Unit Standards)

What is an ADU?

An ADU is an additional detached or attached residential dwelling unit which provides complete independent living facilities for one or more persons. The unit may include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family unit is located.

An ADU can be created through new construction, building additions, or conversion of existing spaces (e.g., converting an attic or detached garage to an ADU). Accessory structures are not considered accessory dwelling units.

CONVERSION

Converted space within a single-family home or accessory structure (e.g., garage)

Types of ADUs

Attached ADU

Attached ADUs are attached but separate from the primary residence and may include separate kitchen and bathroom facilities.

Detached ADU

Detached ADUs are separate from the primary residence and include separate kitchen and bathroom facilities.

Junior ADU (JADU)

JADUs are no more than 500 square feet and are created within the walls of an existing or proposed single-family home. JADUs contain a basic kitchen and may share central systems or bathroom facilities with the primary residence.

ATTACHED

A new unit attached to a single-family home (may include converted space)

DETACHED

New freestanding unit with a single-family home

JADU

Smaller unit of up to 500 square feet in a single-family home

MULTI-FAMILY

A new detached, conversion, or attached unit with a multi-family building

New Construction Converted Space

CITY OF PALMDALE

CÓDIGO DE ZONIFICACIÓN DE PALMDALE

UNIDADES DE VIVIENDA ACCESORIAS

Source: City of San Jose Planning Department

A continuación se proporciona una descripción general de las unidades de vivienda accesorias (ADU, por sus siglas en inglés), los diferentes tipos y formas que existen y cómo funcionan en la ciudad. Encuentre normas de desarrollo, el proceso de revisión y las respuestas a preguntas frecuentes sobre el desarrollo de ADU.

GLOSARIO

Estructura accesoria: una estructura no habitable habitualmente incidental y subordinada a una estructura o uso principal en el mismo lote. Los ejemplos incluyen cobertizos, gazebos, garajes y similares.

ADU: una unidad de vivienda residencial adicional, independiente o adjunta, que proporciona instalaciones habitables independientes completas para una o más personas en la misma parcela que una unidad unifamiliar.

REFERENCIAS DE CÓDIGO

- **PMC 17.26.030** (Zoning Clearance Review)
- **PMC 17.37.010** (Detached Single Family Residential Standards)
- **PMC 17.91.010.F** (Accessory Dwelling Unit and Junior Accessory Dwelling Unit Standards)

Qué es una ADU?

Una ADU es una unidad de vivienda residencial adicional, independiente o adjunta, que proporciona instalaciones habitables independientes completas para una o más personas. La unidad puede incluir provisiones permanentes para vivir, dormir, comer, cocinar y saneamiento en la misma parcela donde se encuentra la unidad unifamiliar.

Se puede crear una ADU a través de nuevas construcciones, adiciones de edificios o conversión de espacios existentes (por ejemplo, la conversión de un ático o garaje independiente en una ADU). Las estructuras accesorias no se consideran unidades de vivienda accesorias.

CONVERSIÓN

Espacio convertido dentro de una casa unifamiliar o estructura accesoria (por ejemplo, garaje)

Tipos de ADU

ADU adjunta

Las ADU adjuntas están adosadas pero separadas de la residencia principal y pueden incluir instalaciones de cocina y baño independientes.

ADU independiente

Las ADU independientes están separadas de la residencia principal e incluyen instalaciones de cocina y baño independientes.

Junior ADU (JADU)

Las JADU no tienen más de 500 pies cuadrados y se crean dentro de las paredes de una vivienda unifamiliar existente o propuesta. Las JADU contienen una cocina básica y pueden compartir sistemas centrales o instalaciones de baño con la residencia principal.

Nueva construcción Espacio convertido

ADJUNTA

Una nueva unidad adjunta a una casa unifamiliar (puede incluir espacio convertido)

INDEPENDIENTE

Nueva unidad separada con casa unifamiliar

JADU

Unidad más pequeña de hasta 500 pies cuadrados en una casa unifamiliar

MULTIFAMILIAR

Una unidad nueva independiente, reconvertida o adjunta con un edificio multifamiliar

CITY OF PALMDALE

JOB CREATION/AEROSPACE

TRANSPORTATION

PALMDALE BOULEVARD

SUSTAINABILITY

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

BUILDING AND SAFETY DIVISION

ROLES AND RESPONSIBILITIES

- PROCESS BUILDING PERMIT APPLICATIONS AND PAYMENTS
- PLAN REVIEW
- BUILDING INSPECTIONS
- PARTICIPATE IN DEVELOPMENT ADVISORY BOARD MEETINGS
- COORDINATE WITH DEVELOPERS AND ASSIST CUSTOMERS OVER THE COUNTER
- MAINTAIN COMPLIANCE WITH FEDERAL AND STATE LEGISLATION

BUILDING AND SAFETY STATS 2023

Applications Processed	Plan Reviews	Inspections Performed	ADUs	Multi-family Single-family
6,502	5,120	24,894	76	197

PROJECTS

Raising
Cane's
1109

HAPPY HOURS
HAPPY HOURS
BAR & GRILL

COMING IN 2024

TRADER JOE'S®
Site Name: SoCAL II / Palmdale DC
Project Name: #K223049
IF YOU SEE DUST COMING FROM THIS PROJECT CALL:
Jeremiah Mead- Superintendent (714) 497-8524
If you do not receive a response, Please call
The Antelope Valley AQMD at 1-877-723-8070

WOODSPRING SUITES

CHOICE HOTELS

ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

MEASURE AV AD HOC COMMITTEE

Annual Report

Report Period: July 1, 2022 – June 30, 2023

Measure AV Oversight Committee Members

Members	Title	Term Expires
Cyndi Garcia	Chair	April 2025
Judy Vaccaro-Fry	Vice Chair	April 2025
Steve Angebrandt	Committee Member	April 2025
Chuck Murphy	Committee Member	April 2025
Rick Carr	Committee Member	April 2025
Barbara Smart	Committee Member	April 2025
Marina Hickerson	Committee Member	April 2025

Summary of Committee Responsibilities

- Ensure all funds from the three-quarter cent sales tax are spent to maintain essential City services
- Prepare an annual written report setting forth the purposes for which Measure AV funds were expended in the preceding year and the amount spent in each category

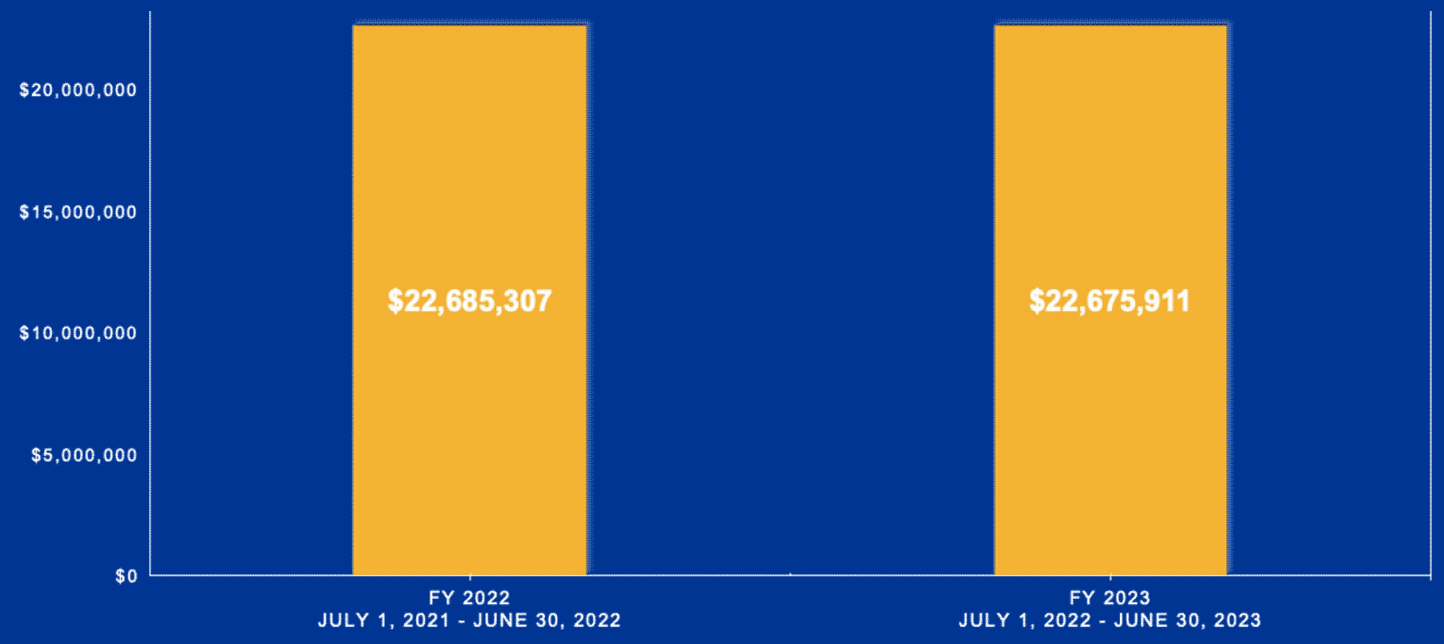
Committee Meeting Dates

2022	2023
July 27	January 25
September 28	March 22
November 30	May 31

Ordinance 1549

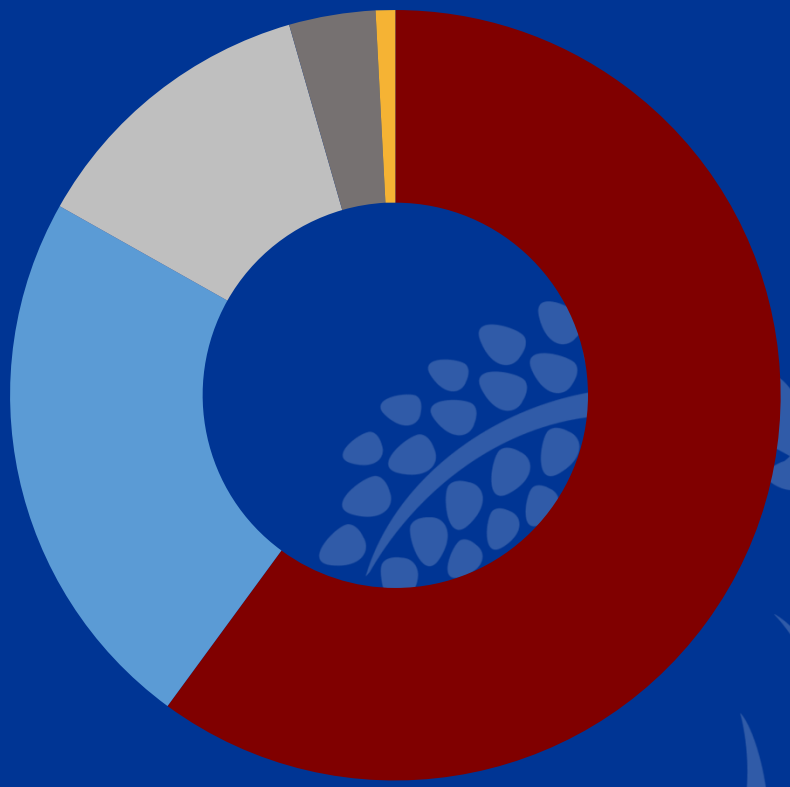
- Ordinance 1549 states that “all of the proceeds from the [measure] shall be placed in the City’s general fund and be available for any legal municipal purpose”
- Measure AV is subject to Ordinance 1549
- The City Council appointed a seven-member Oversight Committee in accordance with Ordinance 1549

Revenue Totals by Fiscal Year



Expenditures

Category	Total
Public Safety	$9,690,491
Beautification/ Infrastructure/CIP	$3,726,020
Community Programs	$1,999,919
Economic Development	$584,954
Administrative Costs	$131,694



Measure AV Dollars at Work

Public Safety

“Maintain 911 emergency response times.”

LOW-COST

SPAY/NEUTER

PROGRAM FOR CITY OF PALMDALE RESIDENTS FUNDED BY MEASURE AV

ESTABLISHED JUNE 8, 2022

Beautification, Infrastructure and CIP

Battlefield Cross Monument at Poncitlán Square

Yellen Park – Phase II

SAY IT, DON'T SPRAY IT!

CITY OF PALMDALE

www.CityofPalmdale.org/ReportGraffiti

"Say It, Don't Spray It" campaign is a multi-faceted effort by City staff and partners to combat the vandalism in the City of Palmdale, which includes:

- Two graffiti removal trucks purchased – valued at $287,430
- Numerous volunteer events
- Distribution of 55 – $35 Dunn Edwards gift cards to victims of graffiti
- Citywide marketing campaign
- Supplement removal services contract

103 signal boxes wrapped with graffiti resistant coating

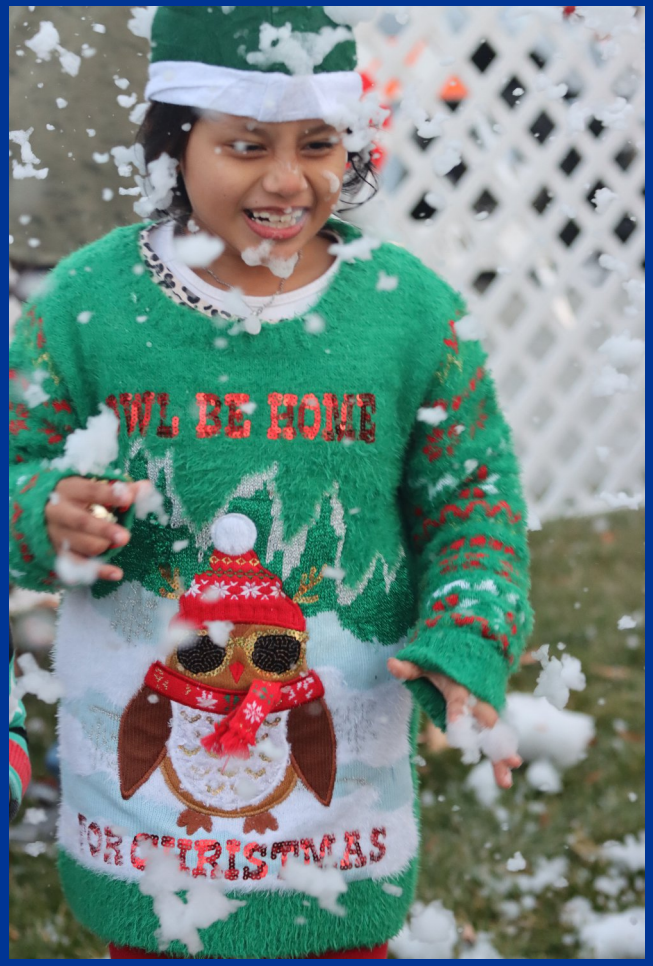
Soil conditioning for new turf at Poncitlán Square

Sam Yellen Park soccer field renovation

Domenic Massari Park soccer field renovation

Repainting Civic Center fixtures

Community Programs



***New!* Jolly Holiday on the Square**

Featuring:

- Live music
- Visits with Santa and Mrs. Claus
- Photo booths
- Carnival games
- Snow play

Legacy Commons for Active Seniors

Legacy Commons allows adults aged 55 and up to remain young at heart with a wide range of drop-in recreational activities in a modern, contemporary center.

Programs include:

- Billiards
- Tai Chi
- Indoor Power Walking
- Karaoke for All

SAVES

2,067 motel nights

12,111 individuals assisted with food and/or shelter (unduplicated number)

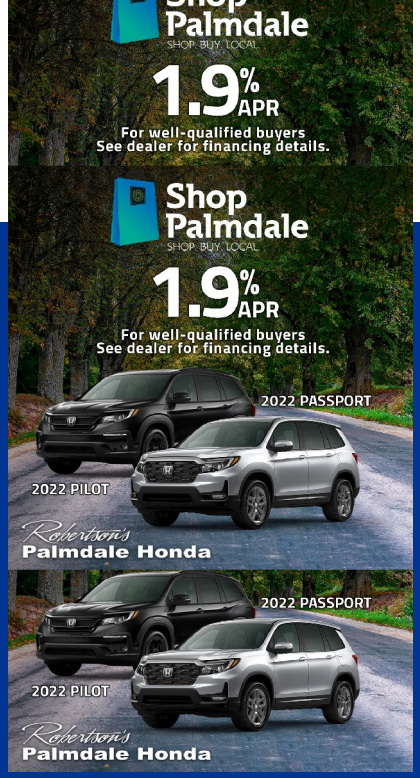
372,260 meals

20,014 food orders

1,020,648 lbs. of in-kind food donations (937,137 lbs. are rescue food from local vendors)

10 local community partners receive food donations from SAVES

Economic Development



Shop Palmdale

- Partnered with eight auto dealerships in the Palmdale Auto Mall on a joint match marketing campaign

Business of the Week

- Partnered with Lamar Advertising and over 30 local small businesses

film palmdale

Palmdale Film Stage

- Palmdale is in the secondary TMZ filming zone
- The Strategic Plan for Film Palmdale was presented to the Council on December 6, 2023.
- Open for rentals and student filming

Thank You

FUNDED BY

MEASURE AV

PUBLIC SAFETY · INFRASTRUCTURE · COMMUNITY PROGRAMS · ECONOMIC DEVELOPMENT

Making a Positive Impact in Our Community

#Palmdale CARES

Joint Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**
HONORABLE CHAIR AND COMMISSIONERS
HONORABLE CHAIR AND MEMBERS
HONORABLE CHAIR AND DIRECTORS

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORTS FOR THE YEAR ENDED JUNE 30, 2023, FOR THE CITY OF PALMDALE, THE HOUSING AUTHORITY OF THE CITY OF PALMDALE, THE PALMDALE CIVIC AUTHORITY, THE PALMDALE FINANCING AUTHORITY, AND THE PALMDALE COMMUNITY FOUNDATION**

RECOMMENDATION

Staff recommends that the City Council receive and file the independent auditor's unmodified (clean) report for the City's Annual Comprehensive Financial Report for the Year Ended June 30, 2023, for the City of Palmdale, the Housing Authority of the City of Palmdale, the Palmdale Civic Authority, the Palmdale Financing Authority, and the Palmdale Community Foundation.

BACKGROUND

The Annual Comprehensive Financial Report (ACFR) communicates the City's financial condition and activity for the Year Ended June 30, 2023. Overall, the City's operations show signs of stability, a result of the City of Palmdale's prudent and sound management practices and efforts. The most important fact to note is that management will remain diligent and continue to recommend caution during this time of uncertainty. The following is an explanation of some key indicators shown in the ACFR.

The City contracted with Eide Bailly, LLP, to perform the annual audit of the City's financial transactions for the Year Ended June 30, 2023. The independent auditors' unmodified (clean) report provides the assurance that the ACFR and audited information within present fairly the City's financial position for the Year Ended June 30, 2023.

The ACFR is used to communicate the City's financial condition and activity transparently and organized. The report presents historical and comparative information useful to City staff, elected officials, and external users, such as debt rating agencies, businesses, other public agencies, and the City's residents. The most recent ACFR and several prior year reports are available at the City Library and on the City's website at: https://cityofpalmdale.org/293/Financial-Reports.

The quality of the City's work and the ACFR is measured in two ways: (1) a clean audit report by the independent auditors and (2) the Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers' Association of the United States and Canada (GFOA). The attainment of the latter is the highest form of recognition in governmental accounting and financial reporting. A clean audit report is defined as one without audit-related findings. The City has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association of the United States and Canada for thirty-two consecutive years.

The format and content of the ACFR document are prescribed mainly to meet governmental accounting standards. In an effort to make this complicated and extensive document more user-friendly, staff have provided a more in-depth explanation of the ACFR in the staff report.

DISCUSSION

The City's ACFR includes the following major sections and information:

Introductory Section

- Letter of Transmittal (Pages i-vii) – prepared by management and used to communicate information on areas that may impact the City's finances now and in the future. This includes economic factors as well as budget and management factors.

Financial Section (the main body of the ACFR for current-year information)

- Independent Auditor's Report (pages 1-4) – The City's report card on the content of the ACFR.

- Management's Discussion and Analysis (MD&A) (pages 5-19) – provides an analytical overview of the City's financial status.

- Basic Financial Statements – show finances at a point in time (assets – liabilities) and throughout the year (revenues – expenses, and budget to actual revenues and expenditures).

- City-Wide Statements (pages 20-22) – overview of financial information.

- Fund Financial Statements (pages 26-27) – a detailed look at funds, showing Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

- Budget to Actual Comparisons (pages 28-32) – for the General Fund and other select major funds.

- Proprietary Fund Financial Statement (pages 33-35) – shows finances for Internal Service Funds.

- Fiduciary Fund Financial Statement (pages 36-38) – shows finances for Custodial Funds, Retiree Health Premium Trust Funds and Private-purpose Trust Funds.

- Notes to the Financial Statements (pages 39-96) – a narrative explanation accompanying the Basic Financial Statements.

Required Supplementary Information Sections

- Pension Information (pages 99-98) – information on changes in Net Pension Liability and related ratios and schedule of contributions.

- Other Post Employment Defined Benefit information (OPEB) (pages 99-100) – information on changes in Net OPEB Liability and related ratios and schedule of investment returns.

- Combining Financial Statements (pages 105-120) - A detailed schedule of the non-major individual funds for funds that were presented cumulatively in the Financial Section.

- Budget to Actual Comparisons (pages 121-164) – for the non-major funds cumulated in the Financial Section.

- Combining Financial Statements (pages 165-167) – for internal service funds presented cumulatively in the Financial Section.

- Combining Financial Statements (pages 168-174) – for fiduciary funds presented cumulatively in the Financial Section.

Statistical Section (current and historical information starting at page 175 – up to 10 years)

- Financial Trends
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information

Overview of the Citywide Net Position

The Statement of Net position, similar to a balance sheet, shows the total assets and liabilities of the City as of June 30, 2023. The total net position (assets less liabilities) was $929.7 million. Net position is broken into three categories: capital, restricted, and unrestricted.

- Net Investment in Capital Assets *($609.7 million)*

  Capital is the largest of the three categories and is net of depreciation and debt. Capital assets include land, buildings, improvements, infrastructure and utility systems, and construction in progress.

- Restricted Net Position *($236.2 million)*

  These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments. Approximately 26.7 percent of this amount is restricted to affordable housing, and 68.2 percent is restricted to committed projects such as streets, sewer, and drainage public service projects. The remaining amount is committed to debt obligations and community projects.

- Unrestricted Net Position *($83.8 million)*

  These assets may be used to meet the government's ongoing obligations to citizens and creditors. These assets are made up of positive unrestricted balances of $69,083,182 in the General Fund.

- Liabilities and Deferred Inflows of Resources *($187.9 million)*

  - The short-term liabilities totaling $53.1 million are considered current and payable within a year and consist of unpaid expenditures, accrued

salaries, unearned revenue, and accrued due within the year. Non-current liabilities totaling $134.3 million are the largest component of the City's liabilities. The deferred inflows of resources consist of resources related to pensions and other post-employment benefits, and deferred inflows from leases totaling $ .5 million.

- The long-term liabilities consist of $48.4 million balances owed on bonds issued to fund redevelopment projects and various city, building, and park improvements. The remainder of the long-term liabilities were comprised of Notes Payable for Streetlight Acquisition totaling $8.5 million, Capital Leases Payable for Equipment Leases, Section 108 HUD Loan, HOME Loan, Bill Financing with Southern California Edison, and $10.9 million on unpaid liability claims and compensated balances. More information on the debt can be found in the Notes to the Financial Statements (Notes) section starting on page 39. The second largest component of long-term liabilities consists of the Net Pension Liabilities totaling $58.6 million for future unpaid retirement benefits due to employees. A detailed explanation of the net pension liability is included in the Notes section. (Note 15 pages 79 through 82).

- Schedules of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions can be found on pages 97 and 98 of the Required Supplementary Information Section. Schedules of Changes in the City's Net Other Postemployment Benefits (OPEB) Liability and Related Ratios can be found on pages 99 and 100 of the Required Supplementary Information Section.

- Cash and Investments

  The ACFR also includes detailed information on the City's cash and investments. As of June 30, 2023, the City had $340.5 million in total cash and investments. More information on cash and investments can be found in the Notes Section on page 49.

- General Fund Balance

  The General Fund balance is a good measure of the City's financial health. As presented in the Basic Financial Statements, the City's General Fund (page 24) had a balance of $92.6 million as of June 30, 2023. The balance consists of several categories, as follows:

  - $2.6 million nonspendable, resources not in a spendable form such as permit held for development, prepaids, and long-term receivables.

- $7.8 million restricted resources subject to externally enforceable legal restrictions such as donations and grants.

- $13.1 million assigned resources that are constrained by the City's intent to be used for a specific purpose, such as covering the City's self-insured liability claims and healthcare claims liabilities and unpaid accrued employee compensated absence balances.

- $69.1 million in unassigned resources that can be used for ongoing obligations of the City.

The City's 2023-24 budget projects continuing operating revenues aligning with the continuing operating expenditures while the unassigned fund balance resources are used to maintain an operating reserve and set aside reserves for purposes considered most volatile and complex to forecast. The City's policy is to maintain a minimum General Fund reserve of 20 percent of operating expenditures. The operating reserve is projected to be 20 percent on June 30, 2024, while reserves are also set aside for future contingent liability requirements, capital replacement requirements, information technology replacements, and infrastructure improvement requirements.

Once approved, the Annual Comprehensive Financial Report will be mailed to all trustees for bond issues, Moody's, Standard and Poor's, State of California, County of Los Angeles, and any other agencies requesting the information.

FISCAL IMPACT

$0; There is no fiscal impact associated with this action.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Rpt City of Palmdale Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2023
Rpt Housing Authority of the City of Palmdale Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2023
Rpt Palmdale Civic Authority Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2023
Rpt Palmdale Financing Authority Annual Comprehensive Financial Report (ACFR) for the Year Ended June 30, 2023
Rpt Palmdale Community Foundation Financial Statements for the Year Ended June 30, 2023

CITY OF PALMDALE

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Annual Comprehensive Financial Report

CITY OF PALMDALE, CALIFORNIA • YEAR ENDED JUNE 30, 2023

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Annual Comprehensive Financial Report

City of Palmdale, California

Year Ended June 30, 2023

Prepared By:
Finance Department
Janelle Samson, Director of Operations

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Introductory Section

Palmdale, California

Year Ended June 30, 2023

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PALMDALE

a place to call home

January 29, 2024

LAURA BETTENCOURT
Mayor

ANDREA ALARCÓN
Mayor Pro Tem

RICHARD J. LOA
Councilmember

AUSTIN BISHOP
Councilmember

ERIC OHLSEN
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

TDD: 661/267-5167

Honorable Mayor, Members of the City Council,
and Citizens of the City of Palmdale:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Palmdale for the fiscal year ended June 30, 2023. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed, certified public accountants.

This report consists of management's representations concerning the finances of the City of Palmdale. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Palmdale's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to opine on whether the City's financial statements for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examination on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of

Palmdale's basic financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The City of Palmdale's Management's Discussion and Analysis (MD&A) can be found immediately following the report of the independent auditors.

Palmdale Profile

The City of Palmdale was incorporated on August 24, 1962, and became a charter City in November 2009. The City is located 60 miles north of Los Angeles, situated in the high desert at an elevation of 2,600 feet with an average mean temperature of 72 degrees Fahrenheit. Palmdale is an upper-middle class community, with a median household income of $78,414 in 2022, comparable to Los Angeles at $76,244. Palmdale residents enjoy a comfortable hometown feel with a strong family orientation, an excellent education system, and abundant opportunities in a safe environment.

There are 88 cities in Los Angeles County, with a total population of 10 million. Palmdale is the sixth-largest and one of the fastest-growing cities in the county. The City currently occupies a land area of 104 square miles and serves a population of 165,917. The City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

Palmdale is a Charter City governed under the council/manager form of local government. It is divided into five geographic areas, and voters in each district elect one council representative who also lives in that district. All Council seats serve four-year terms. The Mayor and Mayor Pro-Tem serve on a rotational basis and rotate at the December meeting each year.

The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager serves at the pleasure of the City Council, administers the City's affairs, oversees the day-to-day operations of the government, appoints department heads, and carries out policies and ordinances established by the Council.

The City provides the following municipal services:

Building Services	Parks and Recreation	Public Safety
Economic Development	Human Resources	Public Works & Utilities
Engineering	Planning & Zoning	Environmental Programs
Finance and Information Technology	Library	Affordable Housing

The annual budget serves as the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriations to the City Manager on or before March 31 each year. The City Manager uses these requests to develop a proposed budget, then presents the proposed budget to the Council for review prior to May 31. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. The appropriated budget is by fund and department. Department heads may make transfers of appropriations within a department.

The accompanying Annual Comprehensive Financial Report includes the financial activities of the City of Palmdale, the primary government, and its component units, which are the Palmdale Civic Authority, Palmdale Financing Authority, Housing Authority of the City of Palmdale, Palmdale Community Foundation, and Industrial Development Authority of the City of Palmdale. Financial information for the City and the component units is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board.

Factors Affecting Financial Condition

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

Local Economy

Palmdale is charting a dynamic course toward a future defined by innovation, opportunity, and strength. The City's community-minded, business-driven approach continues to attract new developments and businesses, which bolsters our local economy and enables ongoing enhancements to our community.

To foster growth and flexibility, the City Council approved the first comprehensive General Plan Update in over two decades in September 2022. This update solidified the City's commitment to enhancing livability, supporting businesses, strengthening partnerships, and creating flexibility for developers. In March 2023, the City Council approved an updated zoning ordinance to further solidify the vision of the General Plan by streamlining processes and ensuring the use of best practices.

Palmdale celebrated the addition of 217 new businesses, including the opening of Nothing Bundt Cakes, Sprouts, Pier 88, Skechers, and Pilot Flying J. The City's unwavering commitment to small business support and training persisted, leading to the successful launch of the Small Business

Assistance program in August 2022, which included the Business of the Week marketing program. The program also included free courses in accounting, in partnership with the Small Business Development Center, to support the longevity and success of the City's many small businesses. In January 2023, Phase II of the program was launched to provide grants for businesses still struggling from the negative impacts of the pandemic.

In collaboration with the Palmdale Auto Mall, the first public/private partnership for public art was created. The striking new sculpture, titled "Revolution," was unveiled in December 2022, and now graces the Palmdale Auto Mall. Enhancing the community's aesthetic and cultural landscape, it serves as a captivating testament to the synergy between public and private entities.

The City is currently processing over 11 million square feet of industrial space, creating thousands of new jobs. Noteworthy among these is the Trader Joe's Distribution Center, a $200 million investment covering 108 acres, expected to generate nearly 1,000 job opportunities.

As the first step toward meeting the City's goal of attracting filming opportunities and supporting the film industry, the Palmdale Film Stage opened in February 2023. At 6,000 square feet, this versatile film stage is designed to accommodate a diverse range of productions and is the first of several initiatives being undertaken to support the future growth of the film industry in Palmdale.

With job opportunities surging, the demand for quality housing is being met with nearly 5,400 new residential units in the pipeline to accommodate a variety of housing categories, income levels and life stages.

Long-Term Financial Planning

As part of its land use planning process, the City's completed General Plan is at the top of the City's land use regulation hierarchy. It is the foundation for most of the Council's budgeting decisions in terms of capital facilities, staffing, programs, utility infrastructure, and levels of service; it establishes a land use pattern for areas beyond City limits; it provides the vision and guidance for capital improvements and the development of City infrastructure; and it is used to create development impact fees and provides the basis for environmental analysis of the growth of the City. The plan is intended to guide development for a period of 10 years and will be the basis of the City's annual 5-year operating and capital forecast.

To finance current growth, the City has a variety of user and developer fees in place to pay for streets, parks, and sewer lines. The City reviews these fees on an annual basis to ensure that the fee structure is in line with the

cost of construction. As growth in the City's economically sensitive revenues remained on pace with a solid fiscal year 2022-23, the City's focus is to maintain the long-term health of the organization in order to deliver needed services to our residents. We continue to preserve the City's ability to respond to external financial challenges such as continued increases in the law enforcement contract, required pension contributions, and healthcare costs, as well as federal and state funding uncertainty.

The City provides necessary funding for essential services for City Council and community-identified priorities while taking necessary steps to ensure the City remains in good financial health. The City prepares extended forecasts for the General Fund twice a year to determine the future impact of current actions. These forecasts indicate that expenditures are growing at a pace greater than revenues. The General Fund is expected to remain stable over the next few years, primarily as a result of the passage of Measure AV sales tax and an increase in federal and state funding.

The City maintains a General Fund balance sufficient to provide for various identified contingencies, as well as an established operating and capital reserve. In addition, the General Fund contributes annually to reserves set aside for future contingent liability requirements, capital replacement requirements, computer technology replacements, infrastructure improvement requirements, and an economic sustainability fund for future downturns in the economy. The City's Capital Improvement Program (CIP) is a component of the annual budget process that addresses the City's short- and long-term capital needs. Just as important, the CIP emphasizes a plan of action that effectively maintains the existing infrastructure to a sound physical standard as well as providing new facilities and infrastructure to support current growth and new development.

Strategic Plan

The City of Palmdale's Strategic Plan establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting to forecast and actively communicate challenges and opportunities before they arise.

The City Council's goals are predicated on the understanding that investments in financial, physical, and staff resources today ensure the community's quality of life is preserved and enhanced in the future. Preparing for an uncertain future requires consideration of a wide range of factors as well as direct and indirect influences on the City providing the community's desired service level on a sustainable basis. Long-term financial planning involves financial forecasting and strategizing how to meet both current and future needs of the community.

The Strategic Plan, in conjunction with the detailed Business Plans, will continue to serve as a roadmap for our organization and the framework for our important programming and budgetary decisions. Processes involving strategic planning allow the City the opportunity to not only reflect on five decades of growth and success, but also to revisit its focus for the future. Creating a successful future in Palmdale will depend on continued implementation of the Strategic Plan, as well as making necessary adjustments that will sustain the City in the years and decades ahead.

Award and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Palmdale for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the 32nd consecutive year that the City received this prestigious award. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. I believe that our current ACFR continues to meet the Certificate of Achievement program's requirements, and I am submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the Excellence in Operational Budgeting Award from the California Society of Municipal Finance Officers (CSMFO) and the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the fiscal year 2021-2022 Budget.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Operations Department - Finance Division. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council members, and the City Manager for their support in maintaining the highest standards of professionalism in the management of the City of Palmdale's finances.

Respectfully submitted,

Janelle Samson

Janelle Samson
Director of Operations/City Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Palmdale
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

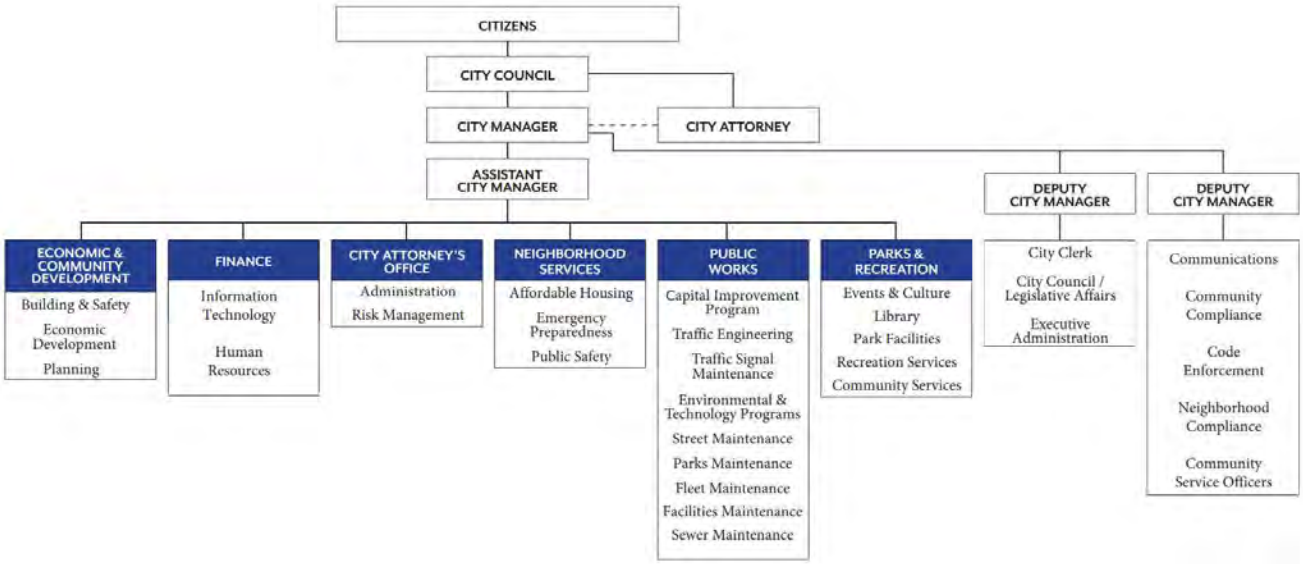
June 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF PALMDALE

ORGANIZATIONAL STRUCTURE



City Officials

Year Ended June 30, 2023

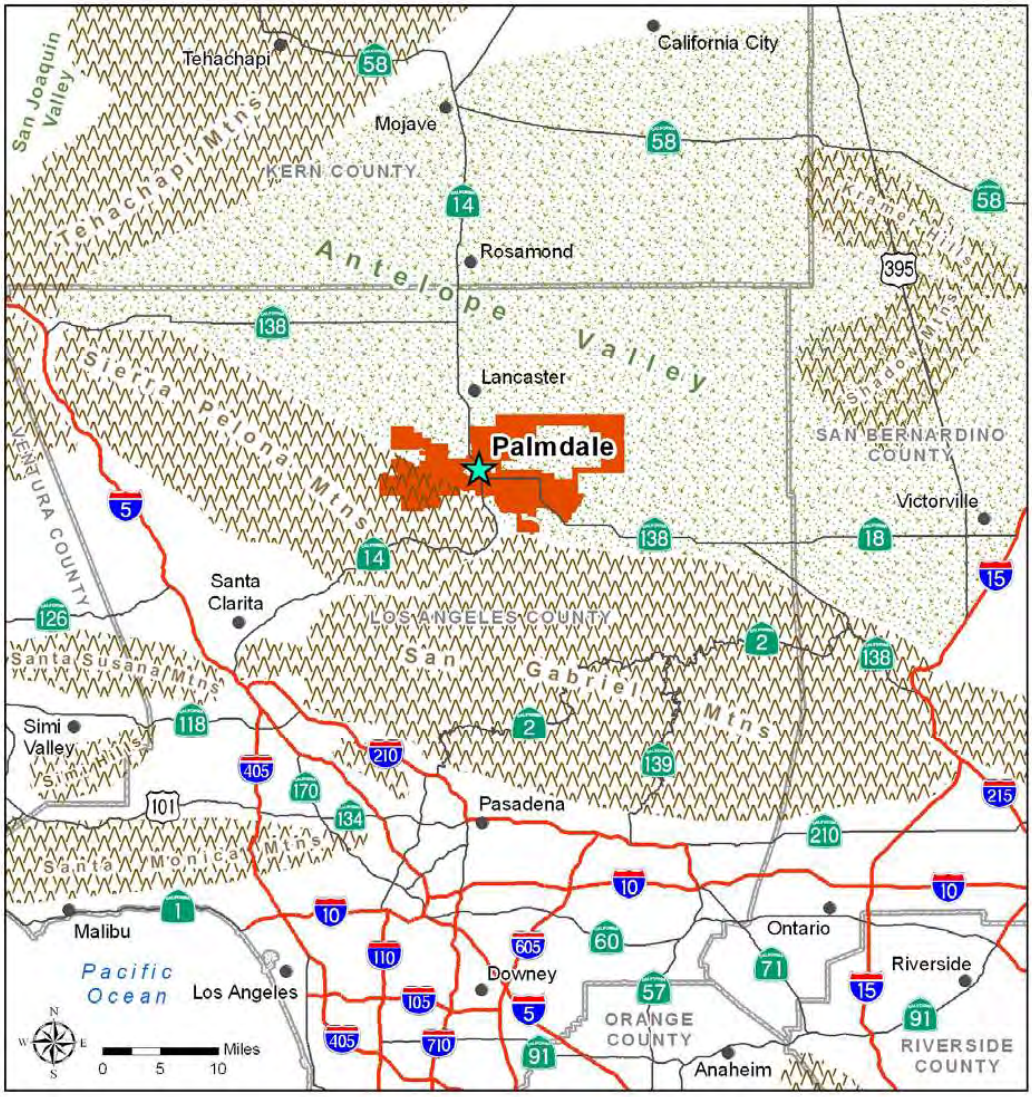
City Council

Laura Bettencourt	Mayor
Andrea Alarcón	Mayor Pro Tem
Austin Bishop	Councilmember
Richard J. Loa	Councilmember
Eric Ohlsen	Councilmember

Administration and Department Heads

City Manager	Ronda Perez
Assistant City Manager	Michael Miller
Interim City Attorney	William P. Curley
Deputy City Manager	Sara Gallagher
Deputy City Manager	Nardy Lopez
Director of Economic & Community Development	Luis Garibay
Director of Finance	Janelle Samson
Director of Parks & Recreation	Keri Smith
Director of Neighborhood Services	Sophia Reyes
Director of Public Works	Lynn Glidden

LOCATION MAP



The beautiful Antelope Valley, situated at the northern tip of Los Angeles County, is bounded by the Tehachapi Mountains in Kern County to the north, the Angeles National Forest and Santa Clarita Valley to the west, the San Gabriel Mountains to the south, and a long expanse of high desert stretching all the way to Victorville, in San Bernardino County, to the east. The City of Palmdale, encompassing 103 square miles, sits at the southern end of the Antelope Valley at an elevation of 2,600 feet.

Financial Section

Palmdale, California

Year Ended June 30, 2023

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable City Council of
The City of Palmdale
City of Palmdale, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Palmdale, California (the City), as of and for the year ended June 30, 2023, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each of the major special revenue funds 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 (*Government Auditing Standards*). 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.

Adoption of New Accounting Standard

As discussed in Notes 1, 12 and 21 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities and aggregate remaining fund information as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the City's net pension liability and related ratios, schedule of contributions, schedules of changes in net OPEB liability and related ratios, and schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

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City of Palmdale

Management's Discussion and Analysis

As management of the City of Palmdale, we offer readers of the City of Palmdale's financial statements this narrative overview and analysis of the financial activities of the City of Palmdale for the Fiscal Year Ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The Assets and Deferred Outflows of Resources of the City of Palmdale exceeded its Liabilities and Deferred Inflows of Resources at the close of Fiscal Year Ending June 30, 2023, resulting in a Total Net Position of Governmental Activities of $929,738,354. The City's Change in Net Position of Government Activities increased in Fiscal Year 2022-23 by $32,418,470 or 3.6 percent. Further details on reported Fiscal Year Net Position are discussed on page 16.

- Included in the Statement of Net Position, the Total Net Position amount was a result of Total Assets increased to $1,098,871,921; Deferred Outflows of Resources reported a balance of $18,760,726 for an increase of $11,963,811 or 176.0 percent; Total Liabilities increased by 23.8 percent to $187,393,089; and Deferred Inflows of Resources decreased by 96.8 percent to $501,204.

- Within Total Net Position, the Net Investment in Capital Assets was reported as $609,762,857, Restricted Net Position was reported as $236,174,325, and Unrestricted Net Position reported as $83,801,172. Unrestricted Net Position increased by 84.4 percent and may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of Fiscal Year 2022-23, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $351,146,730, an increase of $41,193,067 in comparison with the Prior Year. Of the Total Ending Fund Balance of $351,146,730, the General Fund Balance was $92,576,320 or an increase of $19,306,819 from the prior fiscal year. Of the $92,576,320 General Fund Balance, Nonspendable Fund Balance was $2,569,673, Restricted Fund Balance was $7,830,725, Assigned Fund Balance was $13,092,740 and Unassigned Fund Balance was $69,083,182. Details are discussed on page 24.

- The City of Palmdale's Total Governmental Long-Term Liabilities increased by $54,107,594 or 67.5 percent, during the Fiscal Year Ended June 30, 2023. The increase is primarily due to increases in the City's net pension liability. During Fiscal Year 2022-23, Additions and Retirements offsetting the increase in liabilities included:

  - Compensated Absences Additions of $2,404,974 and Retirements of $1,954,936;

  - Self-Insurance Liability Claims Additions of $2,942,055 and Retirements of $4,970,777;

  - Lease Payable Additions of $66,285 and Retirements of $97,943;

  - Bonds Payable Additions of $0 and Retirements of $4,241,869; and

  - Note Payable Additions of $0 and Retirements of $1,341,772

City of Palmdale

Management's Discussion and Analysis

Overview of the Financial Statements

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

(1) Government-Wide Financial Statements,

(2) Fund Financial Statements, and

(3) Notes to the Financial Statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Palmdale's finances, in a manner similar to a private-sector business. General Fund and Special Revenue Funds are the two types of governmental funds that will present financial statements in this grouping. General Fund is primarily an operating fund that is classified as a Major Fund. Special Revenue Funds are used to account for specific revenues that are restricted or committed to a specific program.

The *Statement of Net Position* presents information on all of the City of Palmdale's Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources, with the difference reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Palmdale is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's Net Position changed during the most recent fiscal 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. Therefore, Revenues and Expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the Government-Wide Financial Statements distinguish functions of the City of Palmdale that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Palmdale include General Government, Public Safety, Public Services, Community Development, Cultural and Recreational, Health and Welfare, and Interest on Debt. During the Fiscal Year, the City launched one business-type activity, a Palmdale Community Choice Aggregate program (Palmdale CCA).

The Government-Wide Financial Statements include not only the City of Palmdale as the primary government, but also a legally separate Palmdale Civic Authority, Palmdale Financing Authority, Housing Authority of the City of Palmdale, and Palmdale Community Foundation. Financial information for these component units is reported on a blended basis. The government-wide financial statements can be found on pages 20-22 of this report.

Fund Financial Statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Palmdale, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Palmdale can be divided into three categories: Governmental Funds, Fiduciary Funds, and Proprietary Funds.

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, the readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities. The Governmental Fund Statements can be found on pages 24 - 26.

The City of Palmdale maintains 46 individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Housing Authority-Housing Asset Fund Special Revenue Fund, the Housing Authority - Facilities Fund Special Revenue Fund, the American Rescue Plan Act Fund (ARPA), and Measure AV fund, all of which are considered to be major funds. Data from the remaining 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of combining statements on pages 105 - 164.

The City of Palmdale adopts an annual appropriated budget for its General Fund, its Housing Authority - Housing Asset Fund - Special Revenue Fund, its Housing Authority Facilities Fund – Special Revenue Fund, its ARPA fund, and its Measure AV fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their respective budgets. The budgetary comparison statements can be found on pages 28 - 32.

Proprietary Funds. Proprietary funds are used to account for activities that receive significant support from fees and charges. The resources of those funds are solely to support the City of Palmdale's own programs. The basic Proprietary Fund Financial Statement can be found on pages 33 - 35.

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 statements because the resources of those funds are not available to support the City of Palmdale's own programs. The basic Fiduciary Fund Financial Statement can be found on pages 37 - 38 of this report.

Notes to the Financial Statements. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes Section provides greater detail on Significant Accounting Policies, Cash and Investments, capitalization consistency, fiscal activities and debt service. Generally accepted accounting principles are used to create the City's financial statements and the Notes Section helps the reader to understand the objective of the financial reporting. The Notes can be found on pages 39 - 96 of this report.

Government-Wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City of Palmdale, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by $928,609,458 as of June 30, 2023.

The City of Palmdale's Net Investment in Capital Assets reflects a balance of $609,762,857. Investment in capital assets is defined as land, buildings, machinery and equipment, infrastructure, and construction in progress, net of Accumulated Depreciation, and less any related debt or deferred outflows of resources used to acquire these assets that is still outstanding. The City of Palmdale capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. And, although the City of Palmdale's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources and the capital assets themselves cannot be used to liquidate these liabilities.

In addition, the City has reported the City's Net Pension Liability and related Deferred Inflows and Outflows in the City's Financial Statements. Additional detailed information can be found in Note (15) of the Notes to the Financial Statements.

Separate sections are included and report:

- Total Assets totaling $1,105,440,244 as a sum of Current and Other Assets of $434,539,771 and Capital Assets of $670,900,473.

- Deferred Outflows of Resources totaling $18,760,726 as a sum of Pension Related Amounts for a future period totaling $18,483,338 and Other Postemployment Benefits Related Amounts totaling $277,388. This section represents a consumption of net position that applies to a future period.

- Total Liabilities totaling $195,090,308 as a sum of Long-Term Liabilities Outstanding (including net pension liability and net OPEB liability) of $141,968,907 and Other Liabilities of $53,121,401.

- Total Deferred Inflows of Resources totaling $501,204 as Other Postemployment Benefit Related Amounts of $164,314 and pension related amounts of $277,671, and lease amounts of $59,219. The Deferred Inflows Related to Pension Liability is the result of GASB 68 and will be recognized in the subsequent measurement period.

- Total Net Position reported totaling $928,609,458 represents a sum of the Net Investment in Capital Assets $609,762,857; Restricted Net Position of $236,174,325; and Unrestricted Net Position of $82,672,276.

City of Palmdale's Net Position

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Primary Government 2023	Primary Government 2022
Assets						
Current and other assets	$ 427,971,448	$ 375,224,928	$ 6,568,323	$ -	$ 434,539,771	$ 375,224,928
Capital assets	670,900,473	682,308,267		-	670,900,473	682,308,267
Total assets	1,098,871,921	1,057,533,195	6,568,323	-	1,105,440,244	1,057,533,195
Deferred outflows of resources						
Pension related amounts	18,483,338	6,326,852	-	-	18,483,338	6,326,852
Other postemployment benefits related amounts	277,388	470,063	-	-	277,388	470,063
Total deferred outflows of resources	18,760,726	6,796,915	-	-	18,760,726	6,796,915
Liabilities						
Long-term liabilities outstanding	134,271,688	80,164,094	7,697,219	-	141,968,907	80,164,094
Other liabilities	53,121,401	71,219,105	-	-	53,121,401	71,219,105
Total liabilities	187,393,089	151,383,199	7,697,219	-	195,090,308	151,383,199
Deferred Inflows of Resources						
Pension related amounts	277,671	15,517,784	-	-	277,671	15,517,784
Other postemployment benefits related amounts	164,314	199,797	-	-	164,314	199,797
Deferred inflows from leases	59,219	91,095	-	-	59,219	91,095
Total deferred inflows of resources	501,204	15,808,676	-	-	501,204	15,808,676
Net position						
Net investment in capital assets	609,762,857	618,136,264	-	-	609,762,857	618,136,264
Restricted	236,174,325	233,562,972	-	-	236,174,325	233,562,972
Unrestricted	83,801,172	45,438,999	(1,128,896)	-	82,672,276	45,438,999
Total net position	$ 929,738,354	$ 897,138,235	$ (1,128,896)	$ -	$ 928,609,458	$ 897,138,235

The City of Palmdale's Restricted Net Position of $236,174,325 represents resources that are subject to external restrictions on how they may be used. The Unrestricted Net Position of $82,672,276 may be used to meet the government's ongoing obligations to citizens and creditors. The Net Investment in Capital Assets is $609,762,857 and is the amount of capital assets net depreciation. At the end of the Fiscal Year, the City of Palmdale is able to report positive balances in Restricted and Unrestricted categories of Net Position for its governmental activities.

City of Palmdale

Management's Discussion and Analysis

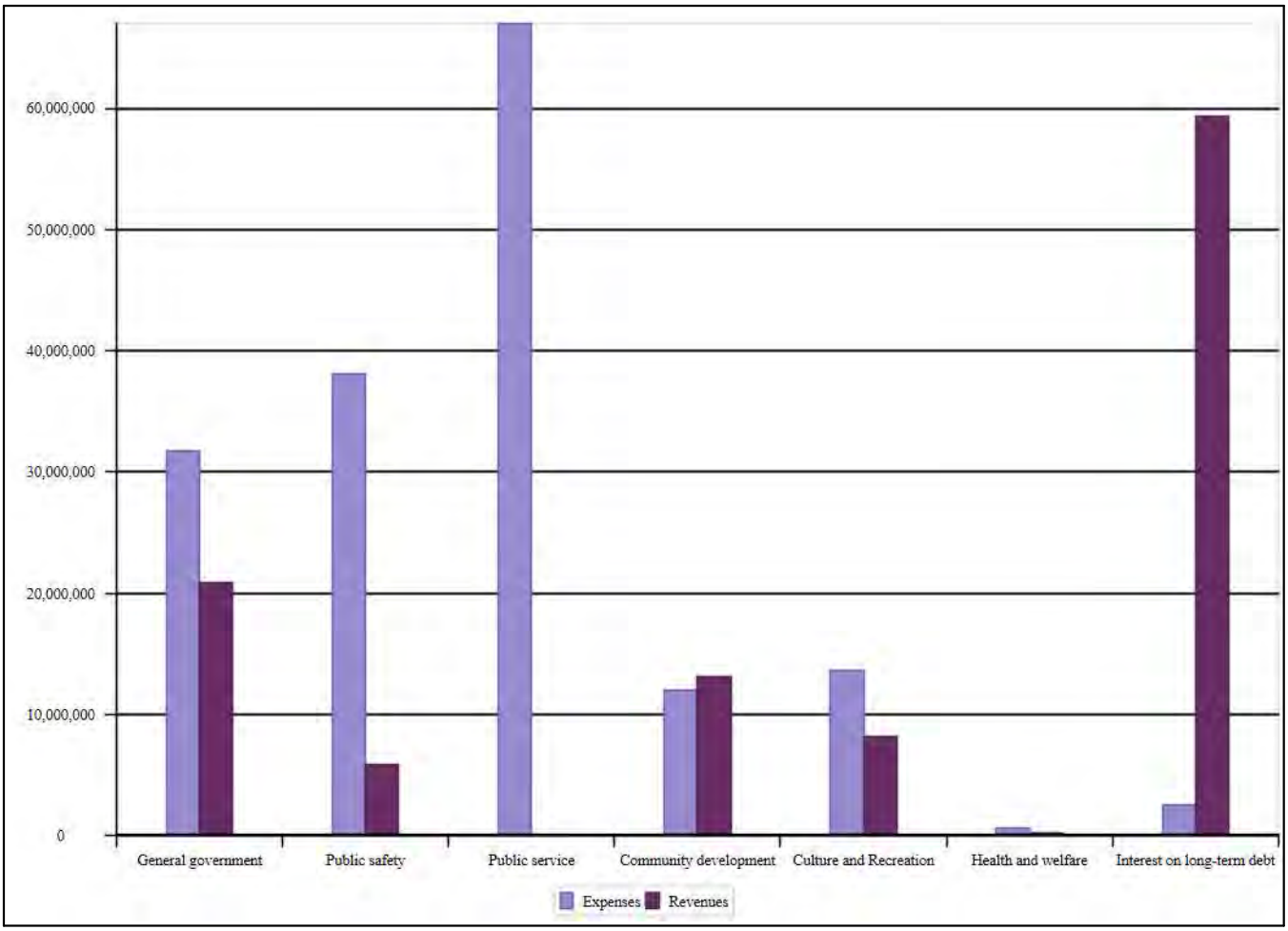
City of Palmdale's Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Primary Government 2023	Primary Government 2022
Revenues:						
Program Revenues:						
Charges for services	$ 54,903,286	$ 54,542,664	$ 29,406,756	$ -	$ 84,310,042	$ 54,542,664
Operating grants and contributions	19,313,133	2,740,434	-	-	19,313,133	2,740,434
Capital grants and contributions	33,403,301	32,939,685	-	-	33,403,301	32,939,685
Total Program Revenues	107,619,720	90,222,783	29,406,756	-	137,026,476	90,222,783
General revenue:						
Property taxes	28,779,848	26,366,000	-	-	28,779,848	26,366,000
Sales and use taxes	50,484,537	50,484,625	-	-	50,484,537	50,484,625
Other Taxes	14,642,731	14,847,593	-	-	14,642,731	14,847,593
Unrestricted investment earnings/(loss)	1,417,412	(7,686,544)	1,321	-	1,418,733	(7,686,544)
Other	2,666,630	697,180	-	-	2,666,630	697,180
Total General Revenues	97,991,158	84,708,854	1,321	-	97,992,479	84,708,854
Total revenues	205,610,878	174,931,637	29,408,077	-	235,018,955	174,931,637
Expenses:						
General government	31,726,963	26,570,018	-	-	31,726,963	26,570,018
Public safety	38,133,053	35,668,009	-	-	38,133,053	35,668,009
Public service	75,322,520	75,158,621	-	-	75,322,520	75,158,621
Community development	12,005,237	9,269,097	-	-	12,005,237	9,269,097
Culture and Recreation	13,634,111	9,648,980	-	-	13,634,111	9,648,980
Health and welfare	588,116	316,031	-	-	588,116	316,031
Transportation	305,266	-	-	-	305,266	-
Interest on long-term debt	2,555,060	2,182,745	-	-	2,555,060	2,182,745
Palmdale CCA	-	-	29,459,055	-	29,459,055	-
Total expenses	174,270,326	158,813,501	29,459,055	-	203,729,381	158,813,501
Transfers	1,077,918	-	(1,077,918)	-	-	-
Change in Net Position	32,418,470	16,118,136	(1,128,896)	-	31,289,574	16,118,136
Net Position, Beginning of Year	897,138,235	881,020,099	-	-	897,138,235	881,020,099
Change in accounting principle GASB 96	181,649	-	-	-	181,649	-
Net Position, Beginning of Year as restated	897,319,884	881,020,099	-	-	897,319,884	881,020,099
Net Position, End of Year	$ 929,738,354	$ 897,138,235	$ (1,128,896)	$ -	$ 928,609,458	$ 897,138,235

Governmental Activities. Governmental activities increased the City of Palmdale's net position by $32,418,470 or 3.61 percent, during the Fiscal Year 2022-23. Key elements of the Governmental activities Net Position increase are as follows:

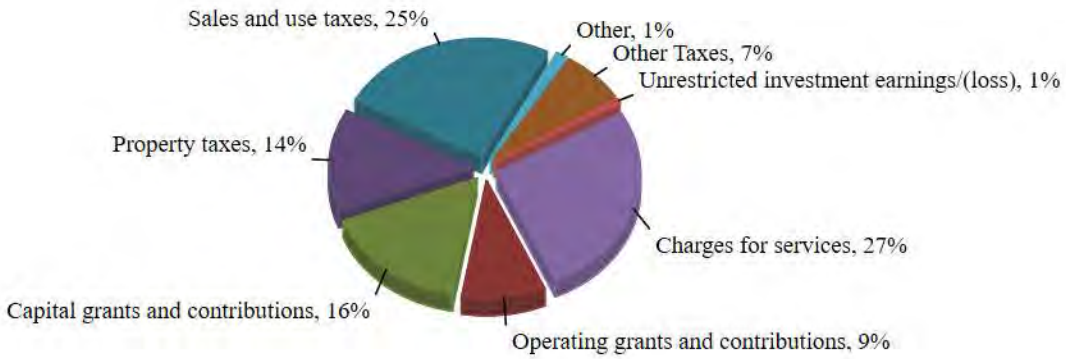
- Charges for Services increased by $360,622 or 0.7 percent primarily due to inflationary pressure.
- Operating Grants and Contributions increased by $16,572,699 or 604.8 percent from the prior fiscal year primarily due to the allocation of American Rescue Plan Act Funds.
- Capital Grants and Contribution proceeds increased by $463,616 or 1.4 percent primarily due capital grants awarded during the year for park improvements and other capital projects.
- The City reported increases in Property Taxes of $2,413,848 or 9.2 percent. The improvement can be attributed to an increase in property values within the City and continued restoration of prior Proposition 8 Property Tax reductions.
- Other Taxes decreased by $204,862 or 1.4 percent as a result of decreases in collections of Franchise Taxes, Transient Occupancy Taxes, Property Transfer Taxes and Business Licenses Fees.
- The City's Unrestricted Investment Earnings increased by $9,103,956 as the result of increase in interest rates due to the Federal Open Market Committee (FOMC) executing its fiscal and monetary policy to reduce inflation down to 2 percent.
- Other Revenue increased by $1,969,450 or 282.5 percent due to the sale of City owned property that occurred during the year.
- General Government expenses increased by $5,156,945, or 19.4 percent primarily due to increases in asset write-offs, salary increases due to increase in City staff, as well as increases in health insurance claims paid during the Fiscal Year.
- Public Safety expenses increased $2,465,044 or 6.9 percent. This is largely due to the budgeted increase in the County Sheriff's contract for services.
- Public Service expenses increased $163,899 or 0.2 percent. This is primarily due to City services increasing for programs such as illegal dumping and graffiti abatement.
- Community Development expenses increased $2,736,140 or 29.5 percent due to an increase in City-owned rental unit operation expenses and an increase in housing development, such as Transit Village community and Homes 4 Families veteran housing.
- Cultural and Recreational expenses increased $3,985,131 or 41.3 percent primarily due to park and water park repairs and refurbishments.
- Health and Welfare expenses increased $272,085 or 86.1 percent due to project studies and demolition expenses.
- Interest on Long-Term Debt increased by $372,315 or 17.1 percent.

Program Expenses and Program Revenues-Governmental Activities



The Statement of Activities reflects total expenses of $174,270,326. Total Revenues in the Statement of Activities for the Year Ended June 30, 2023 were $205,610,878. Of this amount, $107,619,720 of the resources came from Program Revenues, and $97,991,158 came from General Revenues received by the government. The largest revenues are Charges for Services, followed by Sales Tax, Capital Grants and Contributions, Property Taxes, and Other Taxes.

Revenues by Source-Governmental Activities

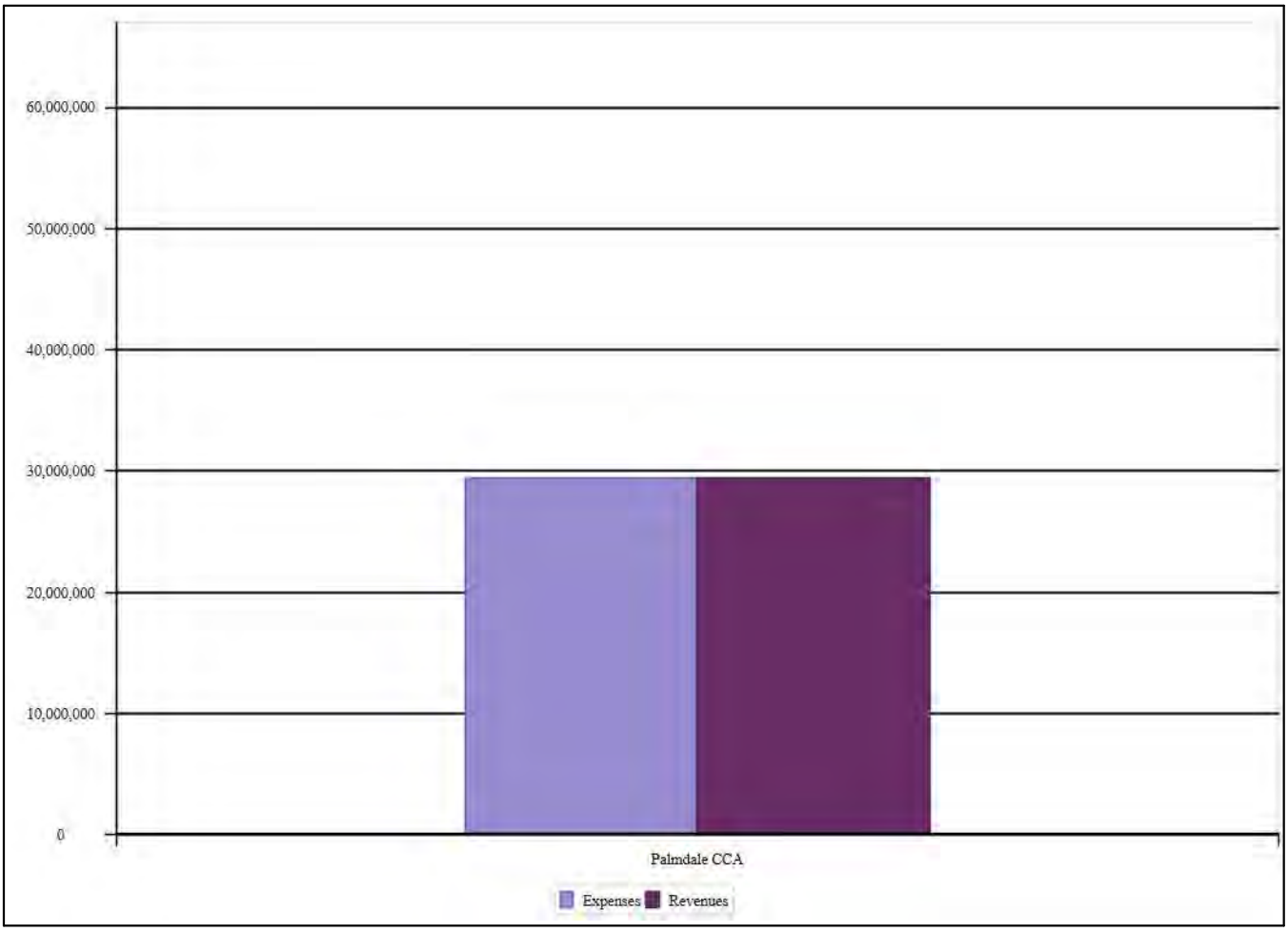


Businesst-Type Activities. Total net position for business-type activities for Palmdale Community Choice Aggregate (Palmdale-CCA) totaled $(1,128,896) for the Fiscal Year 2022-23. Key elements of this year's activity in relation to the prior year are as follows:

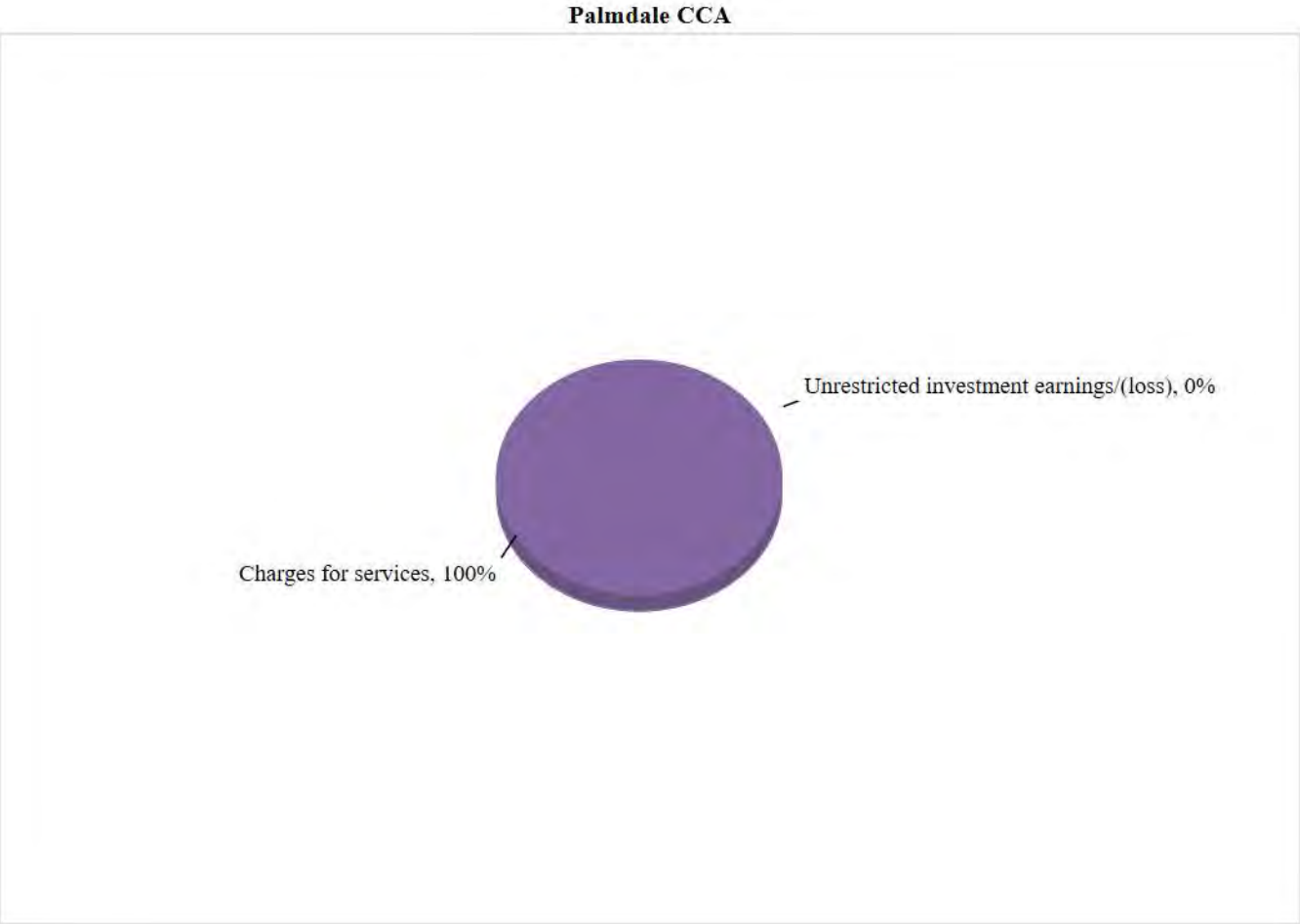
- Charges for services were $29,406,756 for the Fiscal Year 2022-23 as the program began its operations starting on October 1, 2022. There were also investment earnings totaling $1,321

- Overall expenses were $29,459,055 as operational expenses officially began in the Fiscal Year 2022-23.

Program Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Palmdale uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds The focus of the City of Palmdale's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Palmdale's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the Fiscal Year 2022-23, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $351,146,730, an increase of $41,193,067 over the prior year. The General Fund is the chief operating fund of the City of Palmdale. At the end of Fiscal Year 2022-23, the Total Fund Balance of the General Fund was $92,576,320. Of the Total Fund Balance:

- **Nonspendable Fund Balance** totaled $2,569,673. "Nonspendable" because the resources are not in a spendable form (i.e., prepaids, long-term receivables, or non-financial assets held for resale). Nonspendable Fund Balance includes Advances totaling $1,114,403; Deposits and Prepaids totaling $321,250; and Notes and Liens totaling $1,134,020.

- **Restricted Fund Balance** totaling $269,267,659. "Restricted" due to the existence of externally enforceable legal restrictions that are related primarily to special revenue funding sources and debt service reserves. Restricted Fund Balance includes City Investments of 7,830,725.

- **Assigned Fund Balance** totaling $13,092,740. "Assigned" for specific purposes such as Continuing Appropriations, Encumbrances, Compensated Absences, Self-Insurance and Health Insurance Claims, and Capital Projects. Assigned Fund Balance includes Compensated Absences totaling $2,224,370; Self-Insurance Claims totaling $3,584,772 and Health Insurance obligations totaling $7,283,598.

- **Unassigned Fund Balance** totaling $66,216,658. "Unassigned" and represents residual resources that cannot be properly classified in one of the other fund balance categories. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned and Total Fund Balance to Total Fund Expenditures. At the end of the Fiscal Year 2022-23 the Unassigned Fund Balance in the General Fund is 74.6 percent of Total Fund Balance for the General Fund and 95.2 percent of Total General Fund Expenditures.

The Housing Authority - Housing Asset Fund has a Fund Balance of $49,686,425 and is restricted for low and moderate-income housing purposes. This Fund is used to record the assets formally held by the Community Redevelopment Agency Low and Moderate Income Housing Fund. The assets that were approved by the State Department of Finance to be retained by the Low and Moderate Housing Fund were transferred to the Housing Authority-Housing Asset Fund as the City has control of those assets, which may be used in accordance affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code 34176.1. The housing asset fund balance decreased by $872,061 in the Fiscal Year 2022-23, primarily due to cost and expenditures exceeding program revenue. Program revenues were $432,050, primarily due to gains on investments, and expenditures were $1,571,590 in Fiscal Year 2022-23. Expenditures exceed program revenues in the Housing Asset Fund as the result of regular ongoing operations. Revenues into the fund consist primarily of debt service payments, while expenditures consist of payments for multi-year capital projects that are funded through available fund balance.

The Housing Authority – Facilities Fund is used to account for revenues and expenditures related to the operation of three mobile home parks, four apartments, and two multi-residential properties who were separate funds and were consolidated into one fund in 2021. The total beginning fund balance in Fiscal Year 2022-23 was at a deficit of $3,585,195. The deficit was reduced by $1,122,980 as the result of a decline in operating expenditures and capital outlay. There was an excess in revenues due to funds from debt service and fees of about $1.4M and $250,000 for 29364011 ERAF/SERAF. The Housing Division has commitments for Affordable Housing Agreements that may take more than one year to complete and to receive the request for draws against approved loans.

ARPA Fund - For the fiscal year ended June 30, 2023, the ARPA fund had total revenues of $12,879,628 and total expenditures of $12,580,662 resulting in an increase in the fund balance of $298,966. The fund balance at the beginning of the year was $24,499. The beginning fund balance with this net increase results in a fund balance at fiscal year end of $323,465.

Measure AV Fund - For the fiscal year ended June 30, 2023, Measure AV had total revenues of $22,675,911 and total expenditures of $16,133,077 resulting in an increase in the fund balance of $6,542,834. The fund balance at the beginning of the year was $18,022,844. The beginning fund balance with this net increase results in a fund balance at fiscal year end of

$24,565,678.

General Fund Budgetary Highlights

Differences between original budget and final budget resulted in a increase of appropriations for General Fund expenditures of $1,439,410 as a result of an adjustment in budget needs in operating expenses primarily in General Government, as well as carry forward of budgets for multi-year Capital Projects. Differences between final amended budget and actual resulted in a $13,560,113 decrease in appropriations and can be briefly summarized as follows:

- $6,499,350 decrease in General Governmental expenditures as a result of vacancies in various departments.
- $1,759,564 decrease in Public Safety expenditures as a result of a multi-year I.T. project implementation.
- $4,165,403 decrease in Public Services expenditures primarily due to supply shortages of fleet equipment.
- $277,388 decrease in Community Development program expenditures.
- $823,515 decrease in Parks and Recreation program expenditures (see paragraph below).
- $37,712 decrease in capital outlay expenditures.
- $15,919 increase in Debt Service Principal and Interest
- $1,840 increase in Interfund Interest

These decreases are due to not only Expenditures coming in less than anticipated but also the result of activities that were budgeted but not completed during Fiscal Year 2022-23 (many were carried forward as encumbrances and continuing appropriations) and reclassifying activities to Special Revenue Funds to comply with GASB 54. Parks and Recreastion had a reduction in program expenditures as a result of a multi-year I.T. project implementation. Overall, the reclassifying of Expenditures resulted in a reduction of transfers in and offsetting reduction to expenditures. See Note (1).

Capital Assets and Debt Administration

Capital Assets. The City of Palmdale's investment in capital assets for Governmental Activities as of June 30, 2023, amounts to $670,900,473 (Net of Accumulated Depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, infrastructure and construction in progress. The Capital Assets decreased by $11,407,794 in Fiscal Year 2022-23 as compared to prior year.

City of Palmdale's Capital Assets (Net of Depreciation)

	Governmental Activities 2023	Governmental Activities 2022
Land and improvements	$ 122,859,591	$ 119,352,146
Intangible Assets	153,090	153,090
Construction in progress	30,834,212	28,091,702
Buildings and structures	53,206,455	52,481,574
Improvements other than buildings	1,018,329	1,144,746
Infrastructure	452,568,964	475,932,110
Machinery and equipment	7,407,096	5,094,077
Right to Use Assets	2,852,736	58,822
	$ 670,900,473	$ 682,308,267

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

- Additions of Land and Improvements totaling $3,507,445
- Additions of Construction In Progress totaling $26,279,139.
- Additions of Building and Structures totaling $2,429,636.
- Additions of Machinery and Equipment totaling $3,317,180.
- Additions of Infrastructure Improvement totaling $12,432,289.
- Additions of Total Accumulated Depreciation totaling $38,760,839.
- Deletions of Depreciated and Non-Depreciated Assets totaling $23,536,629.

Additional information on the City of Palmdale's capital assets can be found on page 63, Note (10).

Long-Term Debt. At the end of the current fiscal year, the City of Palmdale had total bonded debt outstanding of $48,389,386. The Mortgage Revenue Bonds are secured by pledges of net revenue received from the operation of the Housing Facilities. Certificates of Participation and Lease Revenue Bonds require the City to pay a semi-annual base rental to the Palmdale Civic Authority (PCA) and the Palmdale Financing Authority (PFA). The rentals will be used by the PCA and PFA to pay debt service as the Certificates of Participation and Lease Revenue Bonds come due.

City of Palmdale's Outstanding Debt
Revenue Bonds, Certificates of Participation, Loans, and Leases

	Governmental Activities 2023	Governmental Activities 2022
Revenue Bonds	$ 15,105,000	$ 17,025,000
Mortgage Revenue Bonds	3,640,000	3,740,000
Certificates of Participation	29,438,552	31,542,451
Bond Premiums	205,834	323,804
Loans & direct borrowings	12,573,357	13,915,129
Financing Arrangements	3,566,927	1,080,857
Total	$ 64,529,670	$ 67,627,241

The City of Palmdale’s Total Long-Term Liabilities total was $64,529,670 of which $48,389,386 was Revenue Bonds, Mortgage Revenue Bonds, Certificates of Participation and Bond Premiums as noted on the schedule above.

The remainder of the debt was comprised of Financial Arrangements Payable for Equipment Leases totaling $3,566,927; Notes Payable for Street Light Acquisition totaling $8,529,109; Section 108 HUD Loan totaling $1,000,000; HOME Loan totaling $2,850,000; SCE Parks LED Retrofit OBF A-5963 totaling $101,456; SCE LED Retrofit OBF A-5806 totaling $3,001; SCE LED Retrofit OBF A-5807 totaling $19,497, and SCE LED Retrofit OBF A-7251 totaling $70,294.

Additional information on the City of Palmdale's long-term debt can be found on page 65, Note (12).

Economic Factors and Next Year's Budget

The City took into consideration the following factors in preparing the budget for the 2023-24 fiscal year.

- Positive Property tax increases as property values increase.
- Continued slow paced growth in housing development.
- Stable Sales Tax revenue and Measure AV Sales Tax revenues as a result of economic trends.
- Conservative escalators and only add known future development.
- Implementing Fee Structures that align revenues with cost-recovery objectives.
- Using onetime revenues for onetime expenditures.
- Building reserves for future capital replacements and economic uncertainties.
- Prefunding retiree pension cost.
- City funds impacted by State and Federal budget actions.

While Actual Fiscal Year 2022-23 revenue growth in tax collections were above estimates, staff continues to follow a moderate approach to protecting these revenues. Staff will continue to monitor actual revenues versus projections and provide any needed mid-year adjustments.

The dissolution of redevelopment (legislation AB x 126 and AB-1484) has and will continue to impact the City for a number of years. As of July 1, 2018, Los Angeles County consolidated the oversight boards and committees of each agency that contains the Successor Agency to the former Redevelopment Agency to administer the obligations of the former Redevelopment Agency until they are fully satisfied. This board consists of five districts segregated out based on the area maps within Los Angeles County. The City of Palmdale falls under the Fifth District the City and Successor Agency have been responding to the reporting requirement with Los Angeles Consolidated Oversight Board. Additional information can be found in Note (18).

Requests for Information

This financial report is designed to provide a general overview of the City of Palmdale's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for any of the separately issued component unit financial statements or additional financial information should be addressed to the City of Palmdale, Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California, 93550.

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City of Palmdale
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	$ 3,400,570	$ 1,280,822	$ 4,681,392
Investments	320,625,267	-	320,625,267
Accounts Receivable	19,482,905	10,446,240	29,929,145
Interest receivable	9,063,943	-	9,063,943
Property tax receivable	777,909	-	777,909
Due from other governmental units	12,354,194	-	12,354,194
Notes and liens	38,764,675	-	38,764,675
Deposits and prepaids	336,420	19,375	355,795
Internal Balances	5,178,114	(5,178,114)	-
Land held for development	2,710,024	-	2,710,024
Short-term lease receivable	31,257	-	31,257
Restricted assets:			
Cash and Investments	15,216,833	-	15,216,833
Long-term lease receivable	29,337	-	29,337
Capital assets and Right to use assets:			
Not being depreciated:			
Land and improvements	122,859,591	-	122,859,591
Water credit CFD 16-1	153,090	-	153,090
Construction in progress	30,834,212	-	30,834,212
Being depreciated/amortized, net of accumulated depreciation/amoritzation:			
Buildings and structures	53,206,455	-	53,206,455
Machinery, equipment, and other improvements	7,407,096	-	7,407,096
Improvements other than buildings	1,018,329	-	1,018,329
Infrastructure	452,568,964	-	452,568,964
Machinery and Equipment - Right to Use	31,504	-	31,504
SBITA Assets	2,821,232	-	2,821,232
Total assets	1,098,871,921	6,568,323	1,105,440,244
Deferred outflows of resources			
Pension related amounts	18,483,338	-	18,483,338
Other postemployment benefits related amounts	277,388	-	277,388
Total deferred outflows of resources	18,760,726	-	18,760,726

See Notes to Financial Statements

City of Palmdale
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	12,412,344	6,345,917	18,758,261
Accrued salaries and employee benefits	2,552,608	-	2,552,608
Due to other governmental units	18,479	-	18,479
Deposits	6,744,768	1,289,922	8,034,690
Accrued interest payable	2,042,379	-	2,042,379
Unearned revenue	29,350,823	61,380	29,412,203
Noncurrent liabilities:			
Due within one year	11,494,253	-	11,494,253
Due in more than one year	63,964,916	-	63,964,916
Net pension liability	58,613,322	-	58,613,322
Net OPEB liability	199,197	-	199,197
Total liabilities	187,393,089	7,697,219	195,090,308
Deferred Inflows of Resources			
Pension related amounts	277,671	-	277,671
Other postemployment benefits related amounts	164,314	-	164,314
Deferred inflows from leases	59,219	-	59,219
Total deferred inflows of resources	501,204	-	501,204
Net Position			
Net investment in capital assets	609,762,857	-	609,762,857
Restricted			
Public safety	14,403,839	-	14,403,839
Public services	146,747,965	-	146,747,965
Community development	63,093,986	-	63,093,986
Debt service	124	-	124
Culture and recreation	11,928,411	-	11,928,411
Unrestricted	83,801,172	(1,128,896)	82,672,276
Total net position	$ 929,738,354	$ (1,128,896)	$ 928,609,458

See Notes to Financial Statements

City of Palmdale
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	$ 31,726,963	$ 7,868,872	$ 13,007,004	$ -	$ (10,851,087)	$ -	$ (10,851,087)
Public safety	38,133,053	5,273,458	587,539	-	(32,272,056)	-	(32,272,056)
Community development	12,005,237	8,053,093	5,074,368	-	1,122,224	-	1,122,224
Cultural and recreational	13,634,111	8,052,680	109,595	-	(5,471,836)	-	(5,471,836)
Health and welfare	588,116	184,106	34,534	-	(369,476)	-	(369,476)
Transportation	305,266	-	-	-	(305,266)	-	(305,266)
Public service	75,322,520	25,471,077	500,093	33,403,301	(15,948,049)	-	(15,948,049)
Interest on long-term debt	2,555,060	-	-	-	(2,555,060)	-	(2,555,060)
Total governmental activities	174,270,326	54,903,286	19,313,133	33,403,301	(66,650,606)	-	(66,650,606)
Business-type activities:							
Palmdale CCA	29,459,055	29,406,756	-	-	-	(52,299)	(52,299)
Total business-type activities	29,459,055	29,406,756	-	-	-	(52,299)	(52,299)
Total primary government	$ 203,729,381	$ 84,310,042	$ 19,313,133	$ 33,403,301	$ (66,650,606)	$ (52,299)	$ (66,702,905)
General revenues and transfers:							
Taxes:							
Property taxes					$ 28,779,848	$ -	$ 28,779,848
Sales and use taxes					50,484,537	-	50,484,537
Unrestricted motor vehicle in lieu					173,567	-	173,567
Franchise taxes					8,684,132	-	8,684,132
Transient occupancy taxes					4,608,941	-	4,608,941
Property Transfer Taxes					551,908	-	551,908
Business license taxes					624,183	-	624,183
Unrestricted investment earnings/(loss)					1,417,412	1,321	1,418,733
Other					2,666,630	-	2,666,630
Transfers					1,077,918	(1,077,918)	-
Total general revenues and transfers					99,069,076	(1,076,597)	97,992,479
Change in Net Position					32,418,470	(1,128,896)	31,289,574
Net Position - Beginning of Year					897,138,235	-	897,138,235
Restatement of net position for GASB 96					181,649	-	181,649
Net Position - Beginning of Year restated					897,319,884	-	897,319,884
Net Position - End of Year					$ 929,738,354	$ (1,128,896)	$ 928,609,458

See Notes to Financial Statements

The General Fund – is the City's primary operating fund and has been classified as a major fund. It accounts for all financial resources of the general government that are not already required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – are used to account for specific revenues that are restricted or committed to expenditure for a specific purpose other than debt service or capital projects. The following funds have been classified as major funds:

Housing Authority (HA) Housing Asset Fund – Used to account for the restricted housing assets of the former CRA Housing Development Fund, which were transferred to the Successor Agency Fund and then transferred to the Housing Authority – Housing Asset Fund upon acceptance of the Housing Successor role by the City. Revenues received from assets previously held by the former CRA Housing Development Fund are restricted to be used in accordance with affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code Section 34176.1.

Housing Authority (HA) Facilities Fund - This fund is used to account for revenues and expenditures restricted to the operations of three mobile home parks. four apartments and one apartment consisting of two buildings with 4 units each. This fund is a combination of the previous funds that accounted for the operations of the mobile home parks, apartments, and two building units in order to consolidate the Housing Authority-owned properties and its activities in 2021.

American Rescue Plan Act (ARPA) Fund - This fund is used to account for the revenues and expenditures in order to respond to the Coronavirus (Covid-19) post-pandemic effects on the City.

Measure AV Fund - This fund is used to account for the revenues and expenditures incurred as a result of the 3/4 cent sales tax increase that was passed by voters in November 2020 and took effect April 1, 2021

City of Palmdale
Balance Sheet - Governmental Funds
June 30, 2023

		Special Revenue Funds					
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash	$ -	$ -	$ 2,660,161	$ -	$ -	$ 240,409	$ 2,900,570
Investments	69,718,714	8,866,012	1,419,054	23,301,438	22,674,259	191,494,341	317,473,818
Receivables:							
Accounts and interest receivable	6,653,156	5,336,547	251,500	192,173	3,901,241	12,181,541	28,516,158
Property tax receivable	442,448	-	-	-	-	335,461	777,909
Due from other funds	14,539,863	-	-	-	-	229,558	14,769,421
Due from custodial funds	74,071	-	-	-	-	-	74,071
Advances due from fiduciary funds	1,114,403	4,909,777	-	-	-	583,859	6,608,039
Due from other governmental units	5,659,575	-	-	-	-	-	5,659,575
Notes and Liens	1,134,020	26,711,166	-	-	-	10,919,489	38,764,675
Interfund promissory note	-	6,353,333	-	-	-	-	6,353,333
Advances due from other funds	5,000,000	1,186,001	-	-	-	3,800,000	9,986,001
Deposits and prepaid	321,250	1,170	-	-	-	14,000	336,420
Short-term lease receivable	31,257	-	-	-	-	-	31,257
Restricted Assets:							
Investments	7,830,725	3,019,115	-	-	-	2,846,009	13,695,849
Cash	-	-	1,524,884	-	-	-	1,524,884
Land held for development	-	2,710,024	-	-	-	-	2,710,024
Long-term lease receivable	29,337	-	-	-	-	-	29,337
Total assets	$ 112,548,819	$ 59,093,145	$ 5,855,599	$ 23,493,611	$ 26,575,500	$ 222,644,667	$ 450,211,341
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities:							
Accounts payable	6,489,709	158,549	608,936	648,598	2,009,822	4,890,694	14,806,308
Due to fiduciary funds	4,405	-	-	-	-	1,565	5,970
Due to other funds	-	12,509	-	-	-	7,848,813	7,861,322
Self insurance liability	2,640,271	-	-	-	-	-	2,640,271
Advances due to other funds	-	-	1,186,001	-	-	8,800,000	9,986,001
Interfund promissory note	-	-	6,353,333	-	-	-	6,353,333
Deposits	4,781,153	-	169,544	-	-	1,794,071	6,744,768
Unearned revenue	163,824	3,880,000	-	22,521,548	-	2,785,451	29,350,823
Notes payable	173,665	-	-	-	-	10,471	184,136
Total liabilities	14,253,027	4,051,058	8,317,814	23,170,146	2,009,822	26,131,065	77,932,932
Deferred Inflows of Resources							
Unavailable revenue	5,660,253	5,355,662	-	-	-	10,056,545	21,072,460
Deferred inflows related to lease receivables	59,219	-	-	-	-	-	59,219
Total deferred inflows of resources	5,719,472	5,355,662	-	-	-	10,056,545	21,131,679
Fund Balances							
Nonspendable	2,569,673	-	-	-	-	-	2,569,673
Restricted	7,830,725	49,686,425	-	323,465	24,565,678	186,861,366	269,267,659
Assigned	13,092,740	-	-	-	-	-	13,092,740
Unassigned	69,083,182	-	(2,462,215)	-	-	(404,309)	66,216,658
Total fund balances (deficits)	92,576,320	49,686,425	(2,462,215)	323,465	24,565,678	186,457,057	351,146,730
Total liabilities, deferred inflows of resources and fund balances	$ 112,548,819	$ 59,093,145	$ 5,855,599	$ 23,493,611	$ 26,575,500	$ 222,644,667	$ 450,211,341

See Notes to Financial Statements

City of Palmdale

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year Ended June 30, 2023

Fund Balances - Total Governmental Funds		$ 351,146,730
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Governmental capital assets	1,420,847,854	
Less accumulated amortization and depreciation	(759,153,498)	661,694,356
Accounts receivable not available to pay for current-period expenditures are unavailable in the funds.		21,072,460
Interest due on long-term debt do not require current financial resources and therefore are not reported as a liability in the Governmental Funds Balance Sheet.		
Interest payable		(2,001,566)
Deferred Outflows related to pensions and OPEB benefits are not reported in the Governmental Fund Balance Sheet.		
Deferred outflows related to pensions		18,483,338
Deferred outflows related to OPEB benefits		277,388
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as a liability in the Governmental Funds Balance Sheet.		
Compensated absences	(3,953,455)	
Claims payable	(4,335,772)	
Lease liability	(32,302)	
Net pension liability	(58,613,322)	
Net OPEB liabilities	(199,197)	
Financing leases payable	(905,167)	
SCE LED Notes Payable	(10,112)	
Notes payable	(12,379,109)	
Bonds & certificates of participation payable	(48,183,552)	
Plus issuance premiums	(205,834)	(128,817,822)
Deferred Inflows related to pensions and OPEB benefits are not reported in the Governmental Funds Balance Sheet.		
Deferred inflows related to pensions		(277,671)
Deferred inflows related to OPEB benefits		(164,314)
Internal service fund net position less business-type allocation		8,325,455
Net Position of Governmental Activities		$ 929,738,354

See Notes to Financial Statements

City of Palmdale
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023

		Special Revenue Funds					
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	$ 29,034,961	$ -	$ -	$ -	$ -	$ -	$ 29,034,961
Sales taxes	27,808,626	-	-	-	22,675,911	-	50,484,537
Other taxes	13,681,776	-	-	-	-	5,104,715	18,786,491
Subventions and grants	-	-	-	12,580,662	-	30,840,753	43,421,415
Park development fees	-	-	-	-	-	1,339,284	1,339,284
Licenses and Permits	4,901,645	-	-	-	-	164,876	5,066,521
Motor vehicle license fees	173,567	-	-	-	-	-	173,567
Fines and forfeitures	498,451	-	-	-	-	363,996	862,447
Special Assessments	-	-	-	-	-	21,355,867	21,355,867
Use of property	957,210	-	7,812,246	-	-	-	8,769,456
Charges for current services	7,610,378	171,699	-	-	-	3,383,734	11,165,811
Drainage fees	-	-	-	-	-	1,397,889	1,397,889
Traffic impact fees	-	-	-	-	-	677,674	677,674
Facilities impact fees	-	-	-	-	-	798,263	798,263
Interfund interest	132,700	-	-	-	-	64,819	197,519
Interest	1,811,480	334,674	23,490	681,526	-	2,845,325	5,696,495
Net increase (decrease) in fair value of investments	(2,531,788)	(75,797)	(12,146)	(404,835)	-	(1,509,788)	(4,534,354)
Developer contributions	-	-	-	-	-	17,690	17,690
State contributions	908	-	-	-	-	1,882,899	1,883,807
Other agency contributions	-	-	-	-	-	22,020	22,020
County contributions	-	-	-	-	-	301,403	301,403
Other revenue	5,735,468	1,474	-	22,275	-	1,481,756	7,240,973
Lease interest	1,840	-	-	-	-	-	1,840
Total revenues	89,817,222	432,050	7,823,590	12,879,628	22,675,911	70,533,175	204,161,576
Expenditures:							
Current:							
General Government	23,300,070	-	-	5,481,636	1,753,448	842,774	31,377,928
Public safety	22,826,666	-	-	-	9,690,491	554,997	33,072,154
Public services	12,729,757	-	-	7,030,033	1,442,986	27,903,899	49,106,675
Community development	1,350,322	1,571,590	5,736,826	-	584,953	3,393,221	12,636,912
Cultural and recreational	8,726,795	-	-	-	461,405	1,852,891	11,041,091
Health and welfare	-	-	-	-	-	473,993	473,993
Capital Outlay	1,452,378	-	362,279	68,993	2,199,794	14,283,241	18,366,685
Debt service:							
Principal	1,580,972	-	100,000	-	-	3,367,455	5,048,427
Interest	703,047	-	178,951	-	-	1,356,145	2,238,143
Interfund interest	-	-	-	-	-	184,419	184,419
Total expenditures	72,670,007	1,571,590	6,378,056	12,580,662	16,133,077	54,213,035	163,546,427
Excess (deficiency) of revenues over (under) expenditures	17,147,215	(1,139,540)	1,445,534	298,966	6,542,834	16,320,140	40,615,149
Other Financing Sources (Uses)							
Transfers In	6,892,578	322,554	-	-	-	4,258,794	11,473,926
Transfers Out	(4,732,974)	(55,075)	(322,554)	-	-	(5,785,405)	(10,896,008)
Total other financing sources (uses)	2,159,604	267,479	(322,554)	-	-	(1,526,611)	577,918
Net Change in Fund Balances	19,306,819	(872,061)	1,122,980	298,966	6,542,834	14,793,529	41,193,067
Fund Balances (Deficit) - Beginning of Year	73,269,501	50,558,486	(3,585,195)	24,499	18,022,844	171,663,528	309,953,663
Fund Balances (Deficit) - End of Year	$ 92,576,320	$ 49,686,425	$ (2,462,215)	$ 323,465	$ 24,565,678	$ 186,457,057	$ 351,146,730

See Notes to Financial Statements

City of Palmdale

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

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 41,193,067
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Asset additions and other adjustments - Current year	21,395,734	
Less depreciation expense	(37,854,728)	
Lease amortization expense	(27,318)	(16,486,312)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Grant revenues earned, but not received within the 60-day accrual period offset by reversal of larger amount of prior period accruals due to write off of federal and state receivables		1,335,448
Long-term debt issuance provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Principal repayments of long-term debt and escrow agent payments are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Position. Also premiums are recognized in the current period in the Governmental Funds, whereas these amounts are amortized in the Government-Wide Statement of Activities. This is the amount by which repayments exceeded proceeds.		
Principal Repayments:		
Financing Arrangements	180,972	
Lease payments	28,846	
Notes payable	1,279,556	
Bonds & Certificates of Participation payable	4,123,899	5,613,273
Internal service fund change in net position with business-type allocation		(358,490)
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.		
Compensated absences	(450,040)	
Self insurance liability claims payable	3,015,880	
Pension expense	(1,069,546)	
OPEB expense	(233,863)	
Accrued interest on debt	(270,000)	
Amortization of bond premiums	129,053	1,121,484
Change in Net Position of Governmental Activities		$ 32,418,470

See Notes to Financial Statements

City of Palmdale
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Property taxes	$ 26,790,360	$ 25,690,510	$ 29,034,961	$ 3,344,451
Sales taxes	28,894,710	28,117,570	27,808,626	(308,944)
Other taxes	12,482,300	12,205,360	13,681,776	1,476,416
Licenses and Permits	3,890,200	4,038,100	4,901,645	863,545
Motor vehicle license fees	-	173,560	173,567	7
Fines and forfeitures	439,400	990,240	498,451	(491,789)
Use of property	787,600	847,030	957,210	110,180
Charges for current services	7,166,630	8,026,100	7,610,378	(415,722)
Interfund interest	-	119,600	132,700	13,100
Interest	1,010,200	557,030	1,811,480	1,254,450
Net increase (decrease) in fair value of investments	-	-	(2,531,788)	(2,531,788)
State contributions	-	-	908	908
Other Revenue	12,307,800	4,966,690	5,735,468	768,778
Interest revenue	-	-	1,840	1,840
Total revenues	93,769,200	85,731,790	89,817,222	4,085,432
Expenditures:				
Current:				
General Government	28,425,500	29,799,420	23,300,070	6,499,350
Public safety	27,665,840	24,586,230	22,826,666	1,759,564
Public services	15,513,420	16,895,160	12,729,757	4,165,403
Community development	1,099,750	1,627,710	1,350,322	277,388
Cultural and recreational	9,252,640	9,550,310	8,726,795	823,515
Capital Outlay	432,760	1,490,090	1,452,378	37,712
Debt service:				
Principal	1,568,100	1,568,100	1,580,972	(12,872)
Interest	700,000	700,000	703,047	(3,047)
Total expenditures	84,658,010	86,217,020	72,670,007	13,547,013
Excess (deficiency) of revenues over (under) expenditures	9,111,190	(485,230)	17,147,215	17,632,445
Other Financing Sources (Uses):				
Transfers In	4,899,300	4,827,700	6,892,578	2,064,878
Transfers Out	(6,699,160)	(4,699,160)	(4,732,974)	(33,814)
Total other financing sources (uses)	(3,049,860)	(1,121,460)	2,159,604	3,281,064
Net Change in Fund Balance	6,061,330	(1,606,690)	19,306,819	20,913,509
Fund Balance - Beginning of Year	73,269,501	73,269,501	73,269,501	-
Fund Balance (Deficit) - End of Year	$ 79,330,831	$ 71,662,811	$ 92,576,320	$ 20,913,509

See Notes to Financial Statements

City of Palmdale

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
HA Housing Asset Fund - Housing Asset Fund Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 180,300	$ 207,340	$ 171,699	$ (35,641)
Interest	750,300	675,300	334,674	(340,626)
Net increase (decrease) in fair value of investments	-	-	(75,797)	(75,797)
Other Revenue	251,350	251,480	1,474	(250,006)
Total revenues	1,181,950	1,134,120	432,050	(702,070)
Expenditures:				
Current:				
Community development	3,793,480	6,655,220	1,571,590	5,083,630
Total expenditures	3,793,480	6,655,220	1,571,590	5,083,630
Excess (deficiency) of revenues over (under) expenditures	(2,611,530)	(5,521,100)	(1,139,540)	4,381,560
Other Financing Sources (Uses):				
Transfers In	458,100	457,100	322,554	(134,546)
Transfers Out	(55,500)	(55,500)	(55,075)	425
Total other financing sources (uses)	402,600	401,600	267,479	(134,121)
Net Change in Fund Balance	(2,208,930)	(5,119,500)	(872,061)	4,247,439
Fund Balance (Deficit) - Beginning of Year	50,558,486	50,558,486	50,558,486	-
Fund Balance (Deficit) - End of Year	$ 48,349,556	$ 45,438,986	$ 49,686,425	$ 4,247,439

See Notes to Financial Statements

City of Palmdale

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Housing Authority Facilities Fund Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of property	$ 7,835,970	$ 7,750,080	$ 7,812,246	$ 62,166
Interest	4,000	4,000	23,490	19,490
Net increase (decrease) in fair value of investments	-	-	(12,146)	(12,146)
Total revenues	7,839,970	7,754,080	7,823,590	69,510
Expenditures:				
Current:				
Community development	6,052,960	5,746,420	5,736,826	9,594
Capital Outlay	319,370	335,000	362,279	(27,279)
Debt service:				
Principal	99,300	87,800	100,000	(12,200)
Interest	184,100	189,600	178,951	10,649
Total expenditures	6,655,730	6,358,820	6,378,056	(19,236)
Excess (deficiency) of revenues over (under) expenditures	1,184,240	1,395,260	1,445,534	50,274
Other Financing Sources (Uses):				
Transfers Out	(458,600)	(424,900)	(322,554)	102,346
Total other financing sources (uses)	(458,600)	(424,900)	(322,554)	102,346
Net Change in Fund Balance	725,640	970,360	1,122,980	152,620
Fund Balance (Deficit) - Beginning of Year	(3,585,195)	(3,585,195)	(3,585,195)	-
Fund Balance (Deficit) - End of Year	$ (2,859,555)	$ (2,614,835)	$ (2,462,215)	$ 152,620

See Notes to Financial Statements

City of Palmdale

Statement of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
ARPA Fund Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Subventions and grants	$ -	$ 22,390,670	$ 12,580,662	$ (9,810,008)
Interest	-	307,510	681,526	374,016
Net increase (decrease) in fair value of investments	-	-	(404,835)	(404,835)
Other Revenue	-	-	22,275	22,275
Total revenues	-	22,698,180	12,879,628	(9,818,552)
Expenditures				
Current				
General Government	2,881,100	1,919,070	5,481,636	(3,562,566)
Public services	10,520,000	8,920,000	7,030,033	1,889,967
Capital Outlay	5,050,000	6,621,600	68,993	6,552,607
Total expenditures	18,451,100	17,460,670	12,580,662	4,880,008
Excess (deficiency) of revenues over expenditures	(18,451,100)	5,237,510	298,966	(6,611,143)
Net Change in Fund Balance	(18,451,100)	5,237,510	298,966	(6,611,143)
Fund Balance (Deficit) - Beginning of Year	24,499	24,499	24,499	-
Fund Balance (Deficit) - End of Year	$ (18,426,601)	$ 5,262,009	$ 323,465	$ (6,611,143)

See Notes to Financial Statements

City of Palmdale
Statement of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
Measure AV
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Sales taxes	$ 23,116,000	$ 22,965,000	$ 22,675,911	$ (289,089)
Total revenues	23,116,000	22,965,000	22,675,911	(289,089)
Expenditures				
Current				
General Government	979,480	1,713,570	1,753,448	(39,878)
Public safety	3,309,990	2,985,470	9,690,491	(6,705,021)
Public services	9,257,800	8,000,000	1,442,986	6,557,014
Community development	600,000	470,000	584,953	(114,953)
Cultural and recreational	1,038,890	536,790	461,405	75,385
Capital Outlay	6,221,360	3,758,540	2,199,794	1,558,746
Total expenditures	21,407,520	17,464,370	16,133,077	1,331,293
Excess (deficiency) of revenues over expenditures	1,708,480	5,500,630	6,542,834	814,751
Net Change in Fund Balance	1,708,480	5,500,630	6,542,834	814,751
Fund Balance (Deficit) - Beginning of Year	18,022,844	18,022,844	18,022,844	-
Fund Balance (Deficit) - End of Year	$ 19,731,324	$ 23,523,474	$ 24,565,678	$ 814,751

See Notes to Financial Statements

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City of Palmdale
Statement of Net Position
Proprietary Funds
June 30, 2023

	Palmdale CCA	Internal Service Funds
Assets		
Current Assets		
Cash	$ 1,280,822	$ 500,000
Investments	-	3,147,549
Receivables	10,446,240	30,690
Prepaid items and other assets	19,375	-
Total current assets	11,746,437	3,678,239
Capital assets		
Depreciable/amortizable capital assets:		
Vehicles	-	12,103,860
Equipment	-	5,946,069
SBITA assets	-	3,459,051
Less accumulated depreciation/amortization	-	(12,302,863)
Capital assets, net	-	9,206,117
Total assets	$ 11,746,437	$ 12,884,356
Liabilities		
Current Liabilities		
Accounts payable	$ 6,345,917	$ 158,644
Interest payable	-	40,813
Deposits	1,289,922	-
Subscription liability	-	625,223
Unearned revenue	61,380	-
Due to other funds	5,189,007	1,719,092
Total current liabilities	12,886,226	2,543,772
Noncurrent Liabilities		
Subscription liability	-	2,004,236
Total liabilities	12,886,226	4,548,008
Net Position		
Investment in capital assets	-	6,576,658
Unrestricted	(1,139,789)	1,759,690
Total net position	$ (1,139,789)	$ 8,336,348
Adjustment reflects consolidation of internal service fund activities related to enterprise funds	$ 10,893	
Total net position of business-type activities	$ (1,128,896)	

See Notes to Financial Statements

City of Palmdale
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Palmdale CCA	Internal Service Funds
Operating Revenues:		
Charges for current services	$ 29,228,626	$ 4,646,759
Other Revenue	178,130	31,452
Total operating revenues	29,406,756	4,678,211
Operating Expenses:		
Salaries, Wages and Benefits	174,388	1,624,631
Material and Supplies	307	901,058
Utilities	28,009,611	77,588
Administrative	14,074	15,019
Depreciation/amortization	-	1,543,930
Repairs and Maintenance	-	1,307,691
Other Expenditures	2	1,425
Professional services	1,258,466	-
Total operating expenses	29,456,848	5,471,342
Operating income (loss)	(50,092)	(793,131)
Nonoperating Revenues (Expenses)		
Interest income	-	74,429
Net realized and unrealized gains (losses)	-	(16,677)
Interest expense	-	(112,218)
Interfund interest	(13,100)	-
Investment Income	1,321	-
Total nonoperating revenues (expenses)	(11,779)	(54,466)
Transfers In	-	500,000
Transfers Out	(1,077,918)	-
Change in Net Position	(1,139,789)	(347,597)
Net Position - Beginning of Year	-	8,502,296
Change in accounting principal GASB 96	-	181,649
Net Position - Beginning of Year, Restated	-	8,683,945
Net Position - End of Year	$ (1,139,789)	$ 8,336,348

Adjustment reflects the consolidation of internal service fund activity related to enterprise funds	$ 10,893
Change in net position of business-type activities	$ (1,128,896)

See Notes to Financial Statements

City of Palmdale
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Palmdale CCA	Internal Service Funds
Cash from Operating Activities:		
Cash received from customers	$ 22,710,903	$ -
Cash received from interfund services provided	-	4,633,619
Cash paid to employees for services	(174,388)	(1,624,631)
Cash paid to suppliers for goods and services	(21,685,135)	(2,990,734)
Cash (paid)/received for other services	-	31,452
Net cash provided (used) by operating activities	851,380	49,706
Cash from Non Capital Financing Activities:		
Transfers from other funds	441,221	500,000
Transfers to other funds	-	1,719,092
Net cash provided (used) by noncapital financing activities	441,221	2,219,092
Cash from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	-	(3,097,140)
Net cash provided (used) by capital and related financing activities	-	(3,097,140)
Cash from Investing Activities:		
Gain/(Loss) on investments	-	(16,677)
Interest income	-	74,429
Change in investments	-	(3,147,549)
Interest income	(11,779)	-
Net cash provided (used) by investing activities	(11,779)	(3,089,797)
Net increase/(decrease) in cash	1,280,822	(3,918,139)
Beginning Cash	-	4,418,139
Ending Cash	$ 1,280,822	$ 500,000
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income/loss from operating activities	$ (50,092)	$ (793,131)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	-	1,543,930
SBITA adjustment to operating	-	(719,349)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,446,240)	(13,140)
(Increase) decrease in due from others	3,689,007	-
(Increase) decrease in prepaid expenses	(19,375)	-
(Decrease) increase in accounts payable	6,326,778	31,396
(Decrease) increase in wages payable	61,380	-
(Decrease) increase in customer deposits	1,289,922	-
Net cash provided (used) by operating activities:	851,380	49,706
Schedule of Non-Cash Investing, Capital and Financing Activities		
Noncash transfer	(1,519,139)	-
Subscription liability for the acquisition of rights to use subscription asset	$ -	$ 231,512

See Notes to Financial Statements

The City's Fiduciary Funds are Custodial Funds, Retiree Health Premium Trust Funds, and Private-purpose Trust Funds. Custodial Funds, Retiree Health Premium Trust Funds, and Private-purpose Trust Funds are used to account for assets held by the City in a fiduciary capacity for other governmental units, private organizations, individuals and/or other funds.

Assessment and Community Facilities Districts Fund – This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds, which are administered by, but are not the liability of, the City.

Retiree Health Premium Trust Funds – This fund is used to account for the receipt of City funds held in trust to provide Eligible Retirees with a supplement to reduce their premiums for participating in the City's Health Plan.

Successor Agency Private-purpose Trust Funds – This fund is used to account for the assets, liabilities and activities of the former Community Redevelopment Agency of the City of Palmdale in a trustee capacity to pay enforceable obligations of the former Community Redevelopment Agency. As more fully explained at Note 18, on February 1, 2012 in accordance with Assembly Bill (AB X1 26 and 1484) all redevelopment agencies in the State of California were dissolved. Assets and liabilities were transferred to the Successor Agency Private Purpose Trust Fund that is used to account for assets held by the City of Palmdale's former Redevelopment Agency. The City has agreed to serve as the successor agency to hold the assets until all enforceable obligations of the prior redevelopment agency have been paid in full and they are distributed to other units of state and local government.

City of Palmdale
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Assets:			
Cash	$ -	$ 13,845,008	$ 2,000
Cash - OPEB trust money market funds	1,927,058	-	-
Mutual funds	2,596,982	-	-
Receivables			
Property tax receivable	-	-	32,345
Interest receivable	-	29,981	-
Due from other governmental units	-	4,405	1,565
Land held for development	-	146,788	-
Restricted assets			
Cash and investments	-	545,147	7,175,450
Interest receivable	-	-	10,707
Capital assets:			
Not being depreciated:			
Land	-	372,073	-
Being depreciated, net of accumulated depreciation:			
Buildings and structures	-	175,961	-
Total assets	$ 4,524,040	$ 15,119,363	$ 7,222,067
Deferred outflows of resources			
Deferred loss on refunding	-	1,768,982	-
Liabilities:			
Accounts payable	-	13,466	22,785
Advances due to general fund	-	1,114,403	74,071
Advances due to City of Palmdale	-	4,909,777	583,859
Deposits	-	-	84,707
Interest payable	-	1,019,618	-
Long-term liabilities:			
Due within one year	-	8,264,140	-
Due in more than one year	-	62,725,402	-
Total liabilities	-	78,046,806	765,422
Net Position			
Restricted:			
OPEB benefits	4,524,040	-	-
Redevelopment dissolution	-	(61,158,461)	-
Held on behalf of others	-	-	6,456,645
Total net position (deficit)	$ 4,524,040	$ (61,158,461)	$ 6,456,645

See Notes to Financial Statements

City of Palmdale
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Additions:			
Employer contributions to retiree medical trust	$ 116,300	$ -	$ -
Property taxes	-	73,535,339	-
Other taxes	-	-	3,523,512
Investment and interest income	167,263	129,466	96,288
Gain on sale of land	-	88,644	-
Net realized and unrealized gains (losses)	553,303	(197,060)	(35,174)
Total additions	836,866	73,556,389	3,584,626
Deductions:			
Benefits paid to participants and expenses	726,222	15	-
Administrative expense	-	-	870,227
Community development	-	2,326,667	-
Intergovernmental - tax sharing	-	61,178,088	-
Depreciation/amortization	-	8,763	-
Interest expense	-	2,509,348	1,068,024
Principal payments on long-term debt	-	-	1,286,658
Loss on sale of capital assets	-	3,105,649	-
Total deductions	726,222	69,128,530	3,224,909
Changes in Net Position	110,644	4,427,859	359,717
Net Position (Deficit) at Beginning of Year	4,413,396	(65,586,320)	6,096,928
Net Position (Deficit) at End of Year	$ 4,524,040	$ (61,158,461)	$ 6,456,645

See Notes to Financial Statements

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Notes to the Financial Statements

Palmdale, California

Year Ended June 30, 2023

1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The City of Palmdale (the City) was incorporated on August 24, 1962, under the general laws of the State of California and became a Charter City in 2009. The City operates under a Council-Manager form of government and provides the following services: library, recreational and culture, public improvements, planning and zoning, building and safety, street maintenance, utility services, and general administrative services. The City contracts with the County of Los Angeles to provide law enforcement, animal control, limited street maintenance for snow and hazardous materials removal, and emergency services. Fire service is provided by a separate County Fire Protection District and is not under the City's jurisdiction.

As required by Generally Accepted Accounting Principles (GAAP), the accompanying Annual Comprehensive Financial Report includes the financial activities of the City of Palmdale, the primary government, and its component units, legal separate entities for which the City is considered to be financially accountable. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The City is considered to be financially accountable for an organization if the City's governing body is substantially the same as the component unit's governing body, and there is a financial benefit or burden relationship between the City and component unit, or the City has operational responsibility for a component unit. Additionally, blending would be appropriate if the component unit provides services entirely, or almost entirely, to the City or for the benefit of the City. Lastly, if the component units' total debt outstanding is expected to be repaid with City resources, blending is also appropriate for the component unit. All of the City's component units are considered to be blended component units because in all cases the City Council serves as the governing board for each component unit and the City benefits from the use of certain property and improvements as well as a burden in administering the debt service repayment. Blended component units, although legally separate entities, are, in substance, part of the City's operations, therefore data from these units are reported with the interfund data of the primary government. Management of the City has operational responsibility for each component unit, as it manages the activities of each component unit in a similar manner in which it manages other of its own programs and activities. Additionally, the City is responsible for repayment of debt within the component units using resources of the primary government.

The component units included within the financial reporting entity of the City of Palmdale are the Palmdale Civic Authority (Authority), the Palmdale Financing Authority (PFA), the Industrial Development Authority (IDA), the Housing Authority of the City of Palmdale (Housing Authority), and the Palmdale Community Foundation (Foundation). The component units above are included because they meet the definition provided in the previous paragraph and of the significance of their operational or financial relationships with the City. As such, these entities are presented on a blended basis.

Separate component unit financial statements are issued for the Palmdale Civic Authority, Palmdale Financing Authority, the Housing Authority, and the Palmdale Community Foundation may be obtained from the City's website or from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550.

The Palmdale Civic Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on May 1, 1976, between the City and the former Community Redevelopment Agency (Agency) for the purpose of acting as a vehicle for financing various projects of the City and the Agency.

The Authority is a distinct legal entity separate and apart from the City and the former Community Redevelopment Agency. The City Council acts as the governing body of the Authority by serving as its board members. The activity of the Authority is reported in the Palmdale Civic Authority Debt Service and Capital Projects Funds. There are no further activities being accounted for under the Palmdale Civic Authority, and it is the intent of the City to dissolve the Authority.

The Palmdale Financing Authority is a joint powers authority organized under Section 6500 et seq. of the California Government Code on September 26, 2012, between the City and the Housing Authority for the purpose of acting as a vehicle for financing various projects of the City and Housing Authority.

The Palmdale Financing Authority is a distinct legal entity separate and apart from the City and the Housing Authority, and its debts and obligations are not debts or obligations of the City or the Housing Authority. The City Council acts as the governing body of the Palmdale Financing Authority by serving as its board members. The activity of the Palmdale Financing Authority is reported in the Palmdale Financing Authority Debt Service Fund.

1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The Industrial Development Authority was organized under Section 91500 et seq. of the California Government Code on February 8, 1995, for the purpose of financing industrial development in the City. The IDA works with manufacturers and industrial companies to develop new industrial sites in Palmdale. The IDA is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the IDA by serving as its board members. There has been no activity in the Industrial Development Authority Fund during the fiscal year.

The Housing Authority of the City of Palmdale was established on April 9, 1997, pursuant to the State of California Health and Safety Code, Section 34200, entitled "Housing Authorities Law." The Housing Authority was formed for the purpose of working with mobile home parks located in the City. Upon dissolution of the former Redevelopment Agency of the City of Palmdale, the Housing Authority assumed the authority to perform housing functions previously performed by the dissolved Community Redevelopment Agency and all rights, powers, duties, obligations, and housing assets, were transferred to the Housing Authority during FY2011-12. The Housing Authority is a distinct legal entity separate and apart from the City and the Agency, and its debts and obligations are not debts or obligations of the City or the Agency. The City Council acts as the governing body of the Housing Authority by serving as its board members, along with two public members. The activity of the Housing Authority is reported in the Housing Asset, Mobile Home Parks, Housing Facilities, and Housing Authority Special Revenue Funds.

Palmdale Community Foundation was established on January 1998, and is a non-profit organization, is organized under the California Nonprofit Public Benefit Corporation Law for public purposes. The specific purpose of the Foundation is to receive contributions and donations from the public and to use such contributions and donations to support charitable, literary, and educational activities authorized under Section 501(c)(3) of the Internal Revenue Code, including the support of programs, projects, and activities sponsored by the City of Palmdale. City staff acts as the governing body of the Palmdale Community Foundation by serving as its board members. The Palmdale Community Foundation exists solely for the enhancement of the City of Palmdale programs, the business activities are reported as a Special Revenue Fund and the financial reporting must follow GASB reporting rules. The City of Palmdale is the sole corporate member of the Foundation.

The financial statements of the City of Palmdale have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Financial Statement Presentation, Basis of Accounting, and Measurement Focus

The accounts of the City are organized 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/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 to be controlled.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities are reported separately from business-type activities and, likewise, the primary government is reported separately from discretely presented component units. The City of Palmdale has recently instituted limited business-type activities as reported in the government-wide financial statements. Interfund activity, including payables and receivables has been eliminated in the Statement of Activities and the Statement of Net Position. Balances between the funds included in governmental activities (i.e. the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

1 - Summary of Significant Accounting Policies

B. Financial Statement Presentation, Basis of Accounting, and Measurement Focus

Government-Wide Financial Statements

Interfund services provided are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide presentation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Government-Wide Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources (including capital assets, infrastructure assets, and long-term liabilities) are reported in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds individually and non-major funds in the aggregate. An accompanying schedule is presented to reconcile and explain the difference in fund balance or equity as presented in these statements to the net position presented in the Government-Wide Financial Statements.

Governmental Fund Financial Statements are presented using the current financial resources measurements focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest, and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other revenue items are recorded when received in cash.

The City has presented all major funds that qualified as major funds, which included the General Fund, the Housing Authority Housing Asset Special Revenue Fund, the Housing Authority Facilities Fund, Measure AV and the American Rescue Plan Act Fund. Specific fund descriptions and purpose of each fund can be found on page 23 for all major funds. Summarization of all non-major governmental funds is presented under the Other Governmental Funds column. The individual fund statements and descriptions and purpose of the non-major funds can be found on pages 102 - 104.

Proprietary Fund Financial Statements

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting. The City maintains internal service funds to account for Information Technology and the City's fleet of vehicles.

Enterprise funds are separate accounting and financial reporting mechanisms for which revenues and expenditures are

1 - Summary of Significant Accounting Policies

B. Financial Statement Presentation, Basis of Accounting, and Measurement Focus

Proprietary Fund Financial Statements

segregated into a fund with financial statements separate from all other governmental activities. Enterprise Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charges to customers for services. Operating expenses for the proprietary fund includes the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City of Palmdale has established such a fund to set up a program where bulk electricity is purchased and subsequently resold to City residents.

Fiduciary Fund Financial Statements

Fiduciary funds are used to account for assets held in a trustee or fiduciary capacity and cannot be used to support the City's own programs. Trust funds and Custodial Funds are accounted for using the accrual basis of accounting.

The Custodial Fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds which are administered by, but are not the liability of, the City.

The OPEB Trust Funds are used to account for the City's Other Post-Employment Benefits Plans. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Successor Agency Private Purpose Trust Fund is used to account for the assets, deferred outflows of resources, liabilities, and activities of the dissolved Community Redevelopment Agency in a trustee capacity to pay obligations of the former Community Redevelopment Agency. Revenues are recognized when allocated in the amount that is necessary to pay the enforceable obligations and obligations are recognized when due and payable and approved by the oversight board.

C. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital project funds, which adopt project-length budgets.

The budget process begins in January when budget request forms are distributed to each department. These requests are assembled by the Finance Department and are presented to the City Manager in March. Budget meetings are then held with each department. The proposed budget is presented to the City Council on or before May 31 of each year. The Council holds a public hearing in June and must adopt a final budget by June 30 of each fiscal year. If Council continues the public hearing and/or adoption of the budget beyond June 30, the Finance Department is required to obtain written authorization for the continuation of spending for the new fiscal year at a public meeting of the Council prior to July 1.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level. The category level includes personnel, training and meetings, operating expenditures, contingency, debt service, and capital outlay. Supplemental appropriations during the year must be approved by the City Council if they are over $100,000 or between funds, except for shifts in appropriations relating to personnel changes that may be done administratively by the City Manager. The City Manager can approve budget transfers up to $100,000 within a fund. Supplemental appropriations were made during the year and are reflected in the budgeted numbers contained in the accompanying financial statements. Encumbrances and Continuing Appropriations may be added to the subsequent year's adopted budget by the Finance Manager with the approval of the City Manager per Council Resolution 2021-058, Section 8.

A budgetary report-comparing budget to actual at the category level has been issued for the General Fund, Special Revenue Funds, and Debt Service Funds. General Fund and major special revenue funds are audited. Budgetary reports are not prepared for the Capital Projects Funds. This budgetary report is available from the City's Finance Department, 38300 Sierra Highway, Suite D, Palmdale, California 93550, or on the City's website www.cityofpalmdaleca.gov

Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year-end are reported as assigned fund balance in the General Fund since they do not constitute

1 - Summary of Significant Accounting Policies

C. Budgets and Budgetary Accounting

expenditures or liabilities and are added to the subsequent year's adopted appropriations.

D. Cash and Investments

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts in Federal Agency Securities, Certificates of Deposit, the Local Agency Investment Fund, money market funds, and investment agreements. The U.S. Treasury and Agency Securities were adjusted to fair value based on market prices on June 30, 2023. The Local Agency Investment Fund is also reported at fair market value. Amounts invested in money market funds and investment agreements are reported at fair value or guaranteed amounts per investment agreement, which is equal to cost as of June 30, 2023.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the balance sheet.

F. Advances Between Funds and Internal Balances

Non-current portions of interfund loans receivable, reported as advances from other funds, are offset by a restricted fund balance account to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Land Held for Development

Land held for development is recorded at the lower of cost or market in the governmental and fiduciary funds.

I. Restricted Assets

Restricted assets represent unexpended proceeds, interest thereon, and bond reserve amounts related to bond anticipation notes, revenue bonds, tax allocation bonds and certificates of participation. The bond resolutions and indentures require that the bond reserves be maintained in amounts equal to the maximum amount of principal and interest to be paid in any single future fiscal year for each issue.

The debt service funds report restricted assets for resources set aside for current and future principal and interest payments on the bonds. The capital projects funds report restricted assets for proceeds of bond issuances, and interest thereon, which are restricted for use in construction. In cases where capital construction is being financed partially by restricted bond proceeds and partially from the City's own resources, the City typically uses restricted assets first as appropriate opportunities arise, but reserves the right to selectively defer the use of bond proceeds to future projects.

J. Capital Assets

Capital assets, which include property, plant, equipment, right to use assets, and public domain infrastructure assets (e.g., roads, bridges, curbs, and gutters, streets, and sidewalks, drainage systems, and lighting systems), are reported in the applicable governmental columns in the Government-Wide Financial Statements. Capital assets and intangible assets are defined by the government as assets with an initial, individual cost of more than $5,000 and $125,000 respectively and an estimated useful life in excess of two years. Such assets are recorded at cost where historical costs are available and at an estimated original cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

1 - Summary of Significant Accounting Policies

J. Capital Assets

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-Wide Financial Statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the Statement of Net Position. For depreciation purposes, the range of useful life used for each depreciable capital asset class are as follows:

Asset	Years
Buildings and structures	50 years
Improvements Other than Buildings	5 - 10 years
Machinery and Equipment	5 - 15 years
Infrastructure	20 - 50 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Statement of Fiduciary Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has two items that qualify for reporting in this category. 1) The deferred outflows related to pension liability and 2) the deferred outflows related to the total OPEB liability,

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, one which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: State Mandated Cost Reimbursements and Grant Reimbursements. At the government wide statements, these two items are eliminated and recognized as revenues since the "availability" of resource is not a criteria used in government wide statements. The government-wide Statement of Net Position reports deferred inflows resulting from differences between expected and actual experiences in pension and OPEB related amounts, and leases.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and administrative leave, and compensatory and floating holiday time. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and administrative leave, compensatory and floating holiday time, and associated employer-related salary costs are accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in Governmental Funds when they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund and Special Revenue Funds.

M. Pension Plan

For purposes of measuring Net Pension Liability and Deferred Outflows/Inflows of Resources related to pensions, and pension expense, information about the Fiduciary Net Position of the City of Palmdale's California Public Employees Retirement System (CalPERS) Plan and additions to/deductions from the Plan's Fiduciary Net Position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Gains and losses related to changes in Total Pension Liability and Fiduciary Net Position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as Deferred Outflows and Deferred Inflows of Resources related to pensions and are

1 - Summary of Significant Accounting Policies

M. Pension Plan

recognized in future pension expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. The General Fund is used to liquidate the governmental fund net pension liability.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB Liability or Asset, 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 Palmdale Retiree Benefits Plan ("OPEB Plan") and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefits when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period. The General Fund is used to liquidate the governmental fund OPEB liability.

O. Long-Term Obligations

In the Government-Wide Financial Statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums/discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as charges in the period the cost is incurred.

In the Fund Financial Statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the period the cost is incurred.

P. Fund Balance

In the Fund Financial Statements, governmental funds report fund balance into five components whereby each component identifies the extent to which the City is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The five components of the fund balance are as follows:

Nonspendable: Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.

Restricted: Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Committed: Resources that have been constrained to a specific purpose by formal action of the City Council, such as an ordinance, which constitutes a binding constraint on that portion of Fund Balance. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balances must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed or the residual balance of all other governmental funds except the General Fund. This policy delegates to the

1 - Summary of Significant Accounting Policies

P. Fund Balance

Finance Manager the authority to assign fund balances where the City's intent is for the amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balances, and finally unassigned fund balance.

Q. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2023 in the amount indicated:

Major Special Revenue Funds:		
Housing Authority Facilities Fund	$	(2,462,215)
Non-Major Special Revenue Funds:		
Federal Funds	$	(386,297)
Federal Jobs Program		(18,012)
Federal Home ARP Fund		(1,355)
Local Transportation Article 3		(2,753)
Measure A LA County Parks		(6,350)
Measure R		(4,357,538)
Measure M		(5,488)
SAVES		(8,512)
State Grants Fund		(1,176,868)
Enterprise Funds:		
Palmdale CCA Fund		(1,139,789)

Management anticipates that these deficits will be resolved in future years as outstanding reimbursable grants are received and as additional operating revenues become available. It is anticipated occupancy levels at the Mobile Home Parks and Apartments will continue to remain high and consistent and continue to reduce the deficit in the Housing Authority Facilities Fund.

R. Expenditures Exceeding Appropriations

The legal level of budgetary control is at the category level: personnel, training and meetings, operating, capital and debt expenditure level. In the adopted budget, certain appropriations are reported as being paid out of General Fund and funded through transfers in from special revenue funds. In the fund financial statements, these transfers are reclassified to the expenditure function level to comply with GASB 54 requirements. The following funds reported expenditures exceeding appropriations.

1 - Summary of Significant Accounting Policies

R. Expenditures Exceeding Appropriations

The following is a summary of the Excess of Expenditures Over Appropriations:

	Total	General Government	Public Safety	Public Services	Cultural and Recreational
Governmental Funds:					
Community Development Block Grant	$ 21,795	$ -	$ -	$ 21,795	$ -
Drainage Funds	998	-	-	998	-
Gas Tax - Special Revenue Fund	145,978	145,978	-	-	-
Measure R - Special Revenue Fund	30,177	-	-	30,177	-
Measure R - Local Returns	31,569	-	-	31,569	-
Misc. Grant/Developer Contributions	33,326	246	32,452	628	-
Park Development - Special Revenue Fund	63,788	-	-	63,788	-
Proposition A - Special Revenue Fund	98,094	-	-	98,094	-
Proposition C - Special Revenue Fund	23,743	-	-	23,743	-
Palmdale Community Foundation	104,618	-	-	104,618	-
Public Facilities - Special Revenue Fund	933	-	-	933	-
Road Maintenance and Rehab - Special Revenue Fund	9,866	-	-	9,866	-
S A V E S - Special Revenue Fund	544	-	-	544	-
Sewer Upgrade - Special Revenue Fund	3,161	-	-	3,161	-
Traffic Impact - Special Revenue Fund	46,378	-	-	46,378	-
Public Art - Special Revenue Fund	21,603	-	-	-	21,603
Federal Funds - Special Revenue Fund	2	2	-	-	-
Federal Home ARP - Special Revenue Fund	1	1	-	-	-
Local Transportation Article 8	2,565,433	-	-	2,565,433	-
Total excess of expenditures over appropriations	$ 3,202,007	$ 146,227	$ 32,452	$ 3,001,725	$ 21,603

S. Property Taxes

With the passage of Assembly Bill No. 1197, the City of Palmdale, previously a “no property tax” city began to receive property taxes in fiscal year 1989-90. In addition, the former Community Redevelopment Agency (CRA) received incremental property taxes on property within its project areas over a base-assessed valuation on the date the project area was established. After dissolution of the former CRA, incremental property tax is received by the Private Purpose Trust. The Los Angeles County Assessor and Tax Collector perform the duties of assessing and collecting property taxes, respectively. Tax levies cover the period from July 1 to June 30 of each year. All tax liens attach annually on January 1 preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31st.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1 - Summary of Significant Accounting Policies

U. Implemented Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. New standards applicable to the year ending June 30, 2023 are as follows:

GASB Statement No. 91 – *Conduit Debt Obligations.* The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The City has determined that this statement does not apply.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* The objective of the Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenue (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. This Statement is effective for reporting periods beginning after June 15, 2022. The City has determined that this statement does not apply.

GASB Statement No. 96 – *Subscription Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15, 2022. The effect of the implementation of this standard on beginning net position as required is included in Note 21.

GASB Statement No. 99 – *Omnibus* 2022. The objective of this Statement is to enhance comparability in account and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement, and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The City has determined that this statement does not apply.

V. Leases

The City determines if an arrangement is a lease at inception. Lease assets are included in capital assets and lease liabilities in the statements of net position.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease receivables are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position. For individual contracts where information about the discount rate implicit in the lease are not included, the City has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

1 - Summary of Significant Accounting Policies

W. Subscription-Based IT Arrangements

Subscription-Based IT Arrangements (SBITA's) are City contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction Right to use SBITA assets are recognized at the subscription commencement date and represent the City's right to use the underlying asset for the subscription term.Right to use SBITA assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use SBITA assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method.

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

2 - Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash	$ 4,681,392
Investments	320,625,267
Restricted cash and investments	15,216,833
Total	340,523,492
Statement of Fiduciary Net Position:	
Cash	13,847,008
Cash - OPEB Trust Money Market Funds	1,927,058
Investments - OPEB Trust Mutual Funds	2,596,982
Restricted cash and investments	7,720,597
Total	26,091,645
Total cash and investments	$ 366,615,137

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand		$ 18,363
Deposits with financial institutions		9,242,824
Investments:		
Pooled	$ 321,019,562	
Held by trustees	23,979,623	
Held by trustees - PARS section 115		
Money Market Funds	313,229	
Mutual Funds	7,517,496	
Held by OPEB Trust Money Market Fund	1,927,058	
Held by OPEB Trust Mutual Fund	2,596,982	
Total		357,353,950
Total cash and investments		$ 366,615,137

2 - Cash and Investments

A. Investments Authorized by the California Government Code and the City of Palmdale's Investment Policy

The table below identifies the investment types that are authorized for the City of Palmdale, for the OPEB Trust Fund, and the Pension Stabilization Trust Fund by the California Government Code (or the City of Palmdale's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City of Palmdale's investment policy, where more restrictive) that addresses interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements with the City of Palmdale or cash deposits held in restricted accounts, rather than the general provisions of the California Government Code or the City of Palmdale's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer**
U.S. Treasury Obligation	5 years	None	None
U.S. Federal Agency Securities	5 Years	None	None
Banker's Acceptance	180 days	40%	2%
Municipal Obligations	5 years	10%	15%
Medium Term Corporate Notes	5 years	15%	None
Negotiable Certificates of Deposit	5 years	25%	15%
Overnight Bank Investment Pool	N/A	10%	None
Local Agency Investment Fund (LAIF)	N/A	None	$65,000,000
California Asset Management Program (CAMP)	N/A	None	$65,000,000
Mutual Funds	N/A	15%	None

*Excluding amounts held by bond trustees that are not subject to California Code Restrictions

**Per account

The City of Palmdale's and OPEB Trust Fund investment policy also authorizes Demand Deposits of up to $2,000,000 (and $2,500,000 in the aggregate) with Bank of America or Wells Fargo Bank. As of June 30, 2023, a demand deposit of $1,053,255 is expected to be expended in a short period of time and is held on behalf of the Successor Agency Private Purpose Trust Fund as cash on hand.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 12) rather than the general provisions of the California Government Code. Certificates of Participation and Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds, are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Investment Policy of the City of Palmdale, Section 4.1 and 4.2, provide guidelines for managing risk. One of the ways that the City of Palmdale 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 of Palmdale's investments (including investments held by bond

2 - Cash and Investments

C. Disclosures Relating to Interest Rate Risk

trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Palmdale's Investments by Maturity.

	Remaining Maturity in Months			
	Total	12 Months or Less	13-24 Months	25-60 Months
Investment Type:				
Treasury Notes	$ 68,492,947	$ 33,329,433	$ 21,692,398	$ 13,471,116
Federal Agency Securities	100,905,283	4,772,678	38,924,219	57,208,386
Local Agency Investment Fund	148,108,783	148,108,783	-	-
CAMP Investment Fund	259,310	259,310	-	-
Corporate Notes	2,946,904	-	-	2,946,904
UBS Money Market Funds	306,335	306,335	-	-
Held by Trustees				
Money Market Mutual Funds	11,187,870	11,187,870	-	-
PARS Section 115				
Money Market Funds	313,229	313,229	-	-
Mutual Funds	7,517,496	7,517,496	-	-
OPEB Trust Money Market Funds	1,927,058	1,927,058	-	-
OPEB Trust Mutual Funds	2,596,982	2,596,982	-	-
Local Agency Investment Fund	12,791,753	12,791,753	-	-
Total investments by maturity	$ 357,353,950	$ 223,110,927	$ 60,616,617	$ 73,626,406

D. Disclosures Relating to Credit Risk

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

2 - Cash and Investments

D. Disclosures Relating to Credit Risk

	Total	Minimum Legal Rating	Not Required To Be Rated	AA- to Aa1	AAA to Aaa
Investment Type:					
Treasury Notes	$ 68,492,947	N/A	$ -	$ 68,492,947	$ -
Federal Agency Securities	100,905,283	N/A	-	100,905,283	-
Local Agency Investment Pool	148,108,783	N/A	148,108,783	-	-
CAMP Investment Fund	259,310	N/A	259,310	-	-
Corporate Notes	2,946,904	A	-	2,946,904	-
UBS Money Market Funds	306,335	N/A	306,335	-	-
Held by Trustees:					
Money Market Funds	11,187,870	A	-	-	11,187,870
PARS Section 115					
Money Market Funds	313,229	N/A	313,229	-	-
Mutual Funds	7,517,496	N/A	7,517,496	-	-
OPEB Trust Money Market Funds	1,927,058	N/A	1,927,058	-	-
OPEB Trust Mutual Funds	2,596,982	N/A	2,596,982	-	-
Local Agency Investment Fund	12,791,753	N/A	12,791,753	-	-
	$ 357,353,950		$ 173,820,946	$ 172,345,134	$ 11,187,870

E. Concentration of Credit Risk

The investment policy of the City of Palmdale contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Reportable investments in any one issuer that represent five percent or more of the total City of Palmdale's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	$ 42,442,513
Federal Farm Credit Bank	Federal Agency Securities	37,155,410
Freddie Mac	Federal Agency Securities	16,422,327

F. 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 of Palmdale'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 percent 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 percent of the secured public deposits.

As of June 30, 2023, a total of $12,075,309 of City of Palmdale's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts, but not in the name of the City. In addition, as of June 30, 2023, City of Palmdale investments in the following investment types were held by the safekeeping department of the broker-dealer (counterparty) used by the City of Palmdale to buy the securities:

2 - Cash and Investments

F. Custodial Credit Risk

Investment Type	Reported Amount
Treasury Notes	68,492,947
Federal Agency Securities	100,905,283
Corporate Notes	2,946,904

G. Investment in State Investment Pool

The City of Palmdale is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Palmdale's investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Palmdale's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. LAIF is not rated and not registered with the Securities and Exchange Commission (SEC).

H. Investment in California Asset Management Program

The City of Palmdale is a voluntary participant in the California Asset Management Program (CAMP) that is regulated by the California Government Code Section 53601 (p) and managed by a Board of Trustees comprised of finance directors and treasurers of California public agencies that are members of the Joint Powers Authority. The value of pool shares in CAMP that may be withdrawn is determined on an amortized cost basis, which is the same as the fair value of the City's portion in the pool.

I. Disclosures Relating to Fair Value of Investments

The City categorized its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

When quoted prices in active markets are available, investments are classified within Level 1. For investments classified within Level 2, the City's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, broker-dealer quotes and matrix pricing. The City does not have any investments classified with Level 3. Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of $1 and not fair value. Accordingly, the fair value measurement of these types of investments is based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

2 - Cash and Investments

I. Disclosures Relating to Fair Value of Investments

As of June 30, 2023, the City has the following recurring fair value measurements:

		Fair Value Measurements on A Recurring Basis Using		
	Balance June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Treasury Notes	$ 68,492,947	$ -	$ 68,492,947	$ -
Federal Agency Securities	100,905,283	-	100,905,283	-
Corporate Notes	2,946,904	-	2,946,904	-
PARS Section 115 - Mutual Funds	7,517,496	7,517,496	-	-
OPEB Trust Mutual Funds	2,596,982	2,596,982	-	-
Total investments by fair value level	182,459,612	$ 10,114,478	$ 172,345,134	$ -
Investments Measured Using Uncategorized Inputs:				
Local Agency Investment Fund	160,900,536			
CAMP Investment Fund	259,310			
UBS Money Market Funds	306,335			
Money Market Mutual Funds	11,187,870			
PARS Section 115 - Money Market Funds	313,229			
OPEB Trust - Money Market Mutual Funds	1,927,058			
Total investments - uncategorized inputs	174,894,338			
Total investments	$ 357,353,950			

J. PARS Section 115 - Pension Stabilization Trust

In April 2018, the City approved and adopted the Public Agencies Post-Retirement Pension Plan Document and Trust Agreement. The asset is classified and reported as a restricted asset in the General Fund. The Pension Stabilization Trust is a tax-qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund pension obligations as described in GASB Statement No. 75.

The Plan Discretionary Trustee is U.S. Bank (U.S. Bank has delegated investment management responsibilities to High Mark Capital Management, Inc.), and Public Agencies Retirement Services (PARS) is the Trust Administrator. The City elected 'Moderately Conservative HighMark PLUS' investment approach with a blended investment objective strategy. The primary objective is to provide current income with capital appreciation as a secondary objective.

The Plan's targeted Rate of Return is 3.2 percent. The asset allocation ranges for this objective are zero percent to 20 percent cash source, 50 percent to 80 percent fixed income mutual funds, and 20 percent to 40 percent equity mutual funds, in accordance with a blended investment objective strategy. With the net investment earnings of $802,981, the ending balance as of June 30, 2023 is $7,830,725.

3 - Interfund Transfers

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfer To	Transfer From	Amount
General Fund	Non-Major Governmental Funds	$ 5,759,585
General Fund	Housing Asset Fund	55,075
Non-Major Governmental Funds	General Fund	4,232,974
Non-Major Governmental Funds	Non-Major Governmental Funds	25,820
Housing Asset Fund	Housing Authority Fund	322,554
Internal Service Funds	General Fund	500,000
General Fund	Enterprise Fund	1,077,918
	Total interfund transfers	$ 11,973,926

Transfers resulted from the following transactions:

1. Transferring revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires expending them.
2. Transferring receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments come due.
3. Using unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
4. Transferring negative fund balance from the General Fund to the Enterprise fund for Palmdale CCA.

4 - Interfund Assets/Liabilities

A. Due From/To Other Funds as of June 30, 2023 were as follows:

The amounts payable to the General Fund and Non-Major Governmental Funds relate to temporary cash flow loans made to several non-major funds that all are scheduled to be collected in the subsequent year.

Payable To	Payable From		Amount
General Fund	Non-Major Governmental Funds	$ 7,619,255	$
	Housing Asset Fund	12,509	
	Palmdale CCA Fund	5,189,007	
	Internal service Funds	1,719,092	14,539,863
Non-Major Governmental Funds	Non-Major Governmental Funds		229,558
	Total due to/due from other funds		$ 14,769,421

B. Advances Due From/To Fiduciary Funds as of June 30, 2023

The amounts payable to the General Fund and due from Fiduciary Funds relate to administrative fees that are scheduled to be collected in the subsequents year and total $74,071.

C. Advances Due From/To Drainage Funds as of June 30, 2023

Beginning in fiscal year ending June 30, 1993, advances were made from the Amargosa, Portal Ridge, and Pearland Drainage funds to cover shortfalls in funding in the Anaverde Drainage Funds. Government Code Section 66006 stipulates that developer impact fees shall be kept in a separate fund and earn interest until expended for the purpose for which the fee was originally

4 - Interfund Assets/Liabilities

C. Advances Due From/To Drainage Funds as of June 30, 2023

collected. In accordance with this Government Code Section, interest has been accrued on a monthly basis with a rate equal to the monthly LAIF rate since the inception of the advances.

The Drainage Funds financial statements are presented as one combined statement within this report. Due to this presentation, the advances have been eliminated.

	Receivable	Payable
Anaverde Drainage	$ -	$ 2,136,221
Pearland Drainage	2,136,221	-
Total	$ 2,136,221	$ 2,136,221

The repayment of the remaining Pearland loan will be funded from future assessments received by the Anaverde Drainage Fund.

The Total Fund Equity of the individual funds is as follows:

Fund Name	Fund Equity
Amargosa Drainage	$ 1,267,310
Anaverde Drainage	(3,276,353)
Big Rock Drainage	48,322
Portal Ridge Drainage	107,046
Pearland Drainage	12,151,294
Littlerock Drainage	3,850
	$ 10,301,469

D. Advances Due From Fiduciary Funds

The amounts due from the Private Purpose Trust Funds are advances due to the General Fund, Housing Asset Fund that are approved enforceable obligations of the Successor Agency Trust of the Former Redevelopment Agency of the City of Palmdale and will be paid from future property tax. The amount due from the Custodial Funds includes advances to Assessment Districts that are scheduled to be collected in the subsequent year.

Advances Due From Fiduciary Funds

Payable To	Payable From	Amount
Major Fund		
General Fund	Private Purpose Trust Funds	$ 1,114,403
Housing Asset Fund	Private Purpose Trust Funds	4,909,777
Total Major Funds		6,024,180
Non-Major Governmental Funds	Custodial Funds	583,859
		$ 6,608,039

4 - Interfund Assets/Liabilities

E. Interfund Promissory Note Receivable and Payable as of June 30, 2023

The Housing Authority Facilities - Fund issued a Promissory Note to the former Redevelopment Low and Moderate Income Housing Fund to generate proceeds to fund additional housing programs. The Promissory Note is to be repaid from the Mobile Home Parks operating revenue when net income is sufficient under the operating agreement. As the result of the dissolution of the Community Redevelopment Agency, the Promissory Note asset was transferred to the Housing Authority Housing Asset Fund. All proceeds from repayment of the Promissory Note must be used in accordance with applicable housing related provisions of Community Redevelopment Law. During fiscal year 2022-2023, the Housing Authority Facilities fund paid $1,031,667 principal and $323,471 interest for a total of $1,355,138 to the Housing Authority Housing Asset Fund. The balance of the Promissory Note as of June 30, 2023 is $6,353,333.

F. Advances Due to/Due From Other Funds as of June 30, 2023

	Receivable	Payable
Major Funds		
General Fund	$ 5,000,000	$ -
Housing Auth - Housing Asset Fund	1,186,001	-
Housing Auth Facilities Fund	-	1,186,001
Non-Major Governmental Funds		
Park Development Fund	-	5,000,000
Pearland Drain Fund	3,800,000	-
Sewer Maintenance Assmnt District Fund	-	3,800,000
Total	$ 9,986,001	$ 9,986,001

The Park Development Fund has advances due to the General of $5,000,000 resulting from a loan to provide funding to accelerate the planning, public outreach, design and construction of prioritized Park Development Fund projects, including community engagement, and establish a budget for construction based on completed design parameters. These advances shall be repaid in over a period of 27 years. Payments will be interest only for the first seven years, beginning on July 1, 2020, and both principal and interest payment for twenty years, beginning on July 1, 2027. The last payment shall be in June 30, 2047.

The Housing Authority Facilities Fund has advances due to the Housing Authority-Housing Asset Fund of $1,186,001 resulting from the acquisition and operation of three mobile home parks purchased during fiscal year 2002-2003. Upon acquisition, the Housing Authority assumed the Mobile Home Park's prior owner's liabilities which were payable to the former CRA Low and Moderate Income Housing fund and City under the terms of an operating agreement. The operating agreement establishes priorities for the use of revenues from operation of the parks and provides for repayment of the advances from net income once expenses, debt service, operating, and capital reserve requirements are met. In the interim, additional liabilities and program/project management fees will continue to accrue to the long-term advances due the Housing Authority - Housing Asset Fund if there are shortfalls in expected payment. These advances will be repaid when net income is sufficient under the operating agreement.

5 - Notes Receivable and Liens

The City has the following Note Receivables outstanding at the end of June 30, 2023:

	June 30,2023
Major Funds	
General Fund:	
Related Party Loan	$ 1,134,020
Housing Authority Fund:	
Housing Asset Fund	26,711,166
Non-Major Governmental Funds	
Federal Home Program	7,645,389
CDBG/NSP Program	2,074,100
Housing Authority Fund	1,200,000
Total Non-Major Governmental Funds	10,919,489
Total	$ 38,764,675

A. City Loans

The City wrote off a total of $42,329 in Graffiti Loans as uncollectable in FY 2022-23. The City authorized a home loan for the former City Manager totaling $1,200,000 with a 30-year term. The outstanding balance of the loan was $1,134,020 as of June 30, 2023. Refer to Note 20 - Related Party Loan for more information.

B. Federal Home Program Loans

The City provides loans to developers for development and rehabilitation of affordable housing. All loan payments will be used to pay for future program expenditures. The balances of the loans were $7,645,389 as of June 30, 2023.

C. CDBG/NSP Program Loans

Through the Community Development Block Grant and the Neighborhood Stabilization Program, the City provides subsidies to families for purchase of single family affordable housing. Each year a portion of the loan is forgiven if the participant is compliant or repayment of the loan would be received if the home is sold during the compliance period. The balances of the loans were $2,074,100 as of June 30, 2023.

D. Housing Program

The Housing Program provides loans for mortgage assistance, mobile home rehabilitation, development of affordable homes, and Veteran's Purchasing Assistance loans. All loan payments will be used to pay for future program expenditures. The balances of the loans were $26,711,166 as of June 30, 2023.

6 - Fund Balance Classification

The Fund Balances at June 30, 2023 were classified as follows:

		Special Revenue Funds					
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Advances	$ 1,114,403	$ -	$ -	$ -	$ -	$ -	$ 1,114,403
Note and liens	1,134,020	-	-	-	-	-	1,134,020
Deposits and prepaids	321,250	-	-	-	-	-	321,250
Total nonspendable	2,569,673	-	-	-	-	-	2,569,673
Restricted:							
General Government	-	-	-	-	24,565,678	-	24,565,678
Pension stabilization program	7,830,725	-	-	-	-	-	7,830,725
Debt service	-	-	-	-	-	124	124
Public safety programs	-	-	-	-	-	10,675,825	10,675,825
Public services programs	-	-	-	-	-	150,931,931	150,931,931
Low and moderate income housing	-	49,686,425	-	-	-	11,482,501	61,168,926
Recreation and culture programs	-	-	-	-	-	12,924,096	12,924,096
Health and welfare programs	-	-	-	323,465	-	549,133	872,598
Street Projects and Maintenance	-	-	-	-	-	297,756	297,756
Total restricted	7,830,725	49,686,425	-	323,465	24,565,678	186,861,366	269,267,659
Assigned:							
Compensated absences	2,224,370	-	-	-	-	-	2,224,370
Self insurance claims	3,584,772	-	-	-	-	-	3,584,772
Health insurance	7,283,598	-	-	-	-	-	7,283,598
Total assigned	13,092,740	-	-	-	-	-	13,092,740
Unassigned Fund Balance	69,083,182	-	(2,462,215)	-	-	(404,309)	66,216,658
Total fund balance (deficit)	$ 92,576,320	$ 49,686,425	$ (2,462,215)	$ 323,465	$ 24,565,678	$ 186,457,057	$ 351,146,730

7 - Joint Ventures

A. Antelope Valley Transit Authority

The City of Palmdale is a member of the Antelope Valley Transit Authority (Authority), a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

The Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf. The Authority is funded in part by revenues allocated to the City and redirected to the Authority and in part by a shared formula based on the level of service provided to the jurisdiction.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California, 93534.

B. Palmdale Recycled Water Authority

As of September 26, 2012, the City of Palmdale became a member of the Palmdale Recycled Water Authority (Authority), a joint exercise of powers agreement between the City of Palmdale and Palmdale Water District. The Authority was formed to jointly study, promote, develop, distribute, construct, install, finance, use, and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities, and irrigation systems. The governing board consists of five Directors. The governing body of each Member shall appoint and designate two Directors who shall be authorized to act for and on behalf of the Member on matters within the powers of the Authority. The fifth Director shall be appointed jointly by both Members. The Authority is funded by Member contributions.

7 - Joint Ventures

B. Palmdale Recycled Water Authority

Separate financial statements of the Authority are available from the City of Palmdale Finance Department at 38300 Sierra Highway, Suite D, Palmdale, California 93550.

8 - Risk Management

The City is self-insured and exposed to various risk of loss related to general liability and health, dental, and vision needs of employees. Under the City's risk management program, the City retains the risk for general liability claims for the first $500,000 per occurrence and carries excess general liability and automobile insurance with total policy limits of $35,000,000. There have been no settlements related to these programs that exceeded insurance coverage in the last three years. The City transitioned to a self-insurance health plan in January 2009 and purchases stop loss coverage for the health benefits program for health claims in excess of $125,000 per covered person. The first claims that exceed the $125,000 specific deductible, whether from a single member or several, are paid by the group's $60,000 aggregating specific deductible. The City retains the risk for dental and vision claims. The health, dental, and vision claims are administered by Benefit and Risk Management Services, Inc., a third-party claims administrator.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk. Charges to the General Fund and other funds are determined from an analysis of claims costs, and are recorded as expenditures in the various funds.

During fiscal year 2022-2023, $331,741 was paid in liability administrative costs. On June 30, 2023, general liability claims totaled $6,014,772. The portion estimated to be due within one year is $2,430,000 and is calculated based on a three-year average of settlements paid during the fiscal year. These accruals, based on the results of an actuarial study and the Risk Management department, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

During fiscal year 2022-2023, $1,388,736 was paid in health claims and $494,123 was paid in health administrative costs. On June 30, 2023, $865,071 was accrued for health liability claims in the Government-Wide Financial Statements. The accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims. All administrative costs were paid during the fiscal year and no unpaid amounts are due and payable as of June 30, 2023.

During fiscal year 2022-2023, $258,420 was paid in dental and vision claims and $21,736 was paid in dental and vision administrative costs. On June 30, 2023, $96,200 was accrued for dental and vision claims in the Government-Wide Financial Statements. The accruals, based on the results of an actuarial study, represent estimates of amounts to be paid for reported claims and incurred but unreported claims.

The total liability is calculated considering the effects of inflation, recent favorable claim settlement trends, including frequency and amount of payouts, anticipated future investment earnings on funds held to pay losses, and other economic and social factors.

It is the City's practice to obtain a full actuarial study annually to perform an analysis of the City's potential liability for the City's retained risk portions of the various self-insurance programs. The amounts recorded as liabilities represent estimates of amounts to be paid for reported claims, as well as incurred but not reported claims based upon past experience, modified for current trends, and information. While the ultimate amounts of losses incurred through June 30, 2023, are dependent on future developments, the City's management believes that the aggregate accrual is adequate to cover such losses. The liabilities for general liability claims are reported using a discount rate of 3.0% while a 25.0% margin was added to the estimated health, dental, and vision claims for potential adverse deviation. The estimates do not include any additional provision for administrative expenses associated with the adjudicating or processing the unpaid claims.

8 - Risk Management

Changes in the balances of the City's claims liabilities for the current and prior fiscal year are as follows:

	General Liability	Health Claims	Dental and Vision Claims	Total
Balance of June 30, 2021	$ 1,948,497	$ 1,006,315	$ 98,654	$ 3,053,466
Claims incurred	6,307,154	435,842	792,223	7,535,219
Claims paid	-	(773,040)	(810,880)	(1,583,920)
Balance of June 30, 2022	8,255,651	669,117	79,997	9,004,765
Claims incurred	1,082,742	1,584,690	274,623	2,942,055
Claims paid	(3,323,621)	(1,388,736)	(258,420)	(4,970,777)
Balance as of June 30, 2023	$ 6,014,772	$ 865,071	$ 96,200	$ 6,976,043

9 - Unearned Revenue and Unavailable Revenue

Unearned Revenue - Governmental Funds and governmental activities report unearned revenues on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of unearned revenue is also reported on the Statement of Net Position. At the end of the current fiscal year, the components of unearned revenue were as follows:

General Fund	
Fees received for Recreational Program Not Yet Held	$ 163,824
Total general fund unearned revenue	163,824
American Rescue Plan Act Fund	
U.S. Treasury Funds received for Coronavirus Aid	22,521,548
Housing Asset Fund:	
Lease revenues received in Advance	3,880,000
Misc Grants/Developer Contributions	85,451
State Grants Fund	2,700,000
Total unearned revenues for governmental funds	$ 29,350,823

9 - Unearned Revenue and Unavailable Revenue

Unavailable Revenue - Governmental funds also report deferred inflows of resources on the balance sheet in connection with resources that have been earned, but are not yet available to finance expenditures of the current fiscal period. This type of Unavailable Revenue is unique to governmental funds and is tied to the modified accrual basis of accounting. Accordingly, these Unavailable Revenues are not reported on the Statement of Net Position. At the end of Fiscal Year 2022-23, the components of Unavailable Revenue resulting from grant revenue not received with 60-day accrual period were detailed as follows:

Major Funds	
General Fund	$ 5,660,253
HA Housing Asset Fund	5,355,662
Non-Major Special Revenue Funds	
Community Development Block Grant	46,558
Federal Funds	10,216
Federal Home Program	2,889,166
Measure R	1,779,394
Misc. Grants/ Developer Contributions	4,131,565
Proposition C	1,086,508
Measure M	111,876
States Grants Fund	1,262
Total unavailable revenue for governmental funds	$ 21,072,460

10 - Capital Assets and Right to Use Assets

Capital Assets of the City for year ended June 30, 2023, consisted of the following:

Governmental Activities	Beginning Balance, as Restated	Additions	Deletions	Ending Balance
Capital Assets, Not being Depreciated:				
Land and Improvements	$ 119,352,146	$ 3,507,445	$ -	$ 122,859,591
CFD 16-1 Water Credits	153,090	-	-	153,090
Construction in Progress	28,091,702	26,279,139	(23,536,629)	30,834,212
Total Capital Assets, Not being Depreciated	147,596,938	29,786,584	(23,536,629)	153,846,893
Capital Assets, Being Depreciated:				
Buildings and Structures	80,501,821	2,429,636	-	82,931,457
Improvements Other than Buildings	2,606,911	130,071	-	2,736,982
Machinery and Equipment	18,384,711	3,317,180	-	21,701,891
Infrastructure	1,165,166,317	12,432,289	-	1,177,598,606
Total Capital Assets, Being Depreciated	1,266,659,760	18,309,176	-	1,284,968,936
Less: Accumulated Depreciation for:				
Buildings and Structures	28,020,247	1,704,755	-	29,725,002
Improvements Other than Buildings	1,462,165	256,488	-	1,718,653
Machinery and Equipment	13,290,634	1,004,161	-	14,294,795
Infrastructure	689,234,207	35,795,435	-	725,029,642
Total Accumulated Depreciation	732,007,253	38,760,839	-	770,768,092
Total Capital Assets, Being Depreciated, Net	534,652,507	(20,451,663)	-	514,200,844
Right to Use Assets:				
SBITA Assets	3,227,539	231,512	-	3,459,051
Machinery and Equipment - Right to Use	$ 81,954	$ -	$ -	$ 81,954
Total Right to Use	3,309,493	231,512	-	3,541,005
Accumulated Amortization				
SBITA Assets	-	637,819	-	637,819
Machinery and Equipment	$ 23,132	$ 27,318	$ -	$ 50,450
Total Accumulated Amortization	23,132	665,137	-	688,269
Total Right to Use Assets, Net	$ 3,286,361	$ (433,625)	$ -	$ 2,852,736
Total Governmental Activities Capital Assets, Net	$ 685,535,806	$ 8,901,296	$ (23,536,629)	$ 670,900,473

10 - Capital Assets and Right to Use Assets

For the year ended June 30, 2023, depreciation on capital assets was charged to the governmental functions as follows:

Governmental Function	Depreciation Expense
General Government	$ 571,240
Cultural and Recreational	881,513
Community Development	816,336
Public Safety	15,497
Public Services	35,570,143
Internal Service Funds	906,110
Total Depreciation Expense	$ 38,760,839

11 - Financed Purchases

Canon Copier – On December 23, 2015, the City entered into a five-year agreement with Canon Financial Services, Inc. to finance the acquisition of copier machines throughout the City. Interest on the contract is payable monthly at 4.11 percent per annum.

In July 2017, the City entered into an additional agreement with Canon Financial Services, Inc. to finance the acquisition of a copier machine placed at Legacy Common facility. Interest on the agreement is payable monthly at 4.11 percent per annum for forty-two months.

In May 2018, the City entered into a third agreement with Canon Financial Services, Inc. to finance the acquisition of a color copier machine to replace a black and white copier machine that was part of the first five- year agreement for general use by multiple departments. Interest on the agreement is payable monthly at 4.11 percent per annum for thirty-two months.

In October 2020, the City entered into a new agreement with Canon Financial Services, Inc. to finance the acquisition of new copier machines throughout the City and thus terminated its existing three agreements that were scheduled to expire in December 2020. The terms of the agreement are for seven years with an interest rate of 2.26 percent per annum.

In September 2022, the City added amendments 4 & 5 with Canon Financial Services, Inc to finance the acquisition of two new copier machines. These amendments are for 49 months with an implicit interest rate of 2.26 percent per annum.

Payments for the year ended June 30, 2023, amounted to $97,943 under the agreement and are sourced by the General Fund. In the event of default, Canon Financial Services may repossess the equipment but may not accelerate the entire balance outstanding due and payable.

For Year Ending	Principal	Interest	Total
2024	$ 102,913	$ 6,706	$ 109,619
2025	105,269	4,352	109,621
2026	107,677	1,943	109,620
2027	27,394	103	27,497
Total value of minimum lease payments	$ 343,253	$ 13,104	$ 356,357

11 - Financed Purchases

Energy Efficient Equipment - On June 29, 2016, the City entered into a thirteen- year agreement with Capital One Public Funding, LLC to finance the acquisition of energy efficient equipment. Interest on the contract is payable semi-annually at 3.44 percent per annum. Payments for the year ended June 30, 2023, amounted to $83,059 and are sourced by the General Fund. In the Event of Default, Capital One Public Funding may repossess the equipment but may not accelerate the entire balance outstanding due and payable.

For Year Ending	Principal	Interest	Total
2024	$ 85,916	$ 19,330	$ 105,246
2025	88,871	16,374	105,245
2026	91,928	13,317	105,245
2027	95,091	10,155	105,246
2028	98,362	6,884	105,246
2028-2029	101,745	3,500	105,245
Total value of minimum lease payments	$ 561,913	$ 69,560	$ 631,473

12 - Long-Term Debt

A. Notes Payable

Section 108 HUD Note Payable – On January 11, 2006, the City issued a Variable Rate Note by entering into the Department of Housing and Urban Development contract for Loan Guarantee Assistance under Section 108 of the Housing and Urban Development Act of 1974. The City received advanced proceeds of $5,000,000 and used the proceeds for property acquisition, relocation, and demolition costs associated with the development of the proposed Senior Center. Interest on the note is equal to 0.2 percent above the applicable London Interbank Offered (LIBOR) and is payable semi-annually on February 1st, and August 1st, beginning February 1, 2006. Principal installments are payable August 1st of each year from 2006 through 2025. The payment schedule detailed below uses a blended interest rate ranging from 4.63 percent to 5.3 percent due to the note payable's variable interest rate.

On March 20, 2019, the U.S. Department of Housing and Urban Development refinanced $327,338,000 of its debt for Section 108 Participating Certificates, new Series HUD 2019-A, in which the City participated by refinancing $2,056,000 of its $2,464,000 outstanding principal balance and thus generating new blended rates ranging from 2.54 percent to 3.365 percent where the remaining $408,000 and original terms and schedule of payments remaining the same. Debt payments are to be paid from Community Development Block Grant funds and there are no remedies for Event of Default explicitly stated. The principal balance outstanding as of June 30, 2023, is $1,000,000.

Year Ending	Principal	Interest	Total
2024	$ 299,000	$ 22,874	$ 321,874
2025	333,000	14,518	347,518
2026	368,000	5,038	373,038
Totals	$ 1,000,000	$ 42,430	$ 1,042,430

HOME Loan Note Payable – In December of 2005, the City entered into an agreement with the Department of Housing and Community Development for the State of California HOME Investment Partnerships Program (HOME) to help approve the construction loan closing for the Courson Connection Project. The City has received advanced proceeds of $2,850,000 from HOME and has passed through those funds to the developer, Courson Senior Partners LP, for the construction of the 75 units of Senior Housing in the Courson Connection Project. The repayment of the loan will be over a 55-year term through residual receipts from the Project. As of June 30, 2023, no residual receipts from the project have been received from developer. Interest on the note is equal to 3 percent.

12 - Long-Term Debt

A. Notes Payable

If any installment under the Promissory Note is not paid when due or any default occurs in the agreements contained in the Note or the Loan Documents, the entire principal amount outstanding and any accrued interest thereon shall become due and payable immediately. The outstanding balance as of June 30, 2023, is $2,850,000 with $1,423,438 of unpaid accrued interest.

2017 Installment Payable of Street light Acquisition ($11,397,102) – During the Fiscal Year 2016-17, the City of Palmdale submitted a request to acquire street lights from Southern California Edison. In preparation for the acquisition of street lights, the City created a comprehensive inventory of light poles and their locations. Additionally, the City retained Utility Cost Management (UCM) to perform an analysis of the financial feasibility to acquire and maintain the City street lights. One of the key advantages of the street lights ownership is savings in energy cost by retrofitting existing street lights into Light Emitting Diode (LED) lighting. Retrofitting also provides the City with a greater ability to control future updates as technology develops.

The City has five (5) Streetlight Maintenance Assessment Districts. District No. 1 consists of residential and non-residential developments located throughout the City. It has 144 individual Annexations encompassing approximately 6,441 parcels. District No. 2 includes the Anaverde Master Planned Community, with 1,457 parcels. District No. 3 includes the Ritter Ranch Master Planned Community and has approximately 48 parcels. There are no street lights in District No. 3. District No. 4, similar to District No. 1, consists of residential and nonresidential developments located throughout the City.

A new engineering firm took over the annexations in 2010 and started using the term “SLMD 4” to annex in any new projects after that date just to keep track, but legally they are all part of SLMD 1. Both Districts are referred to as SLMD 1/4. District No. 4 has 19 individual Annexations encompassing approximately 54 parcels. District No. 5 includes the approximately 32,790 parcels that were previously covered under the Los Angeles County Lighting Maintenance District No. 1616, and that have been administered by the City since fiscal year 2014/2015.

On August 1, 2017, the City Council approved the Purchase and Sale Agreement between the City of Palmdale and Southern California Edison for the ownership of approximately 17,352 street lights within the five (5) Streetlight Maintenance Assessment Districts limits. In order to finance the acquisition of street lights, the Palmdale Financing Authority and the City of Palmdale entered into an Installment Sale Agreement for $11,397,102 on September 1, 2017. Simultaneously, Opus Bank, a California commercial bank entered into an Assignment Agreement with the Palmdale Financing Authority. As such, the loan is now the City’s loan to OPUS, and no longer a Palmdale Financing Authority loan and receivable.

Opus Bank agreed to purchase the City’s obligations under the Installment Sale Agreement at a purchase price of $11,397,102 at the interest rate of 2.4 percent per annum. The purchase price paid by Opus Bank is to be used by the City to finance the acquisition of approximately 17,352 street lights from Southern California Edison and to pay the costs related to the preparation, execution and delivery of the Installment Sale Agreement and the Assignment Agreement.

On September 7, 2017, Opus Bank disbursed $157,850 constituting the first advance under the Installment Sale Agreement for payment of costs of the financing transactions, resulting in the available proceeds in the amount of $11,239,252 for the City to acquire the street lights from Southern California Edison. At closing of the Installment Sale Agreement and the Assignment Agreement, dated as of September 7, 2017, the City did not draw any funds from the available proceeds of $11,239,252.

Installment payments are computed based on the amount drawn upon during each six month period and represent the maximum payment assuming all project funds are drawn on the closing date. The 2017 Installment Sale Agreement is payable semi-annually on February 1st and August 1st at the rate of 2.48 percent per annum. Principal installments are payable August 1st of each year to 2032 commencing August 1, 2019. Up to 10 percent of outstanding principal can be prepaid every year without prepayment penalty or limitation, as long as such payment is not through refinancing. Such prepayments will be applied against the back end of the amortization schedule. On January 31, 2018, the City made the first interest payment of $1,565.87 on the $157,850 draw related to the cost of financing.

12 - Long-Term Debt

A. Notes Payable

On January 25, 2018, the City drew upon $6,869,454 for the acquisition of approximately 10,538 street lights from Southern California Edison. On March 23, 2018, the remaining balance of available proceeds was drawn upon in the amount of $4,369,798, which was used to acquire additional 7,234 street lights from Southern California Edison. As a result of these two advances, all project funds are drawn to its maximum amount of $11,239,252. In accepting the inventory listing provided by Southern California Edison, the City acquired 17,772 street lights in total, which are 420 more street lights than the initial estimate of 17,352.

Pursuant to the Installment Sale Agreement, the City will pledge as collateral the assessments in the City's Street Light Maintenance Districts 1, 4 and 5 and use such assessments with the first priority for repayment of advances. In the Event of Default, Pacific Premier Bank (acquired Opus Bank) may repossess the street light poles but may not accelerate the payments outstanding and due.

Year Ending	Principal	Interest	Total
2024	$ 761,997	$ 202,073	$ 964,070
2025	780,894	182,941	963,835
2026	800,260	163,335	963,595
2027	820,107	143,242	963,349
2028	840,446	122,652	963,098
2029-2033	4,525,405	286,072	4,811,477
Totals	$ 8,529,109	$ 1,100,315	$ 9,629,424

2017 On Bill Financing (OBF) – The City of Palmdale and Southern California Edison ("SCE") entered into the Energy Management Solution Incentive Application ("EMS Agreement") with the California Public Utilities Commission ("CPUC") in May 2014. After submission of the application, the City has completed installation of energy efficient equipment ("Equipment") at the sites as set forth in the EMS Agreement. In Decision 12-11-015, the CPUC authorized SCE to provide zero-percent financing for the installation of Equipment, which is to be repaid over a specified period through the City's electric utility bill through a process called On-Bill Financing ("OBF").

Amounts due under this OBF Agreement will be amounts deemed due under each SCE utility bill to the Customer Service Account(s), and a default under this OBF Agreement will be treated as a default under the Customer Service Account(s). Customer's Loan Obligation is subject to the discontinuance provisions of SCE's Rule 11, Discontinuance and Restoration of Service, Section B, Nonpayment of Bills or Summary Bills which is incorporated herein by reference. Following a breach as set forth in this section, SCE shall have the right to declare the entire unpaid balance of the Loan Obligation immediately due and payable.

A. In August 2017, the City entered into an OBF Agreement OBF A-5962 with SCE for the replacement of Courson Park lights with the Equipment. The Park's address is 38226 10th Street East, Palmdale, CA 93550. The amount financed is $229,909, and the repayment will be over one hundred twenty (120) months in the amount of $1,916 per month starting in December 2017. The outstanding balance as of June 30, 2023 is $101,456.

B. In October 2020, The City entered into another OBF Agreement with SCE. The City has completed installation of eligible energy efficient equipment at the Marie Kerr Park Site set forth in the EMS Agreement and has accepted the equipment as being operational and in good working order. The amount financed is $116,203, and the repayment will be sixty-nine (69) months in the amount of $1,700 per month. The outstanding balance as of June 30, 2023 is $70,294.

12 - Long-Term Debt

A. Notes Payable

Year Ending	Principal A	Interest	Total
2024	$ 23,016	$ -	$ 23,016
2025	23,016	-	23,016
2026	23,016	-	23,016
2027	23,016	-	23,016
2028	9,392	-	9,392
Total	$ 101,456	$ -	$ 101,456

Year Ending	Principal B	Interest	Total
2024	$ 20,404	$ -	$ 20,404
2025	20,404	-	20,404
2026	20,404	-	20,404
2027	9,082	-	9,082
2028	-	-	-
Total	70,294	-	$ 70,294

Street Lights Retrofitting – In March 2017, the City entered into four (4) OBF Agreements with SCE for installation of the safety street lights at Sites 1-25, 26-50, 51-75 and Sites 76-105 in accordance with Energy Management Solution Incentive Application (EMS) Agreement. The safety street lights are components of the traffic signal infrastructure, and Sites 1-105 consist of the various street lights located throughout the City. The repayment of all four (4) Agreements will be over 120 months. The first payments were made in January 2018.

Amounts due under this On-Bill Financing (OBF) Agreement will be amounts deemed due under each Southern California Edison (SCE) utility bill to the Customer's Service Account(s). Customer's Loan Obligation is subject to the discontinuance provisions of SCE's Rule 11, Discontinuance and Restoration of Service, Section B, Nonpayment of Bills or Summary Bills which is incorporated herein by reference. Following a breach as set forth in this Section, SCE shall have the right to declare the entire unpaid balance of the loan obligation immediately due and payable.

The amounts financed and outstanding balances as of June 30, 2023 are as follows:

A. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5806 for $20,258 with an outstanding balance of $3,001 as of June 30, 2023.

Year Ending	Principal	Interest	Total
2024	$ 3,001	$ -	$ 3,001

B. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5807 for $100,761 with an outstanding balance of $19,497 as of June 30, 2023

Year Ending	Principal	Interest	Total
2024	$ 15,455	$ -	$ 15,455
2025	4,042	-	4,042
Totals	$ 19,497	$ -	$ 19,497

12 - Long-Term Debt

B. Revenue Bonds

2012 Lease Revenue Bonds Payable ($8,695,000) – On December 19, 2012, Palmdale Financing Authority issued $8,695,000 of Lease Refunding Revenue Bonds (2012 Bonds). Interest on the 2012 Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2 percent to 4 percent per annum. Principal installments are payable September 1 of each year from 2015 to 2029.

The 2012 Bonds maturing on or after September 1, 2015, are subject to extraordinary mandatory redemption from net proceeds of an insurance, title insurance, condemnation or eminent domain award on any interest payment date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of lease payments. The 2012 Bonds maturing on or after September 1, 2023, may be redeemed on or after September 1, 2022, from proceeds of optional lease prepayments made by the City, without premium.

The proceeds of the 2012 Bonds were used to refinance an existing lease and refund the related Certificates of Participation, to satisfy the reserve requirement of the bonds, and pay the costs incurred in connection with the issuance of the bonds.

The 2012 Bonds represent direct, undivided fractional interests in a lease of the City's Development Services Building and South Valley WorkSource Center. The City has the right, subject to certain conditions, to substitute alternate property for the above properties, as property subject to the lease.

The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2012 Bonds as they become due. Title to the land and facilities covered by the lease and the 2012 Bonds is vested in the Authority, for the benefit of the 2012 Bond holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2012 Bond holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

If City defaults in performance of its obligations under the lease agreement, the City has consented to the Authority's repossession of the Property. Notwithstanding any re-entry by the Authority, the City shall continue to remain liable for the payment of the lease payments and the performance of all conditions contained in the lease agreement. The City shall remain liable for the payment of all lease payments and shall reimburse the Authority for any deficiency arising out of the re-leasing of the property, or, in the event the Authority is unable to re-lease the property, then for the full amount of all lease payments to the end of the term of the lease agreement, but said lease payments and/or deficiency shall be payable only at the same time and in the same manner as provided for the payment of lease payments, notwithstanding such entry or re-entry by the Authority of any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the property or the exercise of any other remedy by the Authority.

Year Ending	Principal	Interest	Total
2024	$ 610,000	$ 129,985	$ 739,985
2025	625,000	111,460	736,460
2026	645,000	92,007	737,007
2027	665,000	71,289	736,289
2028	690,000	49,436	739,436
2029-2030	1,145,000	38,856	1,183,856
Totals	$ 4,380,000	$ 493,033	$ 4,873,033

12 - Long-Term Debt

B. Revenue Bonds

2015 Multifamily Housing Revenue Bonds Payable ($4,235,000) – On September 3, 2015, the Housing Authority of the City of Palmdale issued $4,235,000 of Multifamily Housing Revenue Bonds (2015 Bonds). Interest on the 2015 Bonds is payable semi-annually on December 1st and June 1st at rates ranging from 2.62 percent to 5.25 percent per annum. Principal installments are payable June 1st of each year from 2017 to 2045.

The 2015 Bonds maturing on or after June 1, 2026, may be redeemed on or after June 1, 2025, from moneys deposited in the Redemption Fund from any source of available funds, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

The 2015 Bonds maturing on or after June 1, 2025, are subject to extraordinary mandatory redemption from proceeds derived from sale or part of any of the Housing Facilities not elected by the Authority to be deposited in the Repair & Replacement Fund and used for acquisition and/or construction of improvements and extensions to the Housing Facilities, but instead transferred to the Redemption Fund, at a redemption price equal to bond principal amount called for redemption, together with accrued interest to the date fixed for redemption, without premium, on any date.

The 2015 Bonds maturing on any date, are subject to extraordinary mandatory redemption from insurance proceeds or condemnation proceeds not used for the purpose of repairing or replacing the property damaged, destroyed or taken, and transferred to the Redemption Fund pursuant to the Indenture or from proceeds of any foreclosure action under any of the Deeds of Trust transferred to the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The proceeds of the 2015 Bonds were used to finance the acquisition of the Impressions, La Quinta, Park Vista, and Summerwood Apartments (collectively, the "Housing Facilities") all located within the City of Palmdale, to finance the costs to renovate portions of the Housing Facilities, pay costs related to the issuance of the bonds, and make a deposit to a Bond Reserve Account for the Bonds.

The 2015 Bonds are limited obligations of the Housing Authority of the City of Palmdale and are secured by a first pledge of all of the Net Revenues of the Housing Facilities and by the Trustee's interest in a Deed of Trust for each of the Housing Facilities. Net Revenues are derived primarily from rents received by the Authority from the operation of the Housing Facilities, less the costs of the operation and maintenance of the Housing Facilities. The 2015 Bonds are payable solely from the Net Revenues and other assets pledged under the Indenture. The 2015 Bonds do not constitute a debt or liability of the City, the State or any political subdivision thereof. The liability is included in these Notes because the Housing Authority is reported as a component unit of the City's financial statements.

Failure by the Authority to pay debt service on the bonds constitutes an event of default under the indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the Authority's obligation to make such payments. The Trustee has no right to accelerate the total unpaid principal amount of the debt service on the bonds by reason of the occurrence of an event of default und the indenture. If there is a default under the indenture, the primary remedy of the Trustee is to foreclose on the real and personal property security granted pursuant to the Deeds of Trust and related documents.

Year Ending	Principal	Interest	Total
2024	$ 100,000	$ 175,326	$ 275,326
2025	105,000	171,701	276,701
2026	110,000	167,895	277,895
2027	115,000	163,275	278,275
2028	115,000	158,445	273,445
2029-2033	675,000	713,285	1,388,285
2034-2038	835,000	548,043	1,383,043
2039-2043	1,070,000	310,275	1,380,275
2044-2045	515,000	40,950	555,950
Totals	$ 3,640,000	$ 2,449,195	$ 6,089,195

12 - Long-Term Debt

B. Revenue Bonds

2017 Lease Revenue Bonds Payable ($17,475,000) – On April 5, 2017, the Palmdale Financing Authority issued $17,475,000 of Lease Revenue Refunding Bonds, Series 2017. Interest on the 2017 Series Bonds is payable semi-annually on November 1 and May 1 at rates ranging from 2.00 percent to 3.50 percent per annum. Principal installments are payable November 1 of each year to 2032.

The 2017 Series Bonds maturing on or after November 1, 2028, may be redeemed on or after November 1, 2027, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The 2017 Series Bonds are subject to special mandatory redemption as a whole, or in part on any date, from hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the Authority, at the discretion of the City, to be used for such purpose, at a redemption price equal to 100 percent of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

The 2017 Bonds represent direct, undivided fractional interests in a lease of the Palmdale City Hall, Palmdale Main Library, Larry Chimbole Cultural Center, Domenic Massari Park, and Desert Sands Park. The City has the right, subject to certain conditions, to substitute alternate property for the above properties, as the property subject to the lease.

The lease agreement requires the City to pay a semi-annual base rental to the Authority on October 25 and April 25 for the use of the facilities through November 2032. The rentals will be used by the Authority to pay principal and interest with respect to the 2017 Bonds as they become due. Title to the land and facilities covered by the lease and the 2017 Bonds is vested in the Authority, for the benefit of the 2017 Bond holders, during the lease term.

Upon completion of the term of the lease and payment in full to the 2017 Bond holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments, at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

Should the City default under the lease agreement, the Trustee, as assigned by the Authority, may terminate the lease agreement and re-lease the property or may retain the lease agreement and hold the City liable for all lease payments thereunder on an annual basis. Under no circumstances will the Trustee have the right to accelerate lease payments.

Year Ending	Principal	Interest	Total
2024	$ 1,465,000	$ 414,163	$ 1,879,163
2025	705,000	359,913	1,064,913
2026	750,000	323,538	1,073,538
2027	810,000	284,538	1,094,538
2028	920,000	241,288	1,161,288
2029-2033	6,075,000	562,606	6,637,606
Totals	$ 10,725,000	$ 2,186,046	$ 12,911,046

12 - Long-Term Debt

C. Certificates of Participation

2021 Certificates of Participation Payable ($13,584,908) - On May 27, 2021, the City issued the Refunding of the 2007 Certificates with a private placement loan with Western Alliance Bank, in the amount of $13,584,908 with annual interest rate of 3.93 percent. The Refunding loan and other available funds in the trust accounts were used to refund the outstanding principal of the 2007 Certificates. As a result of the refunding, the City entered into a new Site Lease Agreement with Palmdale Financing Authority and terminated its existing lease agreement with Palmdale Civic Authority. As of June 30, 2021, a total of $13,584,908 was outstanding. The lease agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2021 Bonds as they become due. Title to the land and facilities covered by the lease and the 2021 Bonds is vested in the Authority, for the benefit of the 2021 Bond holders, during the lease term.

A refinancing at this rate produces a present value savings to the City of approximately 15% of the outstanding balance of the 2007 COPs and a total estimated $4,247,425 reduction in debt service payments over 15 years, or approximately $267,000 per year, and an estimated economic gain of $2,474,462

Upon completion of the term of the lease and payment in full to the lender, Western Alliance Bank, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining lease payments on or after April 1, 2023 (option 1) or on or after April 1, 2029 (option 2), at which time the lease agreement shall cease and terminate and title to the property shall vest in the City.

In event of default under the lease, there is no available remedy of acceleration of the total lease payments due under the terms of the lease agreement. The City will only be liable for lease payments on an annual basis as they come due, and the Trustee would be required to seek separate judgments for the annual lease payments that may include foreclosure of the property.

Year Ending	Principal	Interest	Total
2024	$ 733,546	$ 476,456	$ 1,210,002
2025	762,314	447,627	1,209,941
2026	790,168	417,668	1,207,836
2027	821,121	386,615	1,207,736
2028	855,041	354,345	1,209,386
2029-2033	4,803,098	1,240,847	6,043,945
2034-2036	3,358,264	267,284	3,625,548
Totals	$ 12,123,552	$ 3,590,842	$ 15,714,394

12 - Long-Term Debt

C. Certificates of Participation

2014 Lease Payable ($25,920,000) – On October 16, 2014, the Palmdale Financing Authority assigned the future lease revenues from the Lease Agreement dated as of October 1, 2014, by and between the City of Palmdale and the Authority, to TPB Investments, Inc., a wholly owned subsidiary of Western Alliance Bank, an Arizona corporation, in exchange for $25,920,000 as a private placement loan. These funds were used to redeem $25,445,000 of outstanding 2002 Palmdale Civic Authority Certificates of Participation, pay $262,893 of interest on the outstanding 2002 Palmdale Civic Authority Certificates of Participation, and pay financing costs of $212,107.

All future lease payments will be paid to TPB Investments, Inc. by the City of Palmdale in semiannual installments beginning March 1, 2015 through September 1, 2032. The payments will be paid by the City of Palmdale from a first lien on the Park Assessment Fund fees.

Interest on the 2014 Certificates of Participation is payable semi-annually on March 1st and September 1st at 3.72 percent per annum. Principal installments are payable September 1st of each year through 2032. Certificates of Participation maturing on or after September 1, 2024 are subject to optional redemption at a price of 100 percent of the principal amount redeemed plus accrued interest.

Whenever any event of default shall have happened and be continuing, the Authority shall have the right, at its option and without any further demand or notice, to:

a. Declare all principal components of the unpaid lease payment, together with accrued interest from the immediately preceding lease payment date on which payment was made, to be immediately due and payable, whereupon the same shall become due and payable; and

b. Take whatever action at law or in equity may appear necessary or desirable to collect the lease payments then due or thereafter to become due during the term of the lease agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this lease agreement.

All net proceeds received from subsequent lease or other disposition of the property, and all other amounts derived by the Authority as a result of an event of default hereunder and shall be applied to the lease payment in order of payment date. The City shall not have the right to terminate this lease agreement as a remedy for a default by the Authority in the performance of its obligation hereunder.

Year Ending	Principal	Interest	Total
2024	$ 1,455,000	$ 617,055	$ 2,072,055
2025	1,510,000	561,906	2,071,906
2026	1,570,000	504,618	2,074,618
2027	1,630,000	445,098	2,075,098
2028	1,690,000	383,346	2,073,346
2029-2033	9,460,000	905,820	10,365,820
Totals	$ 17,315,000	$ 3,417,843	$ 20,732,843

12 - Long-Term Debt

D. Change in Long-Term Liabilities

Activity for the year ended June 30, 2023 were as follows:

Governmental Activities	June 30,2022, As Restated	Additions	Retirements	June 30,2023	Due Within One Year
Compensated Absences Payable:					
Compensated Absences Payable:	$ 3,503,417	$ 2,404,974	$ 1,954,936	$ 3,953,455	$ 1,692,898
Total compensated absences payable	3,503,417	2,404,974	1,954,936	3,953,455	1,692,898
Liability Claims (General Fund)					
Health, Dental and Vision Claims	749,114	1,859,313	1,647,156	961,271	961,271
Liability Claims	8,255,651	1,082,742	3,323,621	6,014,772	2,430,000
Total liability claims	9,004,765	2,942,055	4,970,777	6,976,043	3,391,271
Bonds payable:					
2012 Lease Revenue Bond	4,970,000	-	590,000	4,380,000	610,000
2015 Mortgage Revenue Bonds	3,740,000	-	100,000	3,640,000	100,000
2017 Lease Revenue Bonds	12,055,000	-	1,330,000	10,725,000	1,465,000
2014 Certificates of Participation	18,715,000	-	1,400,000	17,315,000	1,455,000
2021 Certificates of Participation	12,827,451	-	703,899	12,123,552	733,546
Plus: Deferred Issuance Premiums $17.4 Million	323,804	-	117,970	205,834	81,700
Total bonds payable	52,631,255	-	4,241,869	48,389,386	4,445,246
Direct Borrowings and Direct Placements:					
Notes Payable:					
Section 108 HUD Loan	1,536,000	-	536,000	1,000,000	299,000
Home Loan	2,850,000	-	-	2,850,000	-
Street Light Purchase Loan	9,272,665	-	743,556	8,529,109	761,997
SCE Parks LED Retrofit OBF A-5962	124,473	-	23,017	101,456	23,016
SCE LED Retrofit OBF A-5806	6,341	-	3,340	3,001	3,001
SCE LED Retrofit OBF A-5807	34,952	-	15,455	19,497	15,455
SCE LED Retro OBF A-7251	90,698	-	20,404	70,294	20,404
Total notes payable	13,915,129	-	1,341,772	12,573,357	1,122,873
Financial Arrangements:					
Lease Liability	60,974	-	28,672	32,302	27,912
Financed Purchase-Copier	374,911	66,285	97,943	343,253	102,913
Financed Purchase-Energy Efficient Equipment	644,972	-	83,059	561,913	85,916
SBITA Liability	3,045,891	231,512	647,944	2,629,459	625,223
Total payable	4,126,748	297,797	857,618	3,566,927	841,964
Total governmental activities long-term liabilities	$ 83,181,314	$ 5,644,826	$ 13,366,972	$ 75,459,168	$ 11,494,252
Business-type activities					

The City is subject to a legal debt limit statutorily computed at 3.75 percent of assessed valuation. As of June 30, 2023, the City's total debt limit was $605,799,826, and the total outstanding debt applicable to the limit was $76,912,668, which is 12.7 percent of the total debt limit. The aggregate principal amount of the City's general obligation debt for public improvements is statutorily limited to 15.0 percent of the City's total reported assessed valuation.

E. Lease receivable

As of year-end June 30, 2023, the City had entered into two lease agreements as the lessor where it had leased its assets, ranging from ten to twenty-five years. As of June 30, 2023 the outstanding leases receivable total $60,594. These leases require the lessees to make periodic payments to the City, and range in interest rates from 1.46% to 2.46%. The offsetting entry to the leases receivable is a deferred inflow and the value of the deferred inflow at June 30, 2023 is $59,219. The City will be systematically recognizing revenue over the terms of the lease, and in the current fiscal year, the City recognized $35,740 in lease principal and $1,840 in interest.

12 - Long-Term Debt

F. Lease liability

During fiscal year 2023, the City has entered into one lease agreement as the lessee for the use of a lease asset, at a term of 2 years. The lease terminates on August 2024. Under the term of the lease, the City pays a base fee of $2,100 every four weeks increasing by 5% on the anniversary of the agreement. The City has the option to extend the term by 1 year, which the City believes it will exercise with reasonable certainty.

At June 30, 2023, the City recognized a right to use the lease asset of $81,954 and a lease liability of $32,302 related to this agreement. During the fiscal year, the City recorded $27,318 in amortization expense and $175 of interest expense for the right to use lease asset. The City used a discount rate of 3.87% based on its estimated incremental borrowing rate.

The remaining obligations associated with the lease are as follows:

Year Ending	Principal	Interest	Total
2024	$ 27,912	$ 270	$ 28,182
2025	4,390	1	4,391
Totals	$ 32,302	$ 271	$ 32,573

G. Subscription Based Information Technology Arrangements

During fiscal year 2023, the City has entered into 7 Subscription Based Information Technology Arrangements (SBITA) for the use of a different software solutions, with a range of terms from 1 to 7 years. The subscription terminates in February 2030.

At June 30, 2023, the City recognized a SBITA asset of $3,459,051 and a SBITA liability of $2,629,459 related to these agreements. During the fiscal year, the City recorded $637,820 in amortization expense and $112,218 of interest expense for the SBITA asset. The City used a discount rate ranged from 4.69% for 1 - 3 year arrangements to 5.28% for arrangements greater then 10 Years, these rates were based on its estimated incremental borrowing rate.

The remaining obligations associated with the SBITA's are as follows:

Year Ending	Principal	Interest	Total
2024	$ 625,224	$ 102,951	$ 728,175
2025	433,131	78,894	512,025
2026	398,240	62,545	460,785
2027	423,457	46,691	470,148
2028	440,248	29,901	470,149
2029 - 2033	309,159	12,307	321,466
Totals	$ 2,629,459	$ 333,289	$ 2,962,748

13 - Special Assessment District and Community Facilities District Bonds

None of the Bonds described below constitute indebtedness of the City, and the City is in no way obligated for their repayment except to the extent of any assessments, or special taxes collected and pledged for their repayment. The City is only acting on behalf of the Bondholders in collecting the assessments and special taxes levied to repay the Bonds, forwarding the collections to the Bondholders and initiating foreclosure proceedings, if necessary. Accordingly, these special assessment and special tax Bonds payable are not recorded as a liability in the accompanying financial statements. The amounts collected and held by the City pending disbursement to the Bondholders are accounted for in a custodial fund.

13 - Special Assessment District and Community Facilities District Bonds

A. Bonds Outstanding

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds – In December 1991, the City issued $7,970,000 of special tax Bonds. Proceeds were used for the development of public improvements for the Sierra Gateway Center, a master-planned, mixed-use business park, which is proposed to ultimately include 2.5 million square feet of industrial, office, and retail buildings. The Bond issue provided for the acquisition of land, acquisition and construction of storm drainage retention facilities, landscaping, and street, water, and utility improvements. As of June 30, 2023, a total of $7,425,000 in Bonds was outstanding. No principal and interest payments are due on the Bonds after the maturity in December 2016. No additional special taxes will be levied on the property in the Sierra Gateway Community Facilities District No. 91-1.

In the Event of Default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 93-1 (Ritter Ranch) Special Tax Bonds – In April 1995, the City issued $50,000,000 of special tax Bonds for the design, acquisition and construction of public improvements for a master-planned community known as Ritter Ranch consisting of facility, recreational, school, and commercial uses. As of June 30, 2023, a total of $22,665,000 in Bonds was outstanding for Ritter Ranch Community Facilities District No. 93-1. The principal and interest on the Bonds are to be paid from the collection of special taxes levied on the property in the Ritter Ranch Community Facilities District No. 93-1.

On February 1, 2023, the City approved Supplemental Agreement No. 6 to the Amended and Restated Fiscal Agent Agreement with the Fiscal Agent related to Community Facilities District No. 93-1 (Ritter Ranch). Under the amended fiscal agent agreement, principal is not due, and interest is deferred until September 1, 2024. Thereafter, principal is due annually. Interest due on the bonds occurring on March 1, 2020 to and including September 1, 2024, shall be due and payable on September 1, 2024. Principal payments are due annually through the bond's maturity date of September 1, 2024.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 2003-1 (Anaverde Improvement Area A) Special Tax Bonds – On July 17, 2019 on behalf of the Improvement Area A of the City of Palmdale Community Facilities District No. 2003-1 (Anaverde Public Improvements), the City issued the Special Tax Refunding Bonds, Series 2019 in the amount of $15,565,000 with annual interest rate of 5 percent and $3,500,000 of issuance premium. The Special Tax Refunding Bond, Series 2019, issuance premium, and other available funds of the District were used to refund the outstanding principal of the Special Tax Bonds, Series 2005-A and Special Tax Bonds, Subordinate Series 2005-B. The Series 2005-A and Series 2005- B bonds were issued for the acquisition and construction of certain public capital improvements necessary for the development of a 5,200-unit master-planned community known as Anaverde. As of June 30, 2023, a total of $13,540,000 in Series 2019 Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special taxes on the property in the Anaverde Community Facilities District No. 2003-1.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 05-1 (Trade & Commerce Center Area) 2021 Special Tax Refunding Bonds, - On June 17, 2021, the City issued the Refunding of the 2005 Series A and B and 2007 refunding bonds with a private placement loan with Western Alliance Bank, in the amount of $10,442,992, with annual interest rate of 3.39 percent. The Refunding loan and other available funds in the trust accounts were used to refund the outstanding principal of the 2005 and 2007 bonds. As a result of the refunding, the City entered into a new Fiscal Agreement with US Bank as Trustee. As of June 30, 2023, a total of $9,291,334 was outstanding. The Fiscal agreement requires the Community Facilities District to pay a semi-annual base rental on September 1 and March 1 to the trustee in order to pay Western Alliance Bank through September 2037.

The Refunding at an interest rate of 3.39% produces a total estimated $2.9 million reduction in debt service payments over 16 years, or approximately $188,000 per year.

13 - Special Assessment District and Community Facilities District Bonds

A. Bonds Outstanding

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Assessment District No. 2006-1 (Godde Hills Estates Sewer Improvements) Limited Obligation Improvement Bonds – In November 2006, the City issued $2,220,000 of Special Assessment Bonds for the construction of sewer improvements in the community known as Godde Hills Estates. As of June 30, 2023, a total of $960,000 in Bonds was outstanding. The principal and interest on the Bonds are to be paid from the collection of special assessments on the Property in the Godde Hills Estates Sewer Improvements Assessment District No. 2006-1.

In the event of default, all outstanding amounts may become immediately due to the bond owners, including foreclosure proceedings of the properties within the area if the District is unable to make the debt service payment. The principal of the bonds shall not be subject to acceleration hereunder.

Community Facilities District No. 2016-1 (Joshua Ranch Water Supply and Maintenance Services) – On February 3, 2016, the City established the City of Palmdale Community Facilities District 16-1 (Joshua Ranch Water Supply and Maintenance Services) to provide funds to pay the costs of certain water rights and related costs, and costs of certain maintenance services. In connection with the formation of District, the City entered into a Joint Community Facilities Agreement ("JCFA"), dated as of June 1, 2016, with the Antelope Valley-East Kern Water Agency ("AVEK"), CV Communities, LLC, Joshua Ranch 2 Inv, LLC ("JR2"), and Joshua Ranch 3 Inv, LLC ("JR3"). In November 2015, CV Communities secured entitlements to improve and develop the Property with a residential development to include up to 528 single family dwelling units. On December 23, 2015, ownership of the Property was transferred to JR2 and JR3. Under the JCFA as of June 1, 2016, CV Communities assigned to AVEK its rights to 567 acre-feet per year of water, including without limitation the right to all groundwater return flow resulting therefrom.

The special taxes are authorized to be levied on the Property for the purpose of (i) paying the annual purchase price of the Assigned Water Rights and other related and allocable charges to be paid by AVEK, (ii) paying the expenses of the City in administrating the CFD, (iii) paying the expenses of AVEK relative to its obligations under this agreement and otherwise with respect to the Assigned Water Rights, including but not limited to wheeling costs, and any costs associated with water banking by AVEK, (iv) paying an energy charge to AVEK based on California Department of Water Resources charges to transport water from the Tupman Turnout to AVEK's water treatment plant, (v) paying energy charges incurred by the City related to banked water, and (vi) establishing and replenishing a reserve fund to be maintained by the City and to be drawn upon if the special taxes revenues collected by the City for the CFD in any fiscal year are not sufficient to pay the Annual Water Rights Charges, the AVEK Administrative Expenses and the AVEK Energy Charges due and payable in any fiscal year.

Under the Assignment Agreement between AVEK and CV Communities, AVEK will timely perform all the AVEK Obligations (as defined in the Assignment Agreement) on and after January 1, 2017 as they apply to the Assigned Water Rights and the City Water Allocation. CV Communities is obligated to pay the Annual Water Rights charges, and AVEK Administrative Expenses and any AVEK Energy Charges payable in calendar year 2017 (collectively, the "2017 Expenses"). In order to assure the City that the foregoing payments will be made, CV Communities provided the City with a Letter of Credit issued by Wells Fargo Bank on June 10, 2016. The City is entitled to draw on the amount available under the Letter of Credit in the event that CV Communities does not timely pay expenses. The current Letter of Credit was renewed in June 2023 and is effective through July 12, 2024. As of June 30, 2023, a total of $379,491 in Letter of Credit was outstanding.

B. Default in Payment of Debt Service on Bonds Outstanding

Community Facilities District No. 91-1 (Sierra Gateway) Special Tax Bonds – On December 1, 1997, there were insufficient funds on hand to make the full payment of the scheduled principal and interest on the Community Facilities District No. 91-1 Bonds due to delinquencies within the District. In accordance with procedures for Community Facilities Districts (which are different from those for Assessment Districts), payments of interest only were made proportionally to the Bondholders as listed in the table below. During fiscal year 2015-16, foreclosure proceedings were initiated against the owner of Defaulted Properties. During the fiscal year 2016-17, the City, on behalf of CFD 91-1, obtained judgments against the property owner of the Defaulted Properties ("Property"). The Property went to a foreclosure sale on September 28, 2016, but

13 - Special Assessment District and Community Facilities District Bonds

B. Default in Payment of Debt Service on Bonds Outstanding

no bids were received. The County of Los Angeles' Treasurer and Tax Collector office ("TTC") also conducted ad valorem foreclosure sale with respect to the Defaulted Properties. This foreclosure sale also failed.

During the Fiscal Year 2017-18, the owner of non-defaulted properties within the District has permanently satisfied the District special taxes attributable to such parcels. Accordingly, the City took the necessary actions to release the special tax lien imposed for the District on three non-defaulted parcels in June 2018.

As part of ongoing efforts to resolve the delinquency, the City met with Los Angeles County TTC officials at the City facility on August 29, 2018. There was an agreement in principal that Los Angeles County TTC office will seek Board of Supervisors' approval of (i) cancellation of delinquent Ad Valorem Taxes levied against Property pursuant to Cal. Rev. and Tax Code section 4986.3 in connection with a deed in lieu of Property to the City, and (ii) County CFD's pro rata distribution of proceeds from sale of Property via bankruptcy proceeding (net of costs) on aggregate debt outstanding in complete satisfaction of County judgment and delinquent special taxes.

The Los Angeles County TTC officials were interested in a proposed timeline and the City's plan for the Property. The Plan is to market and sell the property and distribute proceeds to bondholders in complete satisfaction of amount owed under the Bonds, have the Property developed and paying taxes again. They also went out and visited the Property after the meeting. As of the date of the financial statements, the bonds and delinquent Ad Valorem Taxes levied against the Property remain outstanding.

Year Ending	Interest Paid	Year Ending	Interest Paid
1998-1999	$ 241,881	2008-2009	$ 141,179
1998-1999	148,474	2009-2010	147,131
1999-2000	148,283	2010-2011	149,729
2000-2001	123,693	2011-2012	154,943
2001-2002	141,376	2012-2013	158,128
2002-2003	130,703	2013-2014	160,207
2003-2004	129,454	2014-2015	161,823
2004-2005	126,712	2015-2016	164,925
2005-2006	140,404	2016-2017	137,100
2006-2007	144,418	2017-2018	128,454
2007-2008	142,787	2018-2019	-
		2019-2020	-
		2020-2021	-
		2020-2021	-
		2021-2022	-
		2022-2023	-
			$ 3,121,804

14 - Residential Mortgage Revenue Bond Programs

The Multifamily Mortgage Program is designed to provide funds for the construction and permanent financing of apartment complexes. Bonds are paid from monthly rental payments generated by the development and from remaining bond proceeds held by Wells Fargo against loan number ending in 0039. The loan is administered by California Community Reinvestment Corp. (CCRC) and the loan is under the name Courson Senior Partners LP. As of June 30, 2023, there was $820,763 of Multifamily Mortgage Revenue Bonds outstanding.

On February 2, 2021, the City approved the issuance of tax-exempt revenue bonds by the California Public Finance Authority (CalPFA) to finance or refinance the acquisition and construction of a 118-unit multi family rental housing project located on 65th Street East and East Avenue S. The property is to be owned by Maison's Palmdale LP (the "Borrower") or a partnership with Ravello Holdings, Inc. (the "Developer"). As of June 30, 2023, there was $24,119,000 of Multifamily Mortage Revenue Bonds outstanding.

14 - Residential Mortgage Revenue Bond Programs

The bonds described above do not constitute indebtedness of the Housing Authority or the City, and there exists no legal or moral obligation on the part of the Housing Authority or the City to make payments on such bonds from any source other than the revenue and assets pledged thereto. The program is completely administered by the trustees. Accordingly, these programs and the mortgage revenue bonds issued there under have been excluded from the accompanying financial statements.

15 - Public Employees' Retirement System (PERS) Pension Plan

A. General Information about the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an agent multiple employer defined benefit pension plan 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 Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides 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. Unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death benefit and the 1959 Survivor Benefit. The cost of living adjustments is 2 percent and applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	On or Prior to April 10, 2011 2.7 Percent @ Age 55	Between April 11, 2011 December 31, 2012 2.0 Percent @ Age 60	On or After January 1, 2013 2.0 Percent @ Age 62
Benefit Vesting Schedule	5 year of Service	5 year of Service	5 year of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	Age 50 to 55	Age 50 to 63	Age 50 to 67
Monthly Benefits, as a Percent of Annual Salary	2.0 to 2.7 percent	1.092 to 2.418 percent	1.0 to 2.5 percent
Retired Employee Contribution Rates	8.0 percent	7.0 percent	7.75 percent
Required Employer Contribution Rates	11.06 percent	11.06 percent	11.06 percent

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for each Plan:

	On or Prior to April 10, 2011 2.7 Percent @ Age 55	Between April 11, 2011 December 31, 2012 2.0 Percent @ Age 60	On or After January 1, 2013 2.0 Percent @ Age 62
Inactive Employees or Beneficiaries Currently Receiving Benefits	299	-	-
Inactive Employees to But Not Yet Receiving Benefits	246	4	-
Active Employees	95	4	145
	640	8	145

15 - Public Employees' Retirement System (PERS) Pension Plan

A. General Information about the Pension Plan

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. The employer contributions during the year ended June 30, 2023 were $6,468,879.

B. Net Pension Liability

The City's net pension liability for the Plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022.

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.9 percent
Inflation Rate	2.50 percent
Projected Salary Increase Rate (1)	3.2 to 12.2 percent
Investment Rate of Return	7.00 percent
Mortality (2)	

Notes:
(1) Depending on Age, Service and Type of Employment
(2) The Mortality Table used was developed based on CalPERS specific data

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For details on this table, please refer to the 2017 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent, a decrease from 7.15 percent the prior year. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 6.90 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension 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

15 - Public Employees' Retirement System (PERS) Pension Plan

B. Net Pension Liability

Discount Rate

expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and adjusted to the account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocations	Real Return Years 1 Thru 10*	Real Return Years 11 and Thereafter**
Global Equity	46.30 %	4.80 %	5.98 %
Fixed Income	23.50 %	1.00 %	2.62 %
Real Assets	17.10 %	3.75 %	4.93 %
Private Equity	11.60 %	6.30 %	7.23 %
Inflation Assets	1.50 %	0.77 %	1.81 %
Total	100.00 %		

* An Expected Inflation Rate of 2.30% was used for this period.
** An Expected Inflation Rate of 2.92% was used for this period.

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan for the measurement date June 30, 2023, are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of June 30,2022	$ 196,678,686	$ 166,531,508	$ 30,147,178
Changes in the Year:			
Service Cost	3,338,892	-	3,338,892
Interest on the Total Pension Liability	13,768,037	-	13,768,037
Changes in Assumptions	6,512,225	-	6,512,225
Differences between Expected and Actual Experience	(382,880)	-	(382,880)
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	5,938,095	(5,938,095)
Contribution - Employee	-	1,449,303	(1,449,303)
Net Investment Income	-	(12,513,528)	12,513,528
Benefit Payments, including Refunds of Employee Contributions	(9,881,408)	(9,881,408)	-
Administrative Expenses	1	(103,739)	103,740
Net changes	13,354,867	(15,111,277)	28,466,144
Balance at June 30, 2023	$ 210,033,553	$ 151,420,231	$ 58,613,322

15 - Public Employees' Retirement System (PERS) Pension Plan

B. Net Pension Liability

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

The following presents the net pension liability of the Plan, as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate.

	Discount Rate Less One Percent 5.90 Percent	Current Discount Rate 6.90 Percent	Discount Rate Plus One Percent 7.90 Percent
Plan's Net Pension Liability	$ 85,927,891	$ 58,613,322	$ 35,948,505

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report which can be obtained from the CalPERS website.

C. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of $7,538,425. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made Subsequent to the Measurement Date	$ 6,468,879	$ -
Change of assumptions	4,477,155	-
Difference between Expected and Actual Experience	-	277,671
Net Difference between Projected and Actual Earnings on Plan Investments	7,537,304	-
Total	$ 18,483,338	$ 277,671

The amount of $6,468,879 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

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 Ended June 30,	
2024	$ 3,101,516
2025	2,976,297
2026	879,995
2027	4,778,979
Total pension expense	$ 11,736,787

16 - Public Agency Retirement Systems

For all of its part-time employees not covered by PERS, a defined contribution pension plan is made available through the Public Agency Retirement System (PARS) pursuant to the requirements of 3121(B)(7)(F) of the Internal Revenue Code. This was created in accordance with Internal Revenue Code Sections 401(a) and 501 and administered by Phase II Systems. Benefit terms, including contribution requirements for PARS are established by Internal Revenue Code 3121(b)(7)(F). Employees are required to contribute 7.5 percent of their salary to the pension plan, up to applicable Internal Revenue Code limits. The City does not contribute to Employees PARS account. Employees are immediately vested in their contributions and earnings on those contributions. For the year ended June 30, 2023, employee contribution amounts were $312,117.

The City is required to contribute 3.75 percent of the elected Council Members annual salary to the individual account. The individuals are immediately vested in their own and the City's contributions and earnings on those contributions. For the year ended June 30, 2023, employee and employer contribution amounts were $3,842.

17 - Post-Employment Benefits Other Than Pensions

A. General Information about the Other Than Pensions-Plan (OPEB)

Plan Description:

The City of Palmdale Retiree Health Program (Plan) is a single-employer plan that consists of a defined benefit healthcare plan and a defined contribution plan that is used to provide postemployment healthcare benefits other than pensions (OPEB) to eligible retirees. Management of the plan is vested with the Finance Manager, Human Resources Manager and Director of Administrative Services. The City is the trustee over the plan with fiduciary oversight and authority over the operations and management of the Trust.

On January 1, 2009, the City of Palmdale adopted a single employer defined benefit, as well as a single employer defined contribution Other Post Employment Benefit (OPEB) healthcare plan. The plans are administered by Benefit and Risk Management Services, Inc. of Folsom, California. To receive a post-employment health care benefit, an eligible or vested employee must retire from the City on or after attaining age 50 with at least five years of service and elect retiree health benefits within 120 days of separation. Retirees who opt out of the health plan may re-enroll under eligible qualifying events.

Beginning January 1, 2009, the City through local resolution amended the post-employment health care benefits and offered two benefit options to current retirees and to full-time employees employed at December 31, 2008. The options included a defined contribution option and defined benefit option. All full-time employees hired after December 31, 2008 are not eligible for any post-employment benefits. The City of Palmdale retains the authority and may elect at any time to amend post-employment health care benefits through local ordinance or resolution. Contributions are not currently required to be made by employees for either of the plans. The Plan does not issue a publicly available report.

B. Defined Benefit Plan

Funding Policies:

Plan membership - At June 30, 2023, the Defined Benefit Plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	1
Active Plan Members	4
	22

17 - Post-Employment Benefits Other Than Pensions

B. Defined Benefit Plan

Benefits provided

The Plan provides medical insurance benefits to eligible retirees. Current retirees receive a maximum of $250 deposited into the Plan per month beginning January 1, 2009. Employees age 45 and greater on December 31, 2008 that choose a defined benefit plan deposit of $250 per month at retirement, will receive either a maximum contribution of $250 per month or a pro-rated contribution for less than 10 years of service.

Contributions

The contribution requirements of the plan members and the City are established as described above under each plan and may be amended by the City Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the City contributed $0 to the Defined Benefit Plan.

Investment Policy

The Defined Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the City Council. It is the policy of the City Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The investment policy applies to the investment of all cash and various funds of the City as identified in the adopted budget document for the purpose of funding the City OPEB liability

Concentrations

The Plan adheres to the investment policy for concentrations and types of investments.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense was 5.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability (Asset)

The City's net OPEB liability (Asset) was measured as of June 30, 2023, and the total OPEB liability (Asset) used to calculate the net OPEB liability (Asset) was determined by an actuarial valuation as of June 30, 2023.

Mortality rates were based on assumptions for Public agency miscellaneous members used in the December 2017 CalPERS actuarial valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best–estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding an expected inflation rate of 2.50 percent. All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2016 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

17 - Post-Employment Benefits Other Than Pensions

B. Defined Benefit Plan

Net OPEB Liability (Asset)

Best-estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Estimated Long-Term Allocations	Long-Term Expected Real Rate of Return
Domestic equity	45.00%	4.91%
International equity	10.00%	5.32%
Fixed Income	40.00%	2.30%
Real Estate and Alternatives	0.00%	3.79%
Cash and Cash Equivalents	5.00%	0.77%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.53 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2036 and the long-term expected rate of return on OPEB plan investments was applied to those periods. A projected "crossover" date occurs in 2037 and unfunded benefit payments for the years thereafter were discounted using the expected 3.90% municipal bond index rate. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Actuarial Assumptions

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.53 percent
Investment Rate of Return	6.25 percent (1)
General Inflation Rate	2.50 percent
Healthcare Cost Trend Rate	6.30 percent for FY2022, gradually decreasing over several decades to an ultimate rate of 3.9 percent in FY2076 and later years.

(1) The long-term investment return assumption was changed from 5.25% to 6.25% based on updated capital market assumptions.

17 - Post-Employment Benefits Other Than Pensions

B. Defined Benefit Plan

Changes in the Net OPEB Liability (Asset):

	OPEB Plan Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances as of June 30, 2022	$ 818,101	$ 695,575	$ 122,526
Changes in the Year:			
Service Cost	15,469	-	15,469
Interest	34,266	-	34,266
Differences between Expected and Actual Experience	53,031	-	53,031
Contribution - Employer	-	(78,141)	78,141
Changes in Assumptions	(34,685)	-	(34,685)
Net Investment Income	-	87,761	(87,761)
Benefit Payments, including Refunds of Employee Contributions	20,852	20,852	-
Administrative Expenses	-	(18,210)	18,210
Net changes	88,933	12,262	76,671
Balance at June 30, 2023	$ 907,034	$ 707,837	$ 199,197

Administrative Expenses for Fiscal Year Ended 2023, include $18,210 in excess draw from the Trust, which is expected to cover expenses through 2024. The Plan's fiduciary net position represnts 78% of the total OPEB liability.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the City, as well as what the City's OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (3.53% percent) or one percentage point higher (5.53% percent) than the current discount rate:

	Decrease 1% Discount Rate of 3.53%	Current Discount Rate of 4.53%	Increase 1% Discount Rate of 5.53%
Net OPEB Liability (Asset)	$ 253,695	$ 199,197	$ 149,221

Sensitivity of the Net OPEB liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Net OPEB Liability (Asset) of the City, as well as what the City's Net OPEB Liability (Asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.3 percent decreasing to 2.9 percent) or one percentage point higher (7.3 percent decreasing to 4.9 percent) than the current healthcare cost rates:

	Healthcare Cost Rates 5.3 percent decreasing to 2.9 percent	Current Healthcare Cost Rates 6.3% Decreasing to 3.9%	Healthcare Cost Rates 7.3 percent decreasing to 4.9 percent
Net OPEB Liability (Asset)	$ 165,914	$ 199,197	$ 235,655

17 - Post-Employment Benefits Other Than Pensions

B. Defined Benefit Plan

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB:

For the Year ended June 30, 2023, the City recognized OPEB expense of $155,722. At June 30, 2023, 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
Difference between Expected and Actual Experience	$ 232,915	$ 71,171
Change of assumptions	29,082	93,143
Net Difference between Projected and Actual Investments Earnings	15,391	-
Total	$ 277,388	$ 164,314

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Year Ended June 30,	
2024	$ 102,018
2025	5,836
2026	13,900
2027	(8,680)
Total	$ 113,074

C. Defined Contribution OPEB Plan

Plan membership

At June 30, 2023, the Defined Contribution OPEB Plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	12
Active Plan Members	55
Total defined contribution benefit plan membership	73

Benefits provided

Full time employees under age 45 on December 31, 2008 and employees aged 45 and greater who choose a defined contribution option will receive a defined contribution account. Annual allocations begin at $100 and increase with age up to a maximum $2,000 annual allocation. Individual balances grow with investment earnings and annual City contributions. Beginning account balances were determined based on years of service, annual benefit times the life annuity factory at expected retirement age. Annual contributions for the beginning account balances and the annual contribution is made when the employee is fully vested as described above.

17 - Post-Employment Benefits Other Than Pensions

C. Defined Contribution OPEB Plan

Contributions

The contribution requirements of the plan members and the City are established as described above under the defined contribution plan and may be amended by the City Council. Currently, plan members and beneficiaries are not required to contribute to the plan. For the year ended June 30, 2023, the City contributed $116,300 to the Defined Contribution Plan.

Condensed Financial Statements:

Separate GAAP-basis reports are not currently available for the defined benefit and contribution plans. In lieu of separate issued financial statements for the City administered post-employment health care benefit trust funds, condensed financial statements are presented below for the year ended June 30, 2023:

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets:			
Cash and cash equivalents	$ 1,688	$ 1,925,370	$ 1,927,058
Investments:			
Mutual Funds	706,149	1,890,833	2,596,982
Total assets	707,837	3,816,203	4,524,040
Total net position restricted for OPEB benefits	$ 707,837	$ 3,816,203	$ 4,524,040

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer Contributions to Retiree Medical Trust	$ -	$ 116,300	$ 116,300
Investment and Interest Income	34,277	132,986	167,263
Net Realized and Unrealized Gains (Losses)	479,275	74,028	553,303
Total additions	513,552	323,314	836,866
Deductions:			
Benefits Paid to Participants and expenses	518,568	207,654	726,222
Interfund Transfers	(17,278)	17,278	-
Total deductions	501,290	224,932	726,222
Change in Net Position	12,262	98,382	110,644
Net Position as of July 1, 2022	695,575	3,717,821	4,413,396
Net Position as of June 30, 2023	$ 707,837	$ 3,816,203	$ 4,524,040

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

A. General Discussion

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all Redevelopment Agencies in the State of California. This action impacted the reporting entity of the City of Palmdale that previously had reported a Redevelopment Agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a Redevelopment Agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. On January 4, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City Resolution Number CC 2012-002.

After enactment of the law, which occurred on June 28, 2011, Redevelopment Agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies are only allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the prior Redevelopment Agency have been paid in full and all assets have been liquidated.

B. Land Held for Development

Land held for development is recorded at the lower of acquisition cost or estimated fair market value. During fiscal year 2010-2011, properties were conveyed to the City pursuant to Section 33220(g) of the Health and Safety Code to provide redevelopment and retain local control. As a result of AB1484, the same properties were reconvened back to the Successor Agency Trust Fund through a quitclaim process on November 9, 2012. The reconveyance was legally deemed to be reported as of June 30, 2015. Land Held for Development was transferred at a carrying value of $11,673,527. After the sale of land in accordance with the Successor Agency's Long Range Property Management Plan, the carrying value of remaining land held is $146,788 as of June 30, 2023.

C. Capital Assets

Capital Assets of the Successor Agency Trust Fund as of June 30, 2023 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	$ 3,477,722	$ -	$ (3,105,649)	$ 372,073
Capital assets being depreciated:				
Buildings and structures	438,152	-	-	438,152
Total capital assets being depreciated	438,152	-	-	438,152
Less: accumulated depreciation for:				
Buildings and structures	253,428	8,763	-	262,191
Total accumulated depreciation	253,428	8,763	-	262,191
Total capital assets, being depreciated, net	184,724	(8,763)	-	175,961
Total capital assets, net	$ 3,662,446	$ (8,763)	$ (3,105,649)	$ 548,034

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

C. Capital Assets

For the Year Ended June 30, 2023, depreciation expense on capital assets was charged to the private purpose trust fund in the amount of $8,763.

D. Advances Due to Housing Authority-Housing Asset Fund

Major Governmental Funds	Receivables	Payable
Housing Authority - Special Revenue Funds:		
Housing Authority - Housing Asset Fund	$ 4,909,777	$ -
Successor Agency Trust Fund:		
Dissolved - CRA Project Area No. 1 and No. 2A	-	4,909,777
Total	$ 4,909,777	$ 4,909,777

In fiscal years 2004-2005 and 2005-2006, the State required the former Community Redevelopment Agency (CRA) to shift tax increment of $1,862,827 to the Education Revenue Augmentation Fund (ERAF). To assist in funding this shift, the former CRA Housing Development fund advanced $355,538 and $1,507,289 (50% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2004-2005 advance of $939,215 and the 2005-2006 advance of $923,612 will be repaid by the Successor Agency from available future property tax revenues with no interest charged.

In fiscal year 2009-2010, the State required the former Community Redevelopment Agency to shift tax increment of $11,605,102 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the former CRA Housing Development Fund advanced $2,533,394 and $9,091,708 (100% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2009-2010 advance of $11,605,102 will be repaid by the Successor Agency from available future property tax revenues with no interest charged.

In fiscal year 2010-11, the State required the former Community Redevelopment Agency to shift tax increment of $2,389,286 to the Supplemental Education Revenue Augmentation Fund. To assist in funding this shift, the former CRA Housing Development Fund advanced $521,581 and $1,867,705 (100% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Funds, respectively. The 2010-2011 advance of $2,389,286 will be repaid by the Successor Agency from available property tax revenues with no interest charged.

The advances due to Housing Authority described above are approved enforceable obligations in existence at the date of dissolution and will be repaid by the Successor Agency from future property tax. The repayment amount cannot exceed one-half of the increase between the amount distributed to the taxing entities and the 2012-13 base year (or residuals).

During Fiscal Year 2022-23, the Housing Authority received $250,000 from the Successor Agency during the Recognized Obligation Payment Schedule (ROPS) Period of July-June 2023 or ROPS 22-23A and B. The next payment is expected to be received during the ROPS Period of July-December 2023 or ROPS 23-24A and is estimated to be approximately $250,000.

E. Due to Other Governmental Units

The Successor Agency has advances due to the City as of June 30, 2023 of $1,114,403 for approved obligations paid by the City on behalf of the Agency.

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

F. Successor Agency Long-Term Debt

1. Notes Payable

2010 Series A and Series B Refunding Notes – The former Community Redevelopment Agency (CRA) issued a promissory Note for the purchase of 120 acres of industrial property known as the Fairway Business Park. On May 16, 2007, the former Community Redevelopment Agency approved a Settlement Agreement and Mutual General Release, which provided for the former Community Redevelopment Agency to pay a settlement amount of $23,043,000 for the property and $4,975,309 for accrued, unpaid interest. On September 1, 2010, the former Community Redevelopment Agency of the City of Palmdale issued $11,001,339 of 2010 Series A Tax Allocation Refunding Revenue Notes (2010 Series A Notes) and $16,504,000 of 2010 Series B Tax Allocation Refunding Revenue Notes (2010 Series B Notes). The net proceeds of the 2010 Series A & B Tax Allocation Refunding Revenue Notes were used to refinance the former Community Redevelopment Agency's outstanding Fairway Business Park note payable.

The principal and interest on the Notes were payable from pledged property tax from the former Redevelopment Project Area No. 1. Interest on notes is payable semi-annually on March 1st and September 1st, beginning March 1, 2011. Principal installments are payable September 1st and March 1st of each year through 2026. The 2010 Series A Notes bear a fixed interest rate of 5.97 percent per annum and 2010 Series B Notes bear a fixed interest rate of 6.2 percent per annum.

Upon dissolution of the former Community Redevelopment Agency, the Note Payable was an approved enforceable obligation by the State Department of Finance, therefore beginning February 1, 2012, the pledge and payments will be made from future property tax revenues received by the Private Purpose Trust. The current year payments of principal and interest were $2,750,661. The outstanding balance of the notes as of June 30, 2023 is $7,764,122.

In event of default, the developer may exercise remedial action for delinquent payment under the Third Implementation Agreement, including declaring outstanding amounts to become immediately due if outstanding amounts continue after 30 days of event of default notice is sent. There is no clause for acceleration of payments.

Year Ending	Principal	Interest	Total
2024	$ 2,321,278	$ 429,382	$ 2,750,660
2025	2,461,926	288,734	2,750,660
2026	2,980,918	139,563	3,120,481
Totals	$ 7,764,122	$ 857,679	$ 8,621,801

2. Tax Allocation Bonds

2002 Tax Allocation Bonds Payable ($5,329,758) – On August 20, 2002, the former Community Redevelopment Agency issued $5,329,758 of 2002 Subordinate Lien Tax Allocation Bonds (2002 Bonds). The 2002 Bonds constitute capital appreciation bonds that are not subject to redemption prior to their respective stated maturities. Interest on the 2002 Bonds compound at rates ranging from 4.88% to 5.68% per annum on June 1 and December 1, and will be payable solely at maturity or upon earlier redemption of the respective Bonds. The Bonds will mature and be payable December 1 of each year from 2016 through 2032.

The former Community Redevelopment Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The proceeds of the 2002 Bonds were used to finance redevelopment activities in or of benefit to Project Area No. 2A. The former Community Redevelopment Agency has pledged incremental property tax generated in Project Area No. 2A to pay principal and interest with respect to the 2002 Bonds as they become due. The current year payment of principal was $965,000. No interest was paid for the current year. Property taxes received after negotiated, statutory, and residual distributions totaled $10,480,000 for the year. At year-end, pledged future revenues totaled $10,480,000 of which $7,962,900 was the amount of the remaining principal and $2,517,100 interest on the Bonds.

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

F. Successor Agency Long-Term Debt

In event of default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the event of default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2024	$ 953,063	$ 21,937	$ 975,000
2025	897,640	72,360	970,000
2026	853,889	121,111	975,000
2027	803,100	166,900	970,000
2028	758,970	211,030	970,000
2029-2033	3,696,238	1,923,762	5,620,000
Totals	$ 7,962,900	$ 2,517,100	$ 10,480,000

2016 Tax Allocation Bonds Payable ($31,490,000) – On April 26, 2016, the Successor Agency issued $31,490,000 of 2016 Series A Tax Allocation Refunding Bonds (2016 Series A Bonds). Interest on the 2016 Series A Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.00% per annum. Principal installments are payable September 1 of each year to 2034.

The 2016 Series A Bonds maturing on or after September 1, 2027, may be redeemed on or after September 1, 2026, at par together with accrued interest, without premium.

The Successor Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The Successor Agency has pledged incremental property tax generated in the Successor Agency's project areas to pay principal and interest on the 2016 Series A Bonds. The current year payments of principal and interest were $2,959,750. Property taxes received after negotiated, statutory, and residual distributions totaled $33,903,147 for the year. At year-end, pledged future revenues totaled $25,573,000 of which $20,040,000 was the amount of the remaining principal and $5,533,000 interest on the Bonds.

In Event of Default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the Event of Default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2024	$ 1,990,000	$ 952,250	$ 2,942,250
2025	2,095,000	850,125	2,945,125
2026	2,200,000	742,750	2,942,750
2027	2,310,000	630,000	2,940,000
2028	1,290,000	540,000	1,830,000
2029-2033	7,065,000	1,661,375	8,726,375
2034-2037	3,090,000	156,500	3,246,500
Totals	$ 20,040,000	$ 5,533,000	$ 25,573,000

18 - Successor Agency Trust for Former City of Palmdale Redevelopment Agency

F. Successor Agency Long-Term Debt

2016 Tax Allocation Bonds Payable ($41,645,000) – On June 23, 2016, the Successor Agency issued $41,645,000 of 2016 Series B Tax Allocation Refunding Bonds (2016 Series B Bonds). Interest on the 2016 Series B Bonds is payable semi-annually on March 1st and September 1st at rates ranging from 3.00 percent to 5.00 percent per annum. Principal installments are payable September 1st of each year to 2034. The 2016 Series B Bonds maturing on or after September 1, 2027, may be redeemed on or after September 1, 2026, at par together with accrued interest, without premium.

The Successor Agency has reported the debt in the Private Purpose Trust Fund and is an approved enforceable obligation by the State Department of Finance and will be repaid from future property tax revenues allocated to the Private Purpose Trust Fund.

The Successor Agency has pledged incremental property tax generated in the Successor Agency's project areas to pay principal and interest on the 2016 Series B Bonds. The current year payments of principal and interest were $3,543,775. Property taxes received after negotiated, statutory, and residual distributions totaled $36,152,870 for the year. At year-end, pledged future revenues totaled $39,797,575 of which $30,935,000 was the amount of the remaining principal and $8,862,575 interest on the Bonds.

In Event of Default, outstanding amounts become immediately due to the Trustee who act on behalf of the bond owners. An acceleration clause exists that allows the owners of the bonds to accelerate payment of the entire principal amount outstanding in the Event of Default. If acceleration occurs, then all pledged tax revenues and all sums of funds are to be held by Trustee under the indenture and will be applied by the Trustee.

Year Ending	Principal	Interest	Total
2024	$ 2,095,000	$ 1,436,275	$ 3,531,275
2025	2,205,000	1,328,775	3,533,775
2026	2,310,000	1,215,900	3,525,900
2027	2,625,000	1,092,525	3,717,525
2028	3,985,000	927,275	4,912,275
2029-2033	12,435,000	2,640,125	15,075,125
2034-2037	5,280,000	221,700	5,501,700
Totals	$ 30,935,000	$ 8,862,575	$ 39,797,575

3. Change in Long Term Liabilities

The following debt activity for the year ended June 30, 2023 are not debts or obligations of the City. They were transferred to the Successor Agency of the former Community Redevelopment Agency which are now accounted for in the Private Purpose Trust Fund:

	Balances at July 01, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
Bonds Payable:					
2002 Tax Allocation Bonds	$ 8,482,789	$ 450,111	$ 970,000	$ 7,962,900	$ 953,063
2016 Tax Allocation Bonds Series A	21,950,000	-	1,910,000	20,040,000	1,990,000
2016 Tax Allocation Bonds Series B	32,940,000	-	2,005,000	30,935,000	2,095,000
Plus: Deferred Issuance Premiums	5,321,906	-	1,034,386	4,287,520	904,799
Total bonds payable	68,694,695	450,111	5,919,386	63,225,420	5,942,862
Notes from Direct Borrowing and Direct Placements:					
Fairway Business Park	9,951,719	-	2,187,597	7,764,122	2,321,278
	$ 78,646,414	$ 450,111	$ 8,106,983	$ 70,989,542	$ 8,264,140

19 - Commitments and Contingencies

A. Contracts and Purchase Orders

The City has contracted with the County of Los Angeles for various services, principally law enforcement until June 30, 2024. The agreement is maintained under "Contract City Law Enforcement Service Level Authorization" through which the County charges the set amount of service fees based on the number of deputies, support personnel, and their projected hours of services. The service rates are established by the County Auditor-Controller and adjusted annually effective July 1st of each year. To date, the annual increase in cost for the services provided has been approximately 6 percent. Accordingly, the projected commitments are constructed with such average increase. Additionally, the City is required to pay for the City's portion of liability cost to ensure that funds are available in the event of litigations. The liability cost is currently 11 percent of the service units purchased and is expected to increase in future years. These contracts are cancelable at any time, with or without cause, upon 180-days written notice by the City or as of the first day of July of any year upon notice in writing not less than 60-days prior.

The following was the contract cost for the fiscal year ending June 30, 2023:

Fiscal Year 2022-23	$ 54,091,457
Total Cost	$ 54,091,457

The City also has other various outstanding contracts and purchase orders for services, supplies, materials, and capital projects that have not been completed at year-end. These commitments total approximately $44,069,156 at June 30, 2023, with the following breakdown between major funds and non-major funds.

Major Funds:	
General Fund	$ 12,910
Housing Asset Fund	3,360
Measure AV Fund	6,699,232
ARPA Fund	5,633,555
Total Major Funds	12,349,057
Internal Service Funds	
Information Technology	150,000
Non-Major Special Revenue Funds	31,570,099
Total Contract and Purchase Orders Outstanding for Governmental Funds	$ 44,069,156

B. Grants

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grant, it is believed that any disallowed amounts will not be material.

19 - Commitments and Contingencies

C. Claims and Judgments

There are certain legal actions pending against the City that have arisen in the normal course of operations and are covered under the risk management liability. These actions include filed lawsuits and asserted claims for personal injury, property damage, and wrongful death – auto accident. The City is a defendant on several employment related lawsuits, which are anticipated to be settled in the near future. The liability for the settlement is estimated at $751,000, and has been accrued as a liability in the financial statements as of June 30, 2023.

D. Obligations of the Successor Agency Private Purpose Trust Fund

As more fully described at Note 18, the former Community Redevelopment Agency of the City of Palmdale was dissolved on January 31, 2012. Obligations to be paid out to the Successor Agency Private Purpose Trust Fund are included in the Required Obligation Payment Schedules (ROPS) which are subject to approval by the State Department of Finance. All obligations of the Successor Agency have been approved by the State Department of Finance, however, are still subject to audit by the County Auditor-Controller and the State Controller. Additionally, obligations on a future ROPS may be denied even if it was not questioned from a preceding ROPS. The City is not legally obligated for any of the Successor Agency Private Purpose Trust Fund debt.

20 - Related Party Loan

On June 30, 2021, the City authorized a home loan for the former City Manager totaling $1,200,000 with a 30-year term and bearing a fixed interest rate of 1.04 percent. The loan is secured by the residence and has a provision that any outstanding balance is due within 12 months of termination of employment. In December 2022, the home loan agreement was amended to extend the repayment of the balance of the loan from 12 to 36 months after termination of employment. The loan is to be paid in full in March 2025.

21 - Adoption of New Standard

As of July 1, 2022, the City of Palmdale adopted GASB Statement No. 96, *Subscription-Based Information Technilogy Arrangements (SBITAs)*. As a result, the City restated its governmental activities and Information Technology internal service funds net position as of July 1, 2022 to properly reflect the beginning equity and the change in accounting related to this implementation. The restatement is summarized as follows:

	Governmental Activities	Internal Service Fund Information Technology Fund
Net position at July 1, 2022, as previously stated	$897,138,235	$ 3,471,819
Change in accounting principal GASB 96		
Recognition of right to use subscription IT assets	3,227,539	3,227,539
Recognition of subscription IT liabilities	(3,045,890)	(3,045,890)
Net Position at July 1, 2022, as restated	$897,319,884	$ 3,653,468

22 - New Accounting Pronouncements

The following pronouncements were issued prior to June 30, 2023 and have effective dates that may impact future financial statement presentation. The effects of the statements are currently under review.

22 - New Accounting Pronouncements

Governmental Accounting Standard No. 99

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statements No. 53 and No. 63 are effective upon issuance. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Governmental Accounting Standard No. 100

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Governmental Accounting Standard No. 101

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

23 - Subsequent Events

The City is a defendant on several employment related lawsuits, which are anticipated to be settled in the near future. The liability for the settlement is estimated at $751,000, and has been accrued as a liability in the financial statements as of June 30, 2023. The City has settled one personal injury case for an amount of $7,500,000, which has been paid in November 2023. Insurance proceeds have been received in Fiscal Year 2024 in the amount of $7,000,000 in relation to this settlement. One employment case has been settled in November 2023 and payment has been made in the amount of $251,000.

On November 30, 2023, the City issued Lease Revenue Bonds Series 2023 A and B for $26,370,000 and $14,560,000, repspectively, through the Palmdale Finance Authority. The purpose of the bonds is to finance and refinance the costs of the acquisition of real property, capital improvements, and economic development.

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Required Supplementary Information

Palmdale, California

Year Ended June 30, 2023

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City of Palmdale

Schedule of Changes in Net Pension Liability and Related Ratios-Public Employees Retirement System - Miscellaneous Plan

Year Ended June 30, 2023

Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service costs	$ 2,590,160	$ 2,387,436	$ 2,233,050	$ 2,601,354	$ 2,649,090	$ 2,767,665	$ 2,918,406	$ 2,973,338	$ 3,338,892
Interest on the total pension liability	10,116,430	10,398,124	10,825,834	11,018,183	11,570,800	12,220,037	12,822,978	13,327,612	13,768,037
Differences between expected and actual experience	-	(2,606,465)	-	9,269,931	(1,358,574)	-	1,368,882	-	(382,880)
Changes in assumptions	-	(3,032,525)	(948,090)	(3,510,853)	2,354,023	2,310,424	1,368,882	(46,529)	6,512,225
Benefit payments, including refunds of member contributions	(5,808,324)	(6,049,238)	(6,289,370)	(6,542,229)	(7,277,711)	(7,740,973)	(8,257,460)	(9,071,539)	(9,881,408)
Net change in total pension liability	6,898,266	1,097,332	5,821,424	12,836,386	7,937,628	9,557,153	10,221,688	7,182,882	13,354,866
Total pension liability - beginning	136,494,809	143,393,075	144,490,407	150,311,831	163,148,217	171,085,845	180,642,998	189,495,804	196,678,686
Total pension liability - ending (a)	$ 143,393,075	$ 144,490,407	$ 150,311,831	$ 163,148,217	$ 171,085,845	$ 180,642,998	$ 190,864,686	$ 196,678,686	$ 210,033,552
Plan fiduciary net position									
Net plan to plan resource movement	$ -	$ -	$ -	$ -	$ (297)	$ -	$ -	$ -	$ -
Contributions - employer	3,673,903	3,871,255	4,262,274	5,157,320	3,514,327	4,117,304	4,771,554	5,285,825	5,938,095
Contributions - employee	1,106,027	1,030,304	1,016,500	1,165,598	1,138,029	1,195,002	1,335,708	1,324,417	1,449,303
Net investment income	16,152,589	2,406,554	545,870	12,177,480	10,157,757	8,331,569	6,631,133	31,158,920	(12,513,528)
Benefit payments, including refunds of member contributions	(5,808,324)	(6,049,238)	(6,289,370)	(6,542,229)	(7,277,711)	(7,740,973)	(8,257,460)	(9,071,539)	(9,881,408)
Administrative expense	-	(127,281)	(66,805)	(161,055)	(188,366)	(91,249)	(188,455)	(137,825)	(103,739)
Other	-	-	-	-	(357,711)	297	-	-	-
Net change in plan fiduciary net position	15,124,195	1,131,594	(531,531)	11,797,114	6,986,028	5,811,950	4,292,480	28,559,798	(15,111,277)
Plan fiduciary net position - beginning	93,359,880	108,484,075	109,615,669	109,084,138	120,881,252	127,867,280	133,679,230	137,971,710	166,531,508
Plan fiduciary net position - ending (b)	108,484,075	109,615,669	109,084,138	120,881,252	127,867,280	133,679,230	137,971,710	166,531,508	151,420,231
Net pension liability - ending (a) - (b)	$ 34,909,000	$ 34,874,738	$ 41,227,693	$ 42,266,965	$ 43,218,565	$ 46,963,768	$ 52,892,976	$ 30,147,178	$ 58,613,321
Plan fiduciary net position as a percentage of the total net pension liability	75.66 %	75.86 %	72.57 %	74.09 %	74.74 %	74.00 %	72.29 %	84.67 %	72.09 %
Covered payroll	$ 13,588,668	$ 13,287,152	$ 12,550,868	$ 13,529,154	$ 14,797,277	$ 15,030,592	$ 16,449,558	$ 17,567,263	$ 19,230,822
Net pension liability as a percentage of covered payroll	256.90 %	262.47 %	328.48 %	312.41 %	292.07 %	312.45 %	321.55 %	171.61 %	304.79 %
Measurement date	June 30 , 2014	June 30 , 2015	June 30 , 2016	June 30 , 2017	June 30 , 2018	June 30 , 2019	June 30 , 2020	June 30 , 2021	June 30 , 2022

*Fiscal year 2015 is the first year of implementation.

City of Palmdale
Schedule of Contributions - Public Employees Retirement System - Miscellaneous Plan
Year Ended June 30, 2023
Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 3,871,255	$ 4,262,274	$ 5,157,320	$ 3,509,493	$ 4,112,469	$ 4,766,182	$ 5,287,313	$ 5,935,743	$ 6,468,879
Contributions in relation to the actuarially determined contribution	3,871,255	4,262,274	5,157,320	3,509,493	4,112,469	4,766,182	5,287,313	5,935,743	6,468,879
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	13,287,152	12,550,868	13,529,154 /	14,797,277	15,030,592	16,449,558	17,567,263	19,230,822	21,124,060
Contributions as a percentage of covered payroll	29.14 %	33.96 %	38.12 %	23.72 %	27.36 %	28.97 %	30.10 %	30.87 %	30.62 %

Valuation date:	2014	2015	2016	2017	2018	2019	2020	2021	2022
Methods and assumptions used to determine contribution rates:									
Actuarial cost method	Entry age [1]	Entry age [1]	Entry age [1]	Entry age [1]	Entry age [1]	Entry age [1]	Entry age [1]	Entry age [1]	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	15 years	20 years	25 years	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed	5-year smoothed
Inflation	2.00 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.50 %
Salary increase	4.5% average, including inflation of 3%	3.30% to 14.20 including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 3%	Varies on entry age and servce, including inflation of 2.75%
Investment rate of return	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.5% net of pension plan investment expense, including inflation	7.375% net of pension plan investment expense, including inflation	7.375% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation

Retirement age:
The probabilities of retirement and mortality are based on the CalPERS Experience Study for the period from 1997 to 2015.

Mortality:
The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvements using Scale BB published by the Society of Actuaries.

*Fiscal year 2015 was the first year of implementation.

City of Palmdale
Schedule of Changes in Net OPEB Liability and Related Ratios
Other Postemployment Benefits (OPEB)
Year Ended June 30, 2023
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service costs	$ 9,380	$ 9,801	$ 10,241	$ 19,286	$ 26,370	$ 18,642	$ 15,469
Interest	42,190	41,817	41,771	49,286	31,829	27,510	34,266
Differences between expected and actual experience	162,410	117,475	272,638	-	439,617	(128,567)	53,031
Changes in assumptions	-	-	(45,786)	103,650	(7,331)	(106,880)	(34,685)
Benefit payments, including refunds of member contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)	(8,617)	20,852
Net change in total OPEB liability	(30,336)	(26,887)	134,368	32,793	144,217	(197,912)	88,933
Total OPEB liability - beginning	761,858	731,522	704,635	839,003	871,796	1,016,013	818,101
Total OPEB liability - ending (a)	$ 731,522	$ 704,635	$ 839,003	$ 871,796	$ 1,016,013	$ 818,101	$ 907,034
Plan fiduciary net position							
Contributions - employer	$ -	$ -	$ -	$ -	$ -	$ -	$ (78,141)
Contributions - member	-	-	-	-	-	-	-
Net investment income	165,897	122,424	68,284	64,325	263,944	(181,366)	87,761
Differences between projected and actual earnings on plan investments	-	-	-	-	-	-	-
Administrative expense	(45,852)	(42,234)	(51,637)	(34,922)	(34,421)	(37,432)	(18,210)
Benefit payments, including refunds of employee contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)	(8,617)	20,852
Net change in plan fiduciary net position	$ (124,271)	$ (115,790)	$ (127,849)	$ (110,026)	$ (116,745)	$ (227,415)	$ 12,262
Plan fiduciary net position - beginning	1,517,671	1,393,400	1,277,610	1,149,761	1,039,735	922,990	695,575
Plan fiduciary net position - ending	$ 1,393,400	$ 1,277,610	$ 1,149,761	$ 1,039,735	$ 922,990	$ 695,575	$ 707,837
Net OPEB liability ending	$ (661,878)	$ (572,975)	$ (310,758)	$ (167,939)	$ 93,023	$ 122,526	$ 199,197
Plan fiduciary net position as a percentage of the total net pension liability	190.48 %	181.32 %	137.04 %	119.26 %	90.84 %	85.02 %	78.04 %
Covered-employee payroll[1]	840,010	874,002	914,074	941,496	897,776	766,192	497,546
City's net OPEB asset as a percentage of covered-employee payroll	(78.79)%	(65.56)%	(34.00)%	(17.84)%	10.36 %	15.99 %	40.04 %
Measurement date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023

Notes to Schedule

* Fiscal year 2017 was the first year of implementation.

[1] Contributions to the OPEB plan are not based on measure of pay, as such, covered employee payroll is used as the measure of payroll

City of Palmdale
Schedule of Investment Returns for OPEB
Other Postemployment Benefits (OPEB)
Year Ended June 30, 2023
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return - net of investment expense	11.23 %	10.31 %	5.55 %	5.73 %	26.04 %	(20.25)%	5.25 %

Notes to Schedule

* Fiscal year 2017 was the first year of implementation.

Supplementary Information

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Special Revenue Funds – Are used to account for specific revenues that are legally restricted to expenditures for a particular purpose. The following special revenue funds have been classified as non-major funds:

Air Quality Improvement Fund – This fund accounts for revenue and related expenditures for the City's equipment and capital projects which improve air quality.

Community Development Block Grant (CDBG) Fund – This fund accounts for Federal entitlements under the Housing and Community Development Act of 1974, as amended.

Citywide Maintenance and Services (CFD 2022-1) Fund - This fund accounts for the maintenance and services for lighting of parks, parkways, streets, roads, and open space as well as maintenance of landscaping, storm drains, and appurtenances located within the City.

Communications PEG Fund - This fund accounts for The Public, Education and Government Fund (PEG) that was established to account for costs related to local public education and government access stations.

Drainage Funds – This fund accounts for revenues collected under the City's Drainage Fee, which are used for the development of drainage improvements.

Drainage Benefit Assessment District – This fund accounts for revenues collected under the City's Drainage fee, which are used for the development of drainage improvements.

Enhanced Infrastructure Financing District (EIFD) – This fund represents a partnership between the City of Palmdale and the County of Los Angeles as taxing entities contributing tax increment to help fund public infratrsucture improvements.

Federal Funds – This fund accounts for revenues and expenditures received from Federal sources.

Federal Home Program – This fund accounts for all federal funds received under the Home Investment Partnership Act.

Federal Jobs Program Fund – This fund accounts for revenues and expenditures associated with the Job Training Partnership Act and Welfare to Work Programs.

Fire Facilities Impact Fund – This fund accounts for revenues collected under the City's Fire Facilities Impact Fee, which are used for constructing and outfitting facilities needed to serve future development.

Gas Tax Fund – This fund accounts for state gasoline allocations provided to the City for street-related purposes.

Housing Authority Fund – This fund accounts for compliance monitoring expenditures and Bond Issuer's Fees collected for Housing Authority.

Landscape Maintenance Fund – This fund is used to account for revenues and expenditures attributable to Landscape Maintenance District 97-1.

Local Transportation Article 3 Fund – This fund is used to account for State funds provided to the City for construction of local bikeways and bikeway related projects.

Local Transportation Article 8 Fund – This fund accounts for State funds provided to the City for street-related purposes only.

Measure R Fund – This fund accounts for State Funds provided to the City for street-related purposes only.

Measure M Fund – This fund accounts for State Funds provided to the City for transportation related purposes only.

Miscellaneous Grants/Developer Contributions – This fund accounts for revenues and expenditures received from Developers and Local Agencies for improvements.

Parks Assessments Fund – This fund accounts for revenues collected under the City-wide Park Assessment District, which are used for the acquisition, improvement, expansion and maintenance of public parks.

Park Development Fund – This fund accounts for revenues collected under the City's Unit Dwelling Fee, which are used for the acquisition, improvement and expansion of public parks, playgrounds & recreational facilities.

Proposition A Fund – This fund accounts for special sales tax revenues, which are used for local transit.

Proposition C Fund – This fund accounts for special sales tax revenues and expenditures related to street and road improvements and transit.

Public Art Fund - This fund accounts for the revenues and expenditures generated under the Public Art policy, derived from gifts or donations for public art. Private and municipal development projects are required to contribute to the fund per PMC Section 15.01.020.

Public Facilities Fund – This fund is used to account for revenues received from developer fees. These funds can only be used to assist with the development and rehabilitation of City buildings.

Public Safety Fund – This fund is used to account for the revenues received as a result of vehicle code violations and drug forfeiture operations. These funds can only be used for law enforcement expenditures.

Road Maintenance & Rehabilitation – This fund is used to account for state funds provided to the City to repair roads, improve traffic safety, and expand public transit systems across the state.

S.A.V.E.S. Fund (South Antelope Valley Emergency Services) – This fund is used to account for revenues and expenditures related to providing food and shelter for qualified recipients.

Sewer Maintenance Assessment District – This fund is used to account for revenues and expenditures associated with the City sewer assessment district service the City and its sewer system.

Sewer Upgrade Fund – This fund accounts for revenues collected under the City's Sewer Upgrade Fee, which are used for sewer improvements.

Solid Waste Fund - This fund was established to account for costs related to programs initiating recycling and waste management efforts throughout the City.

State Grants Fund – This fund accounts for revenues and expenditures received from State resources.

Street Lighting Assessment District Fund - This fund is used to account for revenues and expenditures restricted to residential street lighting services.

Traffic Impact Fund – This fund accounts for revenues collected under the City's Traffic Impact Fee, which are used for traffic

related projects, such as traffic signals and street improvements.

Housing Facilities Fund – This fund accounts for the revenues and expenditures restricted to the operations of four (4) City owned apartment buildings, three (3) City owned mobile home parks, and two (2) properties with eight (8) apartment units acquired from New Beginnings Outreach.

Palmdale Community Foundation – This fund accounts for the 501 (C) (3) non-profit public benefit corporation activities related to City programs.

Water Park – This fund accounts for the operation of the City owned Dry Town Water Park.

Debt Service Funds – are used to account for the accumulation of resources for and the payment made for principal and interest on bonded debt and other long-term obligations. The following fund has been classified as a non-major fund:

Palmdale Civic Authority Fund – This fund is used to account for construction projects funded through issuance of Certificates of Participation. Current projects include new park facilities and street improvements.

Palmdale Financing Authority Fund – This fund accounts for resources accumulated and payments made for principal and interest on Lease Revenue Bonds secured by lease payments by the City of Palmdale as rental for certain property pursuant to a lease agreement.

Capital Projects Funds – are used to account for financial resources used for the acquisition and construction of major capital facilities. The following capital projects funds have been classified as non-major funds:

Community Facilities District (CFD) – This fund accounts for the revenues and expenditures of community facilities districts and assessment districts, which are funded entirely from district bond proceeds.

City of Palmdale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Non-Major Special Revenue Funds	Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
		Palmdale Civic Authority	Palmdale Financing Authority	CFD/Assessment Districts	
Assets:					
Cash	$ 240,409	$ -	$ -	$ -	$ 240,409
Investments	191,494,341	-	-	-	191,494,341
Receivables:					
Accounts and interest receivable	12,181,529	-	-	12	12,181,541
Property tax receivable	335,461	-	-	-	335,461
Due from other funds	229,558	-	-	-	229,558
Advances due from fiduciary funds	-	-	-	583,859	583,859
Notes and Liens	10,919,489	-	-	-	10,919,489
Advances due from other funds	3,800,000	-	-	-	3,800,000
Prepaid items and other assets	14,000	-	-	-	14,000
Restricted Assets					
Investments	-	-	124	2,845,885	-
Total assets	$ 219,214,787	$ -	$ 124	$ 3,429,756	$ 222,644,667
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 4,811,548	$ -	$ -	$ 79,146	$ 4,890,694
Due to fiduciary funds	-	-	-	1,565	1,565
Due to other funds	7,422,486	-	-	426,327	7,848,813
Advances due to other funds	8,800,000	-	-	-	8,800,000
Deposits	1,794,071	-	-	-	1,794,071
	2,785,451	-	-	-	2,785,451
Notes payable	10,471	-	-	-	10,471
Total liabilities	25,624,027	-	-	507,038	26,131,065
Deferred Inflows of Resources:					
Unavailable revenue	10,056,545	-	-	-	10,056,545
Fund Balances:					
Restricted	183,938,524	-	124	2,922,718	186,861,366
Unassigned	(404,309)	-	-	-	(404,309)
Total fund balances	183,534,215	-	124	2,922,718	186,457,057
Total liabilities, deferred inflows of resources and fund balances	$ 219,214,787	$ -	$ 124	$ 3,429,756	$ 222,644,667

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

		Debt Service Funds		Capital Projects Fund	
	Non-Major Special Revenue Funds	Palmdale Civic Authority	Palmdale Financing Authority	CFD/Assessment Districts	Total Nonmajor Governmental Funds
Revenues:					
Other taxes	$ 5,104,715	$ -	$ -	$ -	$ 5,104,715
Subventions and grants	30,840,753	-	-	-	30,840,753
Park development fees	1,339,284	-	-	-	1,339,284
Licenses and Permits	164,876	-	-	-	164,876
Fines and forfeitures	363,996	-	-	-	363,996
Special Assessments	21,355,867	-	-	-	21,355,867
Charges for current services	3,383,734	-	-	-	3,383,734
Drainage fees	1,397,889	-	-	-	1,397,889
Traffic impact fees	677,674	-	-	-	677,674
Facilities impact fees	798,263	-	-	-	798,263
Interfund interest	64,819	-	-	-	64,819
Interest	2,746,656	12,033	632	86,003	2,845,324
Net increase (decrease) in fair value of investments	(1,508,923)	(830)	-	(34)	(1,509,787)
Developer contributions	17,690	-	-	-	17,690
State contributions	1,882,899	-	-	-	1,882,899
Other agency contributions	22,020	-	-	-	22,020
County contributions	301,403	-	-	-	301,403
Other Revenue	1,481,756	-	-	-	1,481,756
Total revenues	70,435,371	11,203	632	85,969	70,533,175
Expenditures:					
Current:					
General Government	842,778	-	-	(1)	842,777
Public safety	554,997	-	-	-	554,997
Public services	27,903,904	-	-	-	27,903,904
Community development	3,393,218	-	-	-	3,393,218
Cultural and recreational	1,852,890	-	-	-	1,852,890
Health and welfare	473,991	-	-	-	473,991
Capital Outlay	14,162,277	-	-	120,962	14,283,239
Debt service:					
Principal	743,556	-	2,623,899	-	3,367,455
Interest	220,742	-	1,135,403	-	1,356,145
Interfund interest	184,419	-	-	-	184,419
Total expenditures	50,332,772	-	3,759,302	120,961	54,213,035
Excess (deficiency) of revenues over expenditures	20,102,599	11,203	(3,758,670)	(34,992)	16,320,140
Other Financing Sources (Uses):					
Transfers In	500,000	-	3,758,794	-	4,258,794
Transfers Out	(4,722,757)	(1,062,648)	-	-	(5,785,405)
Total other financing sources (uses)	(4,222,757)	(1,062,648)	3,758,794	-	(1,526,611)
Net Change in Fund Balances	15,879,842	(1,051,445)	124	(34,992)	14,793,529
Fund Balances (Deficit) - Beginning of Year	167,654,373	1,051,445	-	2,957,710	171,663,528
Fund Balances (Deficit) - End of Year	$ 183,534,215	$ -	$ 124	$ 2,922,718	$ 186,457,057

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Air Quality Improvement Fund	Community Development Block Grant	Citywide Maintenance and Services	Drainage Funds	Drainage Benefit Assmnt Dist
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	312,647	1,854,959	-	6,499,981	1,373,501
Receivables:					
Accounts Receivable	-	27,929	-	19,964	4,167
Property tax receivable	-	-	-	-	299
Due from other funds	-	62	-	-	-
Notes and Liens	-	2,074,100	-	-	-
Advances due from other funds	-	-	-	3,800,000	-
Prepaid items and other assets	-	-	14,000	-	-
Total assets	$ 312,647	$ 3,957,050	$ 14,000	$ 10,319,945	$ 1,377,967
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ 17,536	$ -	$ -	$ -
Due to other funds	-	-	14,000	18,476	-
Advances due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	-
Deposits	-	1,755,523	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	1,773,059	14,000	18,476	-
Deferred Inflows of Resources:					
Unavailable revenue	-	46,558	-	-	-
Total deferred inflows of resources	-	46,558	-	-	-
Fund Balances:					
Restricted	312,647	2,137,433	-	10,301,469	1,377,967
Unassigned	-	-	-	-	-
Total fund balances	312,647	2,137,433	-	10,301,469	1,377,967
Total liabilities, deferred inflows of resources and fund balances	$ 312,647	$ 3,957,050	$ 14,000	$ 10,319,945	$ 1,377,967

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

Enhanced Infrastructure Financing District	Federal Funds	Federal Home Program	Federal Jobs Programs	Federal Home ARP Fund	Fire Facilities Impact	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ -
294,148	130	458,497	-	-	8,618,341	8,350,893
961	151,119	2,714,101	16,677	-	26,039	413,857
2,647	-	-	-	-	-	-
-	-	-	-	-	-	229,496
-	-	7,645,389	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 297,756	$ 151,249	$ 10,817,987	$ 16,677	$ -	$ 8,644,380	$ 8,994,246
$ -	$ 297,834	$ 30,277	$ 5,724	$ -	$ -	$ 190,369
-	229,496	50	28,965	1,355	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	527,330	30,327	34,689	1,355	-	190,369
-	10,216	2,889,166	-	-	-	-
-	10,216	2,889,166	-	-	-	-
297,756	-	7,898,494	-	(1,355)	8,644,380	8,803,877
-	(386,297)	-	(18,012)	-	-	-
297,756	(386,297)	7,898,494	(18,012)	(1,355)	8,644,380	8,803,877
$ 297,756	$ 151,249	$ 10,817,987	$ 16,677	$ -	$ 8,644,380	$ 8,994,246

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Local Transportation Article 8	Measure A LA County Parks
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	242,182	14,270,571	53,207	2,163,442	844
Receivables:					
Accounts Receivable	15,681	43,117	-	739,913	-
Property tax receivable	-	76,276	-	-	-
Due from other funds	-	-	-	-	-
Notes and Liens	1,200,000	-	-	-	-
Advances due from other funds	-	-	-	-	-
Prepaid items and other assets	-	-	-	-	-
Total assets	$ 1,457,863	$ 14,389,964	$ 53,207	$ 2,903,355	$ 844
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 422	$ 368,134	$ 55,960	$ 182,521	$ 7,194
Due to other funds	-	-	-	-	-
Advances due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	-
Deposits	1,000	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	1,422	368,134	55,960	182,521	7,194
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Restricted	1,456,441	14,021,830	(2,753)	2,720,834	(6,350)
Unassigned	-	-	-	-	-
Total fund balances	1,456,441	14,021,830	(2,753)	2,720,834	(6,350)
Total liabilities, deferred inflows of resources and fund balances	$ 1,457,863	$ 14,389,964	$ 53,207	$ 2,903,355	$ 844

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

Measure R	Measure R Local Return	Measure M	Measure M Local Return	Misc Grants/ Developer Contributions	Park Assessments	Park Development
$ -	$ -	$ -	$ -	$ -	$ -	$ -
2,778,714	14,247,602	136,342	9,527,839	2,968,323	3,405,784	13,153,904
1,864,730	34,723	181,831	32,154	4,166,812	2,353	39,617
-	-	-	-	-	46,538	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 4,643,444	$ 14,282,325	$ 318,173	$ 9,559,993	$ 7,135,135	$ 3,454,675	$ 13,193,521
$ 92,713	$ 1,775	$ 211,785	$ 9,139	$ 67,147	$ 657,260	$ 848,447
7,118,404	-	-	-	-	-	-
-	-	-	-	-	-	5,000,000
10,471	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	85,451	-	-
7,221,588	1,775	211,785	9,139	152,598	657,260	5,848,447
1,779,394	-	111,876	-	4,131,565	-	-
1,779,394	-	111,876	-	4,131,565	-	-
(4,357,538)	14,280,550	(5,488)	9,550,854	2,850,972	2,797,415	7,345,074
-	-	-	-	-	-	-
(4,357,538)	14,280,550	(5,488)	9,550,854	2,850,972	2,797,415	7,345,074
$ 4,643,444	$ 14,282,325	$ 318,173	$ 9,559,993	$ 7,135,135	$ 3,454,675	$ 13,193,521

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Proposition A	Proposition C	Prop C Local Return	Public Facilities Fund	Public Safety
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	10,100,907	888,357	13,300,381	1,687,046	1,304,606
Receivables:					
Accounts Receivable	30,678	1,083,507	37,859	5,123	50,062
Property tax receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Notes and Liens	-	-	-	-	-
Advances due from other funds	-	-	-	-	-
Prepaid items and other assets	-	-	-	-	-
Total assets	$ 10,131,585	$ 1,971,864	$ 13,338,240	$ 1,692,169	$ 1,354,668
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 167,562	$ 124,053	$ 521	$ -	$ -
Due to other funds	-	-	-	-	-
Advances due to other funds	-	-	-	-	-
Notes payable	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	167,562	124,053	521	-	-
Deferred Inflows of Resources:					
Unavailable revenue	-	1,086,508	-	-	-
Total deferred inflows of resources	-	1,086,508	-	-	-
Fund Balances:					
Restricted	9,964,023	761,303	13,337,719	1,692,169	1,354,668
Unassigned	-	-	-	-	-
Total fund balances	9,964,023	761,303	13,337,719	1,692,169	1,354,668
Total liabilities, deferred inflows of resources and fund balances	$ 10,131,585	$ 1,971,864	$ 13,338,240	$ 1,692,169	$ 1,354,668

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

Road Maintenance and Rehab	SAVES	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact	Communications PEG
$ -	$ -	$ 250	$ -	$ -	$ -	$ -	$ -
7,508,982	-	33,909,418	480,653	1,574,462	20,392,034	2,178,816	699,454
-	-	164,023	1,442	198,427	70,856	3,563	54,245
-	-	75,250	-	-	134,451	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 7,508,982	$ -	$ 34,148,941	$ 482,095	$ 1,772,889	$20,597,341	$ 2,182,379	$ 753,699
$ 31,117	$ 445	$ 145,648	$ -	$ 247,557	$ 269,534	$ 694,274	$ -
-	8,067	-	-	-	-	-	-
-	-	3,800,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	36,610	-	938	-	-	-
-	-	-	-	2,700,000	-	-	-
31,117	8,512	3,982,258	-	2,948,495	269,534	694,274	-
-	-	-	-	1,262	-	-	-
-	-	-	-	1,262	-	-	-
7,477,865	(8,512)	30,166,683	482,095	(1,176,868)	20,327,807	1,488,105	753,699
-	-	-	-	-	-	-	-
7,477,865	(8,512)	30,166,683	482,095	(1,176,868)	20,327,807	1,488,105	753,699
$ 7,508,982	$ -	$ 34,148,941	$ 482,095	$ 1,772,889	$20,597,341	$ 2,182,379	$ 753,699

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Total Special Revenue Funds
Assets:					
Cash	$ -	$ 240,159	$ -	$ -	$ 240,409
Investments	1,099,037	-	4,159,690	1,498,647	191,494,341
Receivables:					
Accounts Receivable	-	-	(14,001)	-	12,181,529
Property tax receivable	-	-	-	-	335,461
Due from other funds	-	-	-	-	229,558
Notes and Liens	-	-	-	-	10,919,489
Advances due from other funds	-	-	-	-	3,800,000
Prepaid items and other assets	-	-	-	-	14,000
Total assets	$ 1,099,037	$ 240,159	$ 4,145,689	$ 1,498,647	$ 219,214,787
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 21,286	$ -	$ 58,297	$ 7,017	$ 4,811,548
Due to other funds	-	3,673	-	-	7,422,486
Advances due to other funds	-	-	-	-	8,800,000
Notes payable	-	-	-	-	10,471
Deposits	-	-	-	-	1,794,071
Unearned revenue	-	-	-	-	2,785,451
Total liabilities	21,286	3,673	58,297	7,017	25,624,027
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	10,056,545
Total deferred inflows of resources	-	-	-	-	10,056,545
Fund Balances:					
Restricted	1,077,751	236,486	4,087,392	1,491,630	183,938,524
Unassigned	-	-	-	-	(404,309)
Total fund balances	1,077,751	236,486	4,087,392	1,491,630	183,534,215
Total liabilities, deferred inflows of resources and fund balances	$ 1,099,037	$ 240,159	$ 4,145,689	$ 1,498,647	$ 219,214,787

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

	Air Quality Improvement Fund	Community Development Block Grant	Citywide Maintenance and Services	Drainage Funds	Drainage Benefit Assmnt Dist
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ -
Subventions and grants	270,863	3,046,360	-	-	-
Park development fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Special Assessments	-	-	-	-	138,504
Charges for current services	-	-	-	-	-
Drainage fees	-	-	-	1,397,889	-
Traffic impact fees	-	-	-	-	-
Facilities impact fees	-	-	-	-	-
Interfund interest	-	-	-	64,819	-
Interest	2,398	23,506	-	95,436	21,754
Net increase (decrease) in fair value of investments	(2,650)	(15,430)	-	(55,439)	(11,767)
Developer contributions	-	-	-	-	-
State contributions	-	-	-	-	-
Other agency contributions	-	-	-	-	-
County contributions	-	-	-	-	-
Other Revenue	-	12,000	-	-	-
Total revenues	270,611	3,066,436	-	1,502,705	148,491
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public safety	-	-	-	-	-
Public services	-	21,796	-	998	28,722
Community development	-	1,879,709	-	-	-
Cultural and recreational	-	-	-	-	-
Health and welfare	-	230,719	-	-	-
Capital Outlay	-	1,354,226	-	917	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund interest	-	-	-	47,604	-
Total expenditures	-	3,486,450	-	49,519	28,722
Excess (deficiency) of revenues over expenditures	270,611	(420,014)	-	1,453,186	119,769
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(87,900)	-
Total other financing sources (uses)	-	-	-	(87,900)	-
Net Change in Fund Balances	270,611	(420,014)	-	1,365,286	119,769
Fund Balances (Deficit) - Beginning of Year	42,036	2,557,447	-	8,936,183	1,258,198
Fund Balances (Deficit) - End of Year	$ 312,647	$ 2,137,433	$ -	$ 10,301,469	$ 1,377,967

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

Enhanced Infrastructure Financing District	Federal Funds	Federal Home Program	Federal Jobs Programs	Federal Home ARP Fund	Fire Facilities Impact	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ 4,225,712
-	249,598	(125,818)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
296,795	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	515,830	-
-	-	-	-	-	-	-
961	-	10,334	-	-	139,310	133,423
-	-	-	-	-	(73,783)	(94,731)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	128,471
-	-	-	46,427	-	-	-
297,756	249,598	(115,484)	46,427	-	581,357	4,392,875
-	2	-	-	1	25,794	414,898
-	-	-	-	-	-	-
-	380,033	-	55,453	-	-	1,246,326
-	-	162,872	-	1,354	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	136,739	-	-	-	-	1,843,493
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	516,774	162,872	55,453	1,355	25,794	3,504,717
297,756	(267,176)	(278,356)	(9,026)	(1,355)	555,563	888,158
-	-	-	-	-	-	-
-	-	-	-	-	-	(156,250)
-	-	-	-	-	-	(156,250)
297,756	(267,176)	(278,356)	(9,026)	(1,355)	555,563	731,908
-	(119,121)	8,176,850	(8,986)	-	8,088,817	8,071,969
$ 297,756	$ (386,297)	$ 7,898,494	$ (18,012)	$ (1,355)	$ 8,644,380	$ 8,803,877

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Local Transportation Article 8	Measure A LA County Parks
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ -
Subventions and grants	-	-	-	8,658,196	-
Park development fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	400	-	-	-
Special Assessments	-	6,896,895	-	-	-
Charges for current services	65,635	-	-	-	-
Drainage fees	-	-	-	-	-
Traffic impact fees	-	-	-	-	-
Facilities impact fees	-	-	-	-	-
Interfund interest	-	-	-	-	-
Interest	3,646	226,373	732	31,537	-
Net increase (decrease) in fair value of investments	(2,078)	(123,384)	(455)	-	-
Developer contributions	-	9,095	-	-	-
State contributions	-	-	-	-	-
Other agency contributions	-	-	-	-	-
County contributions	-	-	-	-	-
Other Revenue	1,200,000	2,451	-	-	-
Total revenues	1,267,203	7,011,830	277	8,689,733	-
Expenditures:					
Current:					
General Government	-	45,050	-	146,309	-
Public safety	-	-	-	-	-
Public services	-	6,092,643	-	6,505,653	(844)
Community development	32,807	-	-	-	-
Cultural and recreational	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital Outlay	-	3,980	58,986	2,446,657	7,194
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund interest	-	-	-	-	-
Total expenditures	32,807	6,141,673	58,986	9,098,619	6,350
Excess (deficiency) of revenues over expenditures	1,234,396	870,157	(58,709)	(408,886)	(6,350)
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	(30,000)	-	(115,820)	-
Total other financing sources (uses)	-	(30,000)	-	(115,820)	-
Net Change in Fund Balances	1,234,396	840,157	(58,709)	(524,706)	(6,350)
Fund Balances (Deficit) - Beginning of Year	222,045	13,181,673	55,956	3,245,540	-
Fund Balances (Deficit) - End of Year	$ 1,456,441	$ 14,021,830	$ (2,753)	$ 2,720,834	$ (6,350)

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

Measure R	Measure R Local Return	Measure M	Measure M Local Return	Misc Grants/ Developer Contributions	Park Assessments	Park Development
$ -	$ -	$ -	$ -	$ -	$ -	$ -
1,106,719	2,551,356	124,828	2,886,129	-	-	-
-	-	-	-	-	-	1,339,284
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,930,228	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	153,101	446	153,939	40,203	27,830	215,936
-	(84,755)	-	(83,013)	(25,427)	(10,114)	(112,680)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	22,020	-	-
-	-	-	-	172,932	-	-
-	-	-	-	43,934	-	-
1,106,719	2,619,702	125,274	2,957,055	253,662	2,947,944	1,442,540
-	-	-	-	246	51,919	-
-	-	-	-	128,572	-	-
30,176	31,569	5,408	1,348,395	628	-	105,788
-	-	-	-	-	-	-
-	-	-	-	36,581	30,000	-
-	-	-	-	-	-	-
1,078,518	325,587	181,962	-	189,805	759,362	1,272,590
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	119,600
1,108,694	357,156	187,370	1,348,395	355,832	841,281	1,497,978
(1,975)	2,262,546	(62,096)	1,608,660	(102,170)	2,106,663	(55,438)
-	-	-	-	-	-	-
-	-	-	-	-	(2,435,889)	-
-	-	-	-	-	(2,435,889)	-
(1,975)	2,262,546	(62,096)	1,608,660	(102,170)	(329,226)	(55,438)
(4,355,563)	12,018,004	56,608	7,942,194	2,953,142	3,126,641	7,400,512
$ (4,357,538)	$ 14,280,550	$ (5,488)	$ 9,550,854	$ 2,850,972	$ 2,797,415	$ 7,345,074

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

	Proposition A	Proposition C	Prop C Local Return	Public Facilities Fund	Public Safety
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ -
Subventions and grants	4,102,357	420,922	3,402,788	-	414,607
Park development fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	363,596
Special Assessments	-	-	-	-	-
Charges for current services	-	-	-	-	-
Drainage fees	-	-	-	-	-
Traffic impact fees	-	-	-	-	-
Facilities impact fees	-	-	-	282,433	-
Interfund interest	-	-	-	-	-
Interest	162,531	15,636	200,020	26,673	16,932
Net increase (decrease) in fair value of investments	(86,420)	(7,506)	(99,176)	(14,440)	(11,408)
Developer contributions	-	-	-	-	-
State contributions	-	-	-	-	-
Other agency contributions	-	-	-	-	-
County contributions	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total revenues	4,178,468	429,052	3,503,632	294,666	783,727
Expenditures:					
Current:					
General Government	-	-	-	-	1
Public safety	424,936	-	-	-	-
Public services	2,396,124	23,742	2,967,766	933	-
Community development	-	-	-	-	-
Cultural and recreational	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital Outlay	160,093	1,094,562	-	75,742	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund interest	-	-	-	-	-
Total expenditures	2,981,153	1,118,304	2,967,766	76,675	1
Excess (deficiency) of revenues over expenditures	1,197,315	(689,252)	535,866	217,991	783,726
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	(15,000)	-	(581,181)	-	(363,595)
Total other financing sources (uses)	(15,000)	-	(581,181)	-	(363,595)
Net Change in Fund Balances	1,182,315	(689,252)	(45,315)	217,991	420,131
Fund Balances (Deficit) - Beginning of Year	8,781,708	1,450,555	13,383,034	1,474,178	934,537
Fund Balances (Deficit) - End of Year	$ 9,964,023	$ 761,303	$ 13,337,719	$ 1,692,169	$ 1,354,668

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

Road Maintenance and Rehab	SAVES	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact	Communications PEG
$ -	$ -	$ -	$ -	$ -	$ 643,523	$ -	$ 235,480
3,706,098	25,750	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	164,876	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,980,072	-	-	5,113,373	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	677,674	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,753	-	536,092	7,951	18,697	316,400	34,816	-
(64,132)	-	(290,827)	(4,114)	(17,104)	(174,919)	(11,775)	-
-	-	-	-	-	8,595	-	-
-	34,534	-	-	1,495,239	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,721,719	60,284	6,390,213	3,837	1,496,832	5,906,972	700,715	235,480
-	-	-	-	-	-	-	158,558
-	-	-	-	1,489	-	-	-
9,866	-	2,702,652	3,162	20,381	3,294,772	46,378	-
-	-	-	-	1,316,476	-	-	-
-	-	-	-	-	-	-	-
-	80,474	-	-	-	-	-	-
316,202	-	295,230	-	1,445,907	3,825	1,043,933	-
-	-	-	-	-	743,556	-	-
-	-	-	-	-	220,742	-	-
-	-	17,215	-	-	-	-	-
326,068	80,474	3,015,097	3,162	2,784,253	4,262,895	1,090,311	158,558
3,395,651	(20,190)	3,375,116	675	(1,287,421)	1,644,077	(389,596)	76,922
-	-	-	-	-	-	-	-
-	-	(30,000)	-	-	(40,000)	(867,122)	-
-	-	(30,000)	-	-	(40,000)	(867,122)	-
3,395,651	(20,190)	3,345,116	675	(1,287,421)	1,604,077	(1,256,718)	76,922
4,082,214	11,678	26,821,567	481,420	110,553	18,723,730	2,744,823	676,777
$ 7,477,865	$ (8,512)	$ 30,166,683	$ 482,095	$ (1,176,868)	$20,327,807	$ 1,488,105	$ 753,699

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2023

	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Total Special Revenue Funds
Revenues:					
Other taxes	$ -	$ -	$ -	$ -	$ 5,104,715
Subventions and grants	-	-	-	-	30,840,753
Park development fees	-	-	-	-	1,339,284
Licenses and Permits	-	-	-	-	164,876
Fines and forfeitures	-	-	-	-	363,996
Special Assessments	-	-	-	-	21,355,867
Charges for current services	966,593	-	1,690,258	661,248	3,383,734
Drainage fees	-	-	-	-	1,397,889
Traffic impact fees	-	-	-	-	677,674
Facilities impact fees	-	-	-	-	798,263
Interfund interest	-	-	-	-	64,819
Interest	-	-	50,290	-	2,746,656
Net increase (decrease) in fair value of investments	-	-	(31,396)	-	(1,508,923)
Developer contributions	-	-	-	-	17,690
State contributions	353,126	-	-	-	1,882,899
Other agency contributions	-	-	-	-	22,020
County contributions	-	-	-	-	301,403
Other Revenue	-	143,143	33,801	-	1,481,756
Total revenues	1,319,719	143,143	1,742,953	661,248	70,435,371
Expenditures:					
Current:					
General Government	-	-	-	-	842,778
Public safety	-	-	-	-	554,997
Public services	585,384	-	-	-	27,903,904
Community development	-	-	-	-	3,393,218
Cultural and recreational	-	-	1,744,596	41,713	1,852,890
Health and welfare	-	162,798	-	-	473,991
Capital Outlay	-	-	-	66,767	14,162,277
Debt service:					
Principal	-	-	-	-	743,556
Interest	-	-	-	-	220,742
Interfund interest	-	-	-	-	184,419
Total expenditures	585,384	162,798	1,744,596	108,480	50,332,772
Excess (deficiency) of revenues over expenditures	734,335	(19,655)	(1,643)	552,768	20,102,599
Other Financing Sources (Uses):					
Transfers In	-	-	500,000	-	500,000
Transfers Out	-	-	-	-	(4,722,757)
Total other financing sources (uses)	-	-	500,000	-	(4,222,757)
Net Change in Fund Balances	734,335	(19,655)	498,357	552,768	15,879,842
Fund Balances (Deficit) - Beginning of Year	343,416	256,141	3,589,035	938,862	167,654,373
Fund Balances (Deficit) - End of Year	$ 1,077,751	$ 236,486	$ 4,087,392	$ 1,491,630	$ 183,534,215

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Fund - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 50,000	$ 223,500	$ 270,863	$ 47,363
Interest	-	-	2,398	2,398
Net increase (decrease) in fair value of investments	-	-	(2,650)	(2,650)
Total revenues	50,000	223,500	270,611	47,111
Expenditures:				
Excess (deficiency) of revenues over (under) expenditures	50,000	223,500	270,611	47,111
Net Change in Fund Balance	50,000	223,500	270,611	47,111
Fund Balance (Deficit) - Beginning of Year	42,036	42,036	42,036	-
Fund Balance (Deficit) - End of Year	$ 92,036	$ 265,536	$ 312,647	$ 47,111

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Block Grant - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 1,723,100	$ 5,355,410	$ 3,046,360	$ (2,309,050)
Interest	-	-	23,506	23,506
Net increase (decrease) in fair value of investments	-	-	(15,430)	(15,430)
Other Revenue	-	16,000	12,000	(4,000)
Total revenues	1,723,100	5,371,410	3,066,436	(2,304,974)
Expenditures:				
Current:				
Public services	-	-	21,795	(21,795)
Community development	1,406,490	2,803,440	1,879,710	923,730
Health and welfare	226,560	409,320	230,719	178,601
Capital Outlay	362,000	2,483,140	1,354,226	1,128,914
Debt service:				
Total expenditures	1,995,050	5,695,900	3,486,450	2,209,450
Excess (deficiency) of revenues over (under) expenditures	(271,950)	(324,490)	(420,014)	(95,524)
Net Change in Fund Balance	(271,950)	(324,490)	(420,014)	(95,524)
Fund Balance (Deficit) - Beginning of Year	2,557,447	2,557,447	2,557,447	-
Fund Balance (Deficit) - End of Year	$ 2,285,497	$ 2,232,957	$ 2,137,433	$ (95,524)

City of Palmdale

Schedule of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
Citywide Maintenance and Services
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Expenditures				
Current				
Fund Balance (Deficit) - Beginning of Year	$ -	$ -	$ -	$ -
Fund Balance (Deficit) - End of Year	$ -	$ -	$ -	$ -

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drainage Funds - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Drainage fees	$ 1,012,000	$ 687,000	$ 1,397,889	$ 710,889
Interfund interest	150,000	-	64,819	64,819
Interest	23,000	24,000	95,436	71,436
Net increase (decrease) in fair value of investments	-	-	(55,439)	(55,439)
Total revenues	1,185,000	711,000	1,502,705	791,705
Expenditures:				
Current:				
Public services	-	-	998	(998)
Capital Outlay	360,000	2,473,550	917	2,472,633
Debt service:				
Interfund interest	75,000	-	47,604	(47,604)
Total expenditures	435,000	2,473,550	49,519	2,424,031
Excess (deficiency) of revenues over (under) expenditures	750,000	(1,762,550)	1,453,186	3,215,736
Other Financing Sources (Uses):				
Transfers In	467,300	467,300	-	(467,300)
Transfers Out	(87,900)	(87,900)	(87,900)	-
Total other financing sources (uses)	379,400	379,400	(87,900)	(467,300)
Net Change in Fund Balance	1,129,400	(1,383,150)	1,365,286	2,748,436
Fund Balance (Deficit) - Beginning of Year	8,936,183	8,936,183	8,936,183	-
Fund Balance (Deficit) - End of Year	$ 10,065,583	$ 7,553,033	$ 10,301,469	$ 2,748,436

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drainage Benefit Assmnt Dist - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Special Assessments	$ 66,900	$ 66,900	$ 138,504	$ 71,604
Interest	2,000	2,000	21,754	19,754
Net increase (decrease) in fair value of investments	-	-	(11,767)	(11,767)
Total revenues	68,900	68,900	148,491	79,591
Expenditures:				
Current:				
Public services	37,630	36,590	28,723	7,867
Total expenditures	37,630	36,590	28,723	7,867
Excess (deficiency) of revenues over (under) expenditures	31,270	32,310	119,768	87,458
Net Change in Fund Balance	31,270	32,310	119,768	87,458
Fund Balance (Deficit) - Beginning of Year	1,258,199	1,258,199	1,258,199	-
Fund Balance (Deficit) - End of Year	$ 1,289,469	$ 1,290,509	$ 1,377,967	$ 87,458

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Enhanced Infrastructure Financing District
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Special Assessments	$ -	$ 300,000	$ 296,795	$ (3,205)
Interest	-	-	961	961
Total revenues	-	300,000	297,756	(2,244)
Expenditures				
Current				
Excess (deficiency) of revenues over expenditures	-	300,000	297,756	(2,244)
Net Change in Fund Balance	-	300,000	297,756	(2,244)
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ -	$ 300,000	$ 297,756	$ (2,244)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Funds - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ -	$ 4,508,990	$ 249,598	$ (4,259,392)
Total revenues	-	4,508,990	249,598	(4,259,392)
Expenditures:				
Current:				
General Government	-	-	2	(2)
Public services	-	4,200,000	380,033	3,819,967
Capital Outlay	-	2,365,600	136,739	2,228,861
Total expenditures	-	6,565,600	516,774	6,048,826
Excess (deficiency) of revenues over (under) expenditures	-	(2,056,610)	(267,176)	1,789,434
Other Financing Sources (Uses):				
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	-	(2,056,610)	(267,176)	1,789,434
Fund Balance (Deficit) - Beginning of Year	(119,121)	(119,121)	(119,121)	-
Fund Balance (Deficit) - End of Year	$ (119,121)	$ (2,175,731)	$ (386,297)	$ 1,789,434

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Home Program - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 400,000	$ 1,922,050	$ (125,818)	$ (2,047,868)
Interest	-	-	10,334	10,334
Total revenues	400,000	1,922,050	(115,484)	(2,037,534)
Expenditures:				
Current:				
Community development	236,100	1,500,650	162,872	1,337,778
Total expenditures	236,100	1,500,650	162,872	1,337,778
Excess (deficiency) of revenues over (under) expenditures	163,900	421,400	(278,356)	(699,756)
Net Change in Fund Balance	163,900	421,400	(278,356)	(699,756)
Fund Balance (Deficit) - Beginning of Year	8,176,850	8,176,850	8,176,850	-
Fund Balance (Deficit) - End of Year	$ 8,340,750	$ 8,598,250	$ 7,898,494	$ (699,756)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Jobs Programs - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 50,000	$ 64,800	$ 46,427	$ (18,373)
Total revenues	50,000	64,800	46,427	(18,373)
Expenditures:				
Current:				
Public services	79,300	81,500	55,453	26,047
Total expenditures	79,300	81,500	55,453	26,047
Excess (deficiency) of revenues over (under) expenditures	(29,300)	(16,700)	(9,026)	7,674
Other Financing Sources (Uses):				
Transfers In	29,700	29,700	-	(29,700)
Total other financing sources (uses)	29,700	29,700	-	(29,700)
Net Change in Fund Balance	400	13,000	(9,026)	(22,026)
Fund Balance (Deficit) - Beginning of Year	(8,986)	(8,986)	(8,986)	-
Fund Balance (Deficit) - End of Year	$ (8,586)	$ 4,014	$ (18,012)	$ (22,026)

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Federal Home ARP Fund - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Subventions and grants	$ 2,088,970	$ 1,921,760	$ -	$ (1,921,760)
Total revenues	2,088,970	1,921,760	-	(1,921,760)
Expenditures				
Current:				
General Government	-	-	1	(1)
Community development	2,088,970	1,912,000	1,354	1,910,646
Total expenditures	2,088,970	1,912,000	1,355	1,910,645
Excess (deficiency) of revenues over expenditures	-	9,760	(1,355)	1,899,530
Net Change in Fund Balance	-	9,760	(1,355)	1,899,530
Fund Balance (Deficit) - Beginning of Year	-	85,000	-	(85,000)
Fund balances, beginning of year as restated	-	85,000	-	(85,000)
Fund Balance (Deficit) - End of Year	$ -	$ 94,760	$ (1,355)	$ 1,814,530

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fire Facilities Impact - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Facilities impact fees	$ 650,000	$ 650,000	$ 515,830	$ (134,170)
Interest	10,000	10,000	139,310	129,310
Net increase (decrease) in fair value of investments	-	-	(73,783)	(73,783)
Total revenues	660,000	660,000	581,357	(78,643)
Expenditures:				
Current:				
General Government	33,000	33,000	25,794	7,206
Total expenditures	33,000	33,000	25,794	7,206
Excess (deficiency) of revenues over (under) expenditures	627,000	627,000	555,563	(71,437)
Net Change in Fund Balance	627,000	627,000	555,563	(71,437)
Fund Balance (Deficit) - Beginning of Year	8,088,817	8,088,817	8,088,817	-
Fund Balance (Deficit) - End of Year	$ 8,715,817	$ 8,715,817	$ 8,644,380	$ (71,437)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other taxes	$ 4,495,040	$ 4,495,040	$ 4,225,712	$ (269,328)
Interest	100,000	100,000	133,423	33,423
Net increase (decrease) in fair value of investments	-	-	(94,731)	(94,731)
State contributions	2,000	1,000	-	(1,000)
County contributions	180,000	180,000	128,471	(51,529)
Total revenues	4,777,040	4,776,040	4,392,875	(383,165)
Expenditures:				
Current:				
General Government	180,550	268,920	414,898	(145,978)
Public services	5,838,200	6,606,940	1,246,326	5,360,614
Capital Outlay	500,000	4,592,590	1,843,493	2,749,097
Total expenditures	6,518,750	11,468,450	3,504,717	7,963,733
Excess (deficiency) of revenues over (under) expenditures	(1,741,710)	(6,692,410)	888,158	7,580,568
Other Financing Sources (Uses):				
Transfers Out	(438,700)	(438,700)	(156,250)	282,450
Total other financing sources (uses)	(438,700)	(438,700)	(156,250)	282,450
Net Change in Fund Balance	(2,180,410)	(7,131,110)	731,908	7,863,018
Fund Balance (Deficit) - Beginning of Year	8,071,969	8,071,969	8,071,969	-
Fund Balance (Deficit) - End of Year	$ 5,891,559	$ 940,859	$ 8,803,877	$ 7,863,018

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Housing Authority - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 91,700	$ 91,700	$ 65,635	$ (26,065)
Interest	500	500	3,646	3,146
Net increase (decrease) in fair value of investments	-	-	(2,078)	(2,078)
Other Revenue	-	-	1,200,000	1,200,000
Total revenues	92,200	92,200	1,267,203	1,175,003
Expenditures:				
Current:				
Community development	81,400	75,310	32,807	42,503
Total expenditures	81,400	75,310	32,807	42,503
Excess (deficiency) of revenues over (under) expenditures	10,800	16,890	1,234,396	1,217,506
Net Change in Fund Balance	10,800	16,890	1,234,396	1,217,506
Fund Balance (Deficit) - Beginning of Year	222,045	222,045	222,045	-
Fund Balance (Deficit) - End of Year	$ 232,845	$ 238,935	$ 1,456,441	$ 1,217,506

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Landscape Maintenance - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Fines and forfeitures	$ 4,000	$ 4,000	$ 400	$ (3,600)
Special Assessments	6,361,900	6,815,300	6,896,895	81,595
Interest	86,700	86,700	226,373	139,673
Net increase (decrease) in fair value of investments	-	-	(123,384)	(123,384)
Developer contributions	50,000	30,000	9,095	(20,905)
Other Revenue	3,000	3,000	2,451	(549)
Total revenues	6,505,600	6,939,000	7,011,830	72,830
Expenditures:				
Current:				
General Government	91,880	47,410	45,050	2,360
Public services	7,174,440	7,318,630	6,092,643	1,225,987
Capital Outlay	-	431,720	3,980	427,740
Total expenditures	7,266,320	7,797,760	6,141,673	1,656,087
Excess (deficiency) of revenues over (under) expenditures	(760,720)	(858,760)	870,157	1,728,917
Other Financing Sources (Uses):				
Transfers Out	(30,000)	(30,000)	(30,000)	-
Total other financing sources (uses)	(30,000)	(30,000)	(30,000)	-
Net Change in Fund Balance	(790,720)	(888,760)	840,157	1,728,917
Fund Balance (Deficit) - Beginning of Year	13,181,673	13,181,673	13,181,673	-
Fund Balance (Deficit) - End of Year	$ 12,390,953	$ 12,292,913	$ 14,021,830	$ 1,728,917

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Transportation Article 3 - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 146,930	$ 9,030	$ -	$ (9,030)
Interest	-	-	732	732
Net increase (decrease) in fair value of investments	-	-	(455)	(455)
Total revenues	146,930	9,030	277	(8,753)
Expenditures:				
Current:				
Capital Outlay	-	64,990	58,986	6,004
Total expenditures	-	64,990	58,986	6,004
Excess (deficiency) of revenues over (under) expenditures	146,930	(55,960)	(58,709)	(2,749)
Net Change in Fund Balance	146,930	(55,960)	(58,709)	(2,749)
Fund Balance (Deficit) - Beginning of Year	55,956	55,956	55,956	-
Fund Balance (Deficit) - End of Year	$ 202,886	$ (4)	$ (2,753)	$ (2,749)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Transportation Article 8 - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 8,658,200	$ 8,658,200	$ 8,658,196	$ (4)
Interest	10,000	10,000	31,537	21,537
Total revenues	8,668,200	8,668,200	8,689,733	21,533
Expenditures:				
Current:				
General Government	190,240	171,900	146,309	25,591
Public services	2,671,770	3,940,220	6,505,653	(2,565,433)
Capital Outlay	5,689,980	1,088,480	2,446,657	(1,358,177)
Total expenditures	8,551,990	5,200,600	9,098,619	(3,898,019)
Excess (deficiency) of revenues over (under) expenditures	116,210	3,467,600	(408,886)	(3,876,486)
Other Financing Sources (Uses):				
Transfers Out	(116,200)	(116,200)	(115,820)	380
Total other financing sources (uses)	(116,200)	(116,200)	(115,820)	380
Net Change in Fund Balance	10	3,351,400	(524,706)	(3,876,106)
Fund Balance (Deficit) - Beginning of Year	3,245,540	3,245,540	3,245,540	-
Fund Balance (Deficit) - End of Year	$ 3,245,550	$ 6,596,940	$ 2,720,834	$ (3,876,106)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure A LA County Parks -
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
County contributions	$ 2,000,000	$ 2,143,550	$ -	$ (2,143,550)
Total revenues	2,000,000	2,143,550	-	(2,143,550)
Expenditures:				
Current:				
Public services	2,000,000	100,000	(844)	100,844
Capital Outlay	-	1,556,490	7,194	1,549,296
Total expenditures	2,000,000	1,656,490	6,350	1,650,140
Excess (deficiency) of revenues over (under) expenditures	-	487,060	(6,350)	(493,410)
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	-	487,060	(6,350)	(493,410)
Fund Balance (Deficit) - Beginning of Year	389,100	-	-	-
Fund Balance (Deficit) - End of Year	$ 389,100	$ 487,060	$ (6,350)	$ (493,410)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure R - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 2,368,790	$ 13,395,150	$ 1,106,719	$ (12,288,431)
Interest	25,000	-	-	-
Total revenues	2,393,790	13,395,150	1,106,719	(12,288,431)
Expenditures:				
Current:				
Public services	-	-	30,176	(30,176)
Capital Outlay	43,095,000	17,953,140	1,078,518	16,874,622
Total expenditures	43,095,000	17,953,140	1,108,694	16,844,446
Excess (deficiency) of revenues over (under) expenditures	(40,701,210)	(4,557,990)	(1,975)	4,556,015
Net Change in Fund Balance	(40,701,210)	(4,557,990)	(1,975)	4,556,015
Fund Balance (Deficit) - Beginning of Year	(4,355,563)	(4,355,563)	(4,355,563)	-
Fund Balance (Deficit) - End of Year	$ (45,056,773)	$ (8,913,553)	$ (4,357,538)	$ 4,556,015

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Measure R Local Return
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Subventions and grants	$ -	$ 2,368,790	$ 2,551,356	$ 182,566
Interest	-	25,000	153,101	128,101
Net increase (decrease) in fair value of investments	-	-	(84,755)	(84,755)
Total revenues	-	2,393,790	2,619,702	225,912
Expenditures				
Current				
Public services	-	-	31,569	(31,569)
Capital Outlay	-	953,980	325,587	628,393
Total expenditures	-	953,980	357,156	596,824
Excess (deficiency) of revenues over expenditures	-	1,439,810	2,262,546	791,167
Net Change in Fund Balance	-	1,439,810	2,262,546	791,167
Fund Balance (Deficit) - Beginning of Year	12,018,004	12,018,004	12,018,004	-
Fund Balance (Deficit) - End of Year	$ 12,018,004	$ 13,457,814	$ 14,280,550	$ 791,167

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure M - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 3,234,630	$ 1,135,000	$ 124,828	$ (1,010,172)
Interest	10,000	-	446	446
Total revenues	3,244,630	1,135,000	125,274	(1,009,726)
Expenditures:				
Current:				
Public services	1,300,000	550,000	5,408	544,592
Capital Outlay	-	585,000	181,962	403,038
Total expenditures	1,300,000	1,135,000	187,370	947,630
Excess (deficiency) of revenues over (under) expenditures	1,944,630	-	(62,096)	(62,096)
Net Change in Fund Balance	1,944,630	-	(62,096)	(62,096)
Fund Balance (Deficit) - Beginning of Year	56,608	56,608	56,608	-
Fund Balance (Deficit) - End of Year	$ 2,001,238	$ 56,608	$ (5,488)	$ (62,096)

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Measure M Local Return
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Subventions and grants	$ -	$ 2,684,630	$ 2,886,129	$ 201,499
Interest	-	10,000	153,939	143,939
Net increase (decrease) in fair value of investments	-	-	(83,013)	(83,013)
Total revenues	-	2,694,630	2,957,055	262,425
Expenditures				
Current				
Public services	-	3,715,680	1,348,395	2,367,285
Total expenditures	-	3,715,680	1,348,395	2,367,285
Excess (deficiency) of revenues over expenditures	-	(1,021,050)	1,608,660	4,996,995
Net Change in Fund Balance	-	(1,021,050)	1,608,660	4,996,995
Fund Balance (Deficit) - Beginning of Year	7,942,194	7,942,194	7,942,194	-
Fund Balance (Deficit) - End of Year	$ 7,942,194	$ 6,921,144	$ 9,550,854	$ 4,996,995

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Misc Grants/ Developer Contributions - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 3,000	$ 3,000	$ 40,203	$ 37,203
Net increase (decrease) in fair value of investments	-	-	(25,427)	(25,427)
Other agency contributions	1,350,500	1,101,750	22,020	(1,079,730)
County contributions	-	96,120	172,932	76,812
Other Revenue	50,000	30,000	43,934	13,934
Total revenues	1,403,500	1,230,870	253,662	(977,208)
Expenditures:				
Current:				
General Government	-	-	246	(246)
Public safety	9,880	96,120	128,572	(32,452)
Public services	-	-	628	(628)
Cultural and recreational	50,000	53,250	36,581	16,669
Capital Outlay	1,558,000	1,940,100	189,805	1,750,295
Total expenditures	1,617,880	2,089,470	355,832	1,733,638
Excess (deficiency) of revenues over (under) expenditures	(214,380)	(858,600)	(102,170)	756,430
Other Financing Sources (Uses):				
Net Change in Fund Balance	(214,380)	(858,600)	(102,170)	756,430
Fund Balance (Deficit) - Beginning of Year	2,953,142	2,953,142	2,953,142	-
Fund Balance (Deficit) - End of Year	$ 2,738,762	$ 2,094,542	$ 2,850,972	$ 756,430

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Assessments - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Special Assessments	$ 2,887,700	$ 2,802,000	$ 2,930,228	$ 128,228
Interest	25,500	25,500	27,830	2,330
Net increase (decrease) in fair value of investments	-	-	(10,114)	(10,114)
Total revenues	2,913,200	2,827,500	2,947,944	120,444
Expenditures:				
Current:				
General Government	67,600	73,600	51,919	21,681
Cultural and recreational	30,000	30,000	30,000	-
Capital Outlay	330,000	927,890	759,362	168,528
Total expenditures	427,600	1,031,490	841,281	190,209
Excess (deficiency) of revenues over (under) expenditures	2,485,600	1,796,010	2,106,663	310,653
Other Financing Sources (Uses):				
Transfers Out	(2,435,900)	(2,435,900)	(2,435,889)	11
Total other financing sources (uses)	(2,435,900)	(2,435,900)	(2,435,889)	11
Net Change in Fund Balance	49,700	(639,890)	(329,226)	310,664
Fund Balance (Deficit) - Beginning of Year	3,126,641	3,126,641	3,126,641	-
Fund Balance (Deficit) - End of Year	$ 3,176,341	$ 2,486,751	$ 2,797,415	$ 310,664

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Development - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Park development fees	$ 1,000,000	$ 1,500,000	$ 1,339,284	$ (160,716)
Interest	10,000	10,000	215,936	205,936
Net increase (decrease) in fair value of investments	-	-	(112,680)	(112,680)
Total revenues	1,010,000	1,510,000	1,442,540	(67,460)
Expenditures:				
Current:				
Public services	117,000	42,000	105,788	(63,788)
Capital Outlay	6,500,000	10,314,970	1,272,590	9,042,380
Debt service:				
Interfund interest	-	-	119,600	(119,600)
Total expenditures	6,617,000	10,356,970	1,497,978	8,858,992
Excess (deficiency) of revenues over (under) expenditures	(5,607,000)	(8,846,970)	(55,438)	8,791,532
Other Financing Sources (Uses):				
Transfers In	2,000,000	-	-	-
Transfers Out	(150,000)	(150,000)	-	150,000
Total other financing sources (uses)	1,850,000	(150,000)	-	150,000
Net Change in Fund Balance	(3,757,000)	(8,996,970)	(55,438)	8,941,532
Fund Balance (Deficit) - Beginning of Year	7,400,512	7,400,512	7,400,512	-
Fund Balance (Deficit) - End of Year	$ 3,643,512	$ (1,596,458)	$ 7,345,074	$ 8,941,532

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition A - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 3,807,710	$ 3,807,710	$ 4,102,357	$ 294,647
Interest	30,000	30,000	162,531	132,531
Net increase (decrease) in fair value of investments	-	-	(86,420)	(86,420)
Total revenues	3,837,710	3,837,710	4,178,468	340,758
Expenditures:				
Current:				
Public safety	502,920	537,240	424,936	112,304
Public services	2,331,170	2,298,030	2,396,124	(98,094)
Capital Outlay	544,050	1,310,890	160,093	1,150,797
Total expenditures	3,378,140	4,146,160	2,981,153	1,165,007
Excess (deficiency) of revenues over (under) expenditures	459,570	(308,450)	1,197,315	1,505,765
Other Financing Sources (Uses):				
Transfers Out	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	(15,000)	(15,000)	(15,000)	-
Net Change in Fund Balance	444,570	(323,450)	1,182,315	1,505,765
Fund Balance (Deficit) - Beginning of Year	8,781,708	8,781,708	8,781,708	-
Fund Balance (Deficit) - End of Year	$ 9,226,278	$ 8,458,258	$ 9,964,023	$ 1,505,765

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition C - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 3,158,390	$ 4,582,350	$ 420,922	$ (4,161,428)
Interest	25,000	-	15,636	15,636
Net increase (decrease) in fair value of investments	-	-	(7,506)	(7,506)
Total revenues	3,183,390	4,582,350	429,052	(4,153,298)
Expenditures:				
Current:				
Public services	-	-	23,742	(23,742)
Capital Outlay	2,350,000	5,572,370	1,094,562	4,477,808
Total expenditures	2,350,000	5,572,370	1,118,304	4,454,066
Excess (deficiency) of revenues over (under) expenditures	833,390	(990,020)	(689,252)	300,768
Other Financing Sources (Uses):				
Transfers Out	(581,200)	-	-	-
Total other financing sources (uses)	(581,200)	-	-	-
Net Change in Fund Balance	252,190	(990,020)	(689,252)	300,768
Fund Balance (Deficit) - Beginning of Year	1,450,555	1,450,555	1,450,555	-
Fund Balance (Deficit) - End of Year	$ 1,702,745	$ 460,535	$ 761,303	$ 300,768

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Prop C Local Return
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Subventions and grants	$ -	$ 3,158,390	$ 3,402,788	$ 244,398
Interest	-	25,000	200,020	175,020
Net increase (decrease) in fair value of investments	-	-	(99,176)	(99,176)
Total revenues	-	3,183,390	3,503,632	320,242
Expenditures				
Current				
Public services	-	3,826,230	2,967,766	858,464
Total expenditures	-	3,826,230	2,967,766	858,464
Excess (deficiency) of revenues over expenditures	-	(642,840)	535,866	2,037,170
Other Financing Sources (Uses)				
Transfers Out	-	(581,200)	(581,181)	19
Total other financing sources (uses)	-	(581,200)	(581,181)	19
Net Change in Fund Balance	-	(1,224,040)	(45,315)	2,037,189
Fund Balance (Deficit) - Beginning of Year	13,383,034	13,383,034	13,383,034	-
Fund Balance (Deficit) - End of Year	$ 13,383,034	$ 12,158,994	$ 13,337,719	$ 2,037,189

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Facilities Fund - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Facilities impact fees	$ 450,000	$ 450,000	$ 282,433	$ (167,567)
Interest	500	500	26,673	26,173
Net increase (decrease) in fair value of investments	-	-	(14,440)	(14,440)
Total revenues	450,500	450,500	294,666	(155,834)
Expenditures:				
Current:				
Public services	-	-	933	(933)
Capital Outlay	355,000	391,100	75,742	315,358
Total expenditures	355,000	391,100	76,675	314,425
Excess (deficiency) of revenues over (under) expenditures	95,500	59,400	217,991	158,591
Net Change in Fund Balance	95,500	59,400	217,991	158,591
Fund Balance (Deficit) - Beginning of Year	1,474,178	1,474,178	1,474,178	-
Fund Balance (Deficit) - End of Year	$ 1,569,678	$ 1,533,578	$ 1,692,169	$ 158,591

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ -	$ -	$ 414,607	$ 414,607
Fines and forfeitures	150,000	306,750	363,596	56,846
Interest	500	500	16,932	16,432
Net increase (decrease) in fair value of investments	-	-	(11,408)	(11,408)
Total revenues	150,500	307,250	783,727	476,477
General Government	-	-	1	(1)
Total expenditures	-	-	1	(1)
Excess (deficiency) of revenues over (under) expenditures	150,500	307,250	783,726	476,476
Other Financing Sources (Uses):				
Transfers Out	(150,000)	(150,000)	(363,595)	(213,595)
Total other financing sources (uses)	(150,000)	(150,000)	(363,595)	(213,595)
Net Change in Fund Balance	500	157,250	420,131	262,881
Fund Balance (Deficit) - Beginning of Year	934,537	934,537	934,537	-
Fund Balance (Deficit) - End of Year	$ 935,037	$ 1,091,787	$ 1,354,668	$ 262,881

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Road Maintenance and Rehab - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and grants	$ 3,557,650	$ 3,557,650	$ 3,706,098	$ 148,448
Interest	4,000	4,000	79,753	75,753
Net increase (decrease) in fair value of investments	-	-	(64,132)	(64,132)
Total revenues	3,561,650	3,561,650	3,721,719	160,069
Expenditures:				
Current:				
Public services	-	-	9,866	(9,866)
Capital Outlay	3,557,660	2,740,000	316,202	2,423,798
Total expenditures	3,557,660	2,740,000	326,068	2,413,932
Excess (deficiency) of revenues over (under) expenditures	3,990	821,650	3,395,651	2,574,001
Net Change in Fund Balance	3,990	821,650	3,395,651	2,574,001
Fund Balance (Deficit) - Beginning of Year	4,082,214	4,082,214	4,082,214	-
Fund Balance (Deficit) - End of Year	$ 4,086,204	$ 4,903,864	$ 7,477,865	$ 2,574,001

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SAVES - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Subventions and grants	$ 40,000	$ 44,250	$ 25,750	$ (18,500)
State contributions	-	34,540	34,534	(6)
Total revenues	40,000	78,790	60,284	(18,506)
Expenditures:				
Current:				
Health and welfare	40,000	79,930	80,474	(544)
Total expenditures	40,000	79,930	80,474	(544)
Excess (deficiency) of revenues over (under) expenditures	-	(1,140)	(20,190)	(19,050)
Net Change in Fund Balance	-	(1,140)	(20,190)	(19,050)
Fund Balance (Deficit) - Beginning of Year	11,678	11,678	11,678	-
Fund Balance (Deficit) - End of Year	$ 11,678	$ 10,538	$ (8,512)	$ (19,050)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Sewer Maintenance Assmnt Dist - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Licenses and Permits	$ 95,400	$ 113,600	$ 164,876	$ 51,276
Special Assessments	6,512,200	5,924,400	5,980,072	55,672
Interest	86,700	86,700	536,092	449,392
Net increase (decrease) in fair value of investments	-	-	(290,827)	(290,827)
Total revenues	6,694,300	6,124,700	6,390,213	265,513
Expenditures:				
Current:				
Public services	8,476,850	4,588,340	2,702,652	1,885,688
Capital Outlay	-	2,325,000	295,230	2,029,770
Debt service:				
Interfund interest	-	-	17,215	(17,215)
Total expenditures	8,476,850	6,913,340	3,015,097	3,898,243
Excess (deficiency) of revenues over (under) expenditures	(1,782,550)	(788,640)	3,375,116	4,163,756
Other Financing Sources (Uses):				
Transfers Out	(347,300)	(347,300)	(30,000)	317,300
Total other financing sources (uses)	(347,300)	(347,300)	(30,000)	317,300
Net Change in Fund Balance	(2,129,850)	(1,135,940)	3,345,116	4,481,056
Fund Balance (Deficit) - Beginning of Year	26,821,567	26,821,567	26,821,567	-
Fund Balance (Deficit) - End of Year	$ 24,691,717	$ 25,685,627	$ 30,166,683	$ 4,481,056

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Sewer Upgrade - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Variance
Revenues				
Interest	$ -	$ -	$ 7,951	$ 7,951
Net increase (decrease) in fair value of investments	-	-	(4,115)	(4,115)
Total revenues	-	-	3,836	3,836
Expenditures				
Public services	-	-	3,161	(3,161)
Capital Outlay	-	200,000	-	200,000
Debt service:				
Total expenditures	-	200,000	3,161	196,839
Excess (deficiency) of revenues over expenditures	-	(200,000)	675	197,514
Net Change in Fund Balance	-	(200,000)	675	197,514
Fund Balance (Deficit) - Beginning of Year	768,078	(399,312)	481,420	880,732
Fund Balance (Deficit) - End of Year	$ 768,078	$ (599,312)	$ 482,095	$ 1,078,246

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
States Grants Fund - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 5,000	$ 5,000	$ 18,697	$ 13,697
Net increase (decrease) in fair value of investments	-	-	(17,104)	(17,104)
State contributions	1,975,340	5,656,800	1,495,239	(4,161,561)
Total revenues	1,980,340	5,661,800	1,496,832	(4,164,968)
Expenditures:				
Current:				
Public safety	15,760	15,760	1,489	14,271
Public services	-	397,000	20,381	376,619
Community development	1,962,260	2,463,110	1,316,476	1,146,634
Capital Outlay	50,000	3,612,810	1,445,907	2,166,903
Total expenditures	2,028,020	6,488,680	2,784,253	3,704,427
Excess (deficiency) of revenues over (under) expenditures	(47,680)	(826,880)	(1,287,421)	(460,541)
Other Financing Sources (Uses):				
Net Change in Fund Balance	(47,680)	(826,880)	(1,287,421)	(460,541)
Fund Balance (Deficit) - Beginning of Year	110,553	110,553	110,553	-
Fund Balance (Deficit) - End of Year	$ 62,873	$ (716,327)	$ (1,176,868)	$ (460,541)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street Lighting Assmnt Dist - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other taxes	$ 230,000	$ 230,000	$ 643,523	$ 413,523
Fines and forfeitures	20,200	20,200	-	(20,200)
Special Assessments	4,207,400	4,207,400	5,113,373	905,973
Interest	98,900	98,900	316,400	217,500
Net increase (decrease) in fair value of investments	-	-	(174,919)	(174,919)
Developer contributions	30,400	30,400	8,595	(21,805)
Total revenues	4,586,900	4,586,900	5,906,972	1,320,072
Expenditures:				
Current:				
Public services	4,038,020	4,148,910	3,294,772	854,138
Capital Outlay	-	26,800	3,825	22,975
Debt service:				
Principal	725,600	740,050	743,556	(3,506)
Interest	238,900	238,900	220,742	18,158
Total expenditures	5,002,520	5,154,660	4,262,895	891,765
Excess (deficiency) of revenues over (under) expenditures	(415,620)	(567,760)	1,644,077	2,211,837
Other Financing Sources (Uses):				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	(40,000)	-
Net Change in Fund Balance	(455,620)	(607,760)	1,604,077	2,211,837
Fund Balance (Deficit) - Beginning of Year	18,723,730	18,723,730	18,723,730	-
Fund Balance (Deficit) - End of Year	$ 18,268,110	$ 18,115,970	$ 20,327,807	$ 2,211,837

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Traffic Impact - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Traffic impact fees	$ 950,000	$ 950,000	$ 677,674	$ (272,326)
Interest	5,000	5,000	34,816	29,816
Net increase (decrease) in fair value of investments	-	-	(11,775)	(11,775)
Total revenues	955,000	955,000	700,715	(254,285)
Expenditures:				
Current:				
Public services	-	-	46,378	(46,378)
Capital Outlay	100,000	1,277,270	1,043,933	233,337
Total expenditures	100,000	1,277,270	1,090,311	186,959
Excess (deficiency) of revenues over (under) expenditures	855,000	(322,270)	(389,596)	(67,326)
Other Financing Sources (Uses):				
Transfers Out	(867,100)	(867,100)	(867,122)	(22)
Total other financing sources (uses)	(867,100)	(867,100)	(867,122)	(22)
Net Change in Fund Balance	(12,100)	(1,189,370)	(1,256,718)	(67,348)
Fund Balance (Deficit) - Beginning of Year	2,744,823	2,744,823	2,744,823	-
Fund Balance (Deficit) - End of Year	$ 2,732,723	$ 1,555,453	$ 1,488,105	$ (67,348)

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Communications PEG - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Other taxes	$ 358,100	$ 358,100	$ 235,480	$ (122,620)
Total revenues	358,100	358,100	235,480	(122,620)
Expenditures				
Current:				
General Government	226,600	376,600	158,558	218,042
Total expenditures	226,600	376,600	158,558	218,042
Excess (deficiency) of revenues over expenditures	131,500	(18,500)	76,922	313,464
Net Change in Fund Balance	131,500	(18,500)	76,922	313,464
Fund Balance (Deficit) - Beginning of Year	449,500	220,000	676,777	456,777
Fund Balance (Deficit) - End of Year	$ 581,000	$ 201,500	$ 753,699	$ 770,241

City of Palmdale

Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Solid Waste - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for current services	$ 356,100	$ 741,000	$ 966,593	$ 225,593
State contributions	55,900	120,650	353,126	232,476
Total revenues	412,000	861,650	1,319,719	458,069
Expenditures				
Current:				
Public services	780,920	832,220	585,384	246,836
Total expenditures	780,920	832,220	585,384	246,836
Excess (deficiency) of revenues over expenditures	(368,920)	29,430	734,335	951,741
Net Change in Fund Balance	(368,920)	29,430	734,335	951,741
Fund Balance (Deficit) - Beginning of Year	664,320	672,790	343,416	(329,374)
Fund Balance (Deficit) - End of Year	$ 295,400	$ 702,220	$ 1,077,751	$ 622,367

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Palmdale Community Foundation - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 275,010	$ 275,010	$ 143,143	$ (131,867)
Total revenues	275,010	275,010	143,143	(131,867)
Expenditures:				
Current:				
Health and welfare	58,180	58,180	162,798	(104,618)
Capital Outlay	225,000	225,000	-	225,000
Total expenditures	283,180	283,180	162,798	17,278
Excess (deficiency) of revenues over (under) expenditures	(8,170)	(8,170)	(19,655)	(11,485)
Net Change in Fund Balance	(8,170)	(8,170)	(19,655)	(11,485)
Fund Balance (Deficit) - Beginning of Year	256,141	256,141	256,141	-
Fund Balance (Deficit) - End of Year	$ 247,971	$ 247,971	$ 236,486	$ (11,485)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Water Park - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for current services	$ 1,252,500	$ 1,929,500	$ 1,690,258	$ (239,242)
Interest	-	-	50,290	50,290
Net increase (decrease) in fair value of investments	-	-	(31,396)	(31,396)
Other Revenue	-	-	33,801	33,801
Total revenues	1,252,500	1,929,500	1,742,953	(186,547)
Expenditures:				
Current:				
Cultural and recreational	1,796,380	1,893,860	1,744,596	149,264
Total expenditures	1,796,380	1,893,860	1,744,596	149,264
Excess (deficiency) of revenues over (under) expenditures	(543,880)	35,640	(1,643)	(37,283)
Other Financing Sources (Uses):				
Transfers In	500,000	500,000	500,000	-
Total other financing sources (uses)	500,000	500,000	500,000	-
Net Change in Fund Balance	(43,880)	535,640	498,357	(37,283)
Fund Balance (Deficit) - Beginning of Year	3,589,035	3,589,035	3,589,035	-
Fund Balance (Deficit) - End of Year	$ 3,545,155	$ 4,124,675	$ 4,087,392	$ (37,283)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Art - Special Revenue Funds
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 276,810	$ 535,300	$ 661,248	$ 125,948
Total revenues	276,810	535,300	661,248	125,948
Expenditures:				
Current:				
Public services	175,000	50,000	-	50,000
Cultural and recreational	40,000	20,110	41,713	(21,603)
Capital Outlay	55,000	69,610	66,767	2,843
Total expenditures	270,000	139,720	108,480	31,240
Excess (deficiency) of revenues over (under) expenditures	6,810	395,580	552,768	157,188
Transfers Out	(41,900)	(41,900)	-	41,900
Net Change in Fund Balance	(35,090)	353,680	552,768	199,088
Fund Balance (Deficit) - Beginning of Year	185,200	753,200	938,862	185,662
Fund Balance (Deficit) - End of Year	$ 150,110	$ 1,106,880	$ 1,491,630	$ 384,750

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Palmdale Civic Authority - Debt Service Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 19,400	$ 19,400	$ 12,033	$ (7,367)
Net increase (decrease) in fair value of investments	-	-	(830)	(830)
Total revenues	19,400	19,400	11,203	(8,197)
Expenditures:				
Debt service:				
Principal	595,000	595,000	-	595,000
Interest	896,500	896,500	-	896,500
Total expenditures	1,491,500	1,491,500	-	1,491,500
Excess (deficiency) of revenues over (under) expenditures	(1,472,100)	(1,472,100)	11,203	1,483,303
Other Financing Sources (Uses):				
Transfers In	1,491,500	1,491,500	-	(1,491,500)
Transfers Out	-	-	(1,062,648)	(1,062,648)
Total other financing sources (uses)	1,491,500	1,491,500	(1,062,648)	(2,554,148)
Net Change in Fund Balance	19,400	19,400	(1,051,445)	(1,070,845)
Fund Balance (Deficit) - Beginning of Year	1,051,445	1,051,445	1,051,445	-
Fund Balance (Deficit) - End of Year	$ 1,070,845	$ 1,070,845	$ -	$ (1,070,845)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Palmdale Financing Authority - Debt Service Funds
Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ -	$ -	$ 632	$ 632
Total revenues	-	-	632	632
Expenditures:				
Debt service:				
Principal	1,920,000	1,920,000	2,623,899	(703,899)
Interest	631,300	883,360	1,135,403	(252,043)
Total expenditures	2,551,300	2,803,360	3,759,302	(955,942)
Excess (deficiency) of revenues over (under) expenditures	(2,551,300)	(2,803,360)	(3,758,670)	(955,310)
Other Financing Sources (Uses):				
Transfers In	2,560,200	3,427,300	3,758,794	331,494
Total other financing sources (uses)	2,560,200	3,427,300	3,758,794	331,494
Net Change in Fund Balance	8,900	623,940	124	(623,816)
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ 8,900	$ 623,940	$ 124	$ (623,816)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CFD/Assessment Districts - Capital Projects Fund
Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Interest	$ -	$ -	$ 86,004	$ 86,004
Net increase (decrease) in fair value of investments	-	-	(34)	(34)
Total revenues	-	-	85,970	85,970
Expenditures:				
General Government	-	-	(1)	1
Capital Outlay	-	141,600	120,963	20,637
Total expenditures	-	141,600	120,962	20,638
Excess (deficiency) of revenues over (under) expenditures	-	(141,600)	(34,992)	106,608
Net Change in Fund Balance	-	(141,600)	(34,992)	106,608
Fund Balance (Deficit) - Beginning of Year	2,957,710	2,957,710	2,957,710	-
Fund Balance (Deficit) - End of Year	$ 2,957,710	$ 2,816,110	$ 2,922,718	$ 106,608

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City of Palmdale
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Assets			
Current Assets			
Cash	$ 250,000	$ 250,000	$ 500,000
Investments	3,147,549	-	3,147,549
Receivables	-	30,690	30,690
Total current assets	3,397,549	280,690	3,678,239
Capital Assets and Right of use assets			
Depreciable capital assets			
Vehicles	-	12,103,860	12,103,860
Equipment	5,946,069	-	5,946,069
SBITA assets	3,459,051	-	3,459,051
Less accumulated depreciation	(6,316,713)	(5,986,150)	(12,302,863)
Capital assets, net	3,088,407	6,117,710	9,206,117
Total assets	$ 6,485,956	$ 6,398,400	$ 12,884,356
Liabilities			
Accounts payable	$ 134,732	$ 23,912	$ 158,644
Due to other funds	-	1,719,092	1,719,092
Interest payable	40,813	-	40,813
Subscription liability	625,223	-	625,223
Due in more than one year			
Subscription liability	2,004,236	-	2,004,236
Total due in more than one year	2,004,236	-	2,004,236
Total liabilities	2,805,004	1,743,004	4,548,008
Net Position			
Net Investment in capital assets	458,948	6,117,710	6,576,658
Unrestricted (Deficit)	3,222,004	(1,462,314)	1,759,690
Total net position	$ 3,680,952	$ 4,655,396	$ 8,336,348

City of Palmdale
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2023

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Operating Revenues:			
Charges for current services	$ 3,300,679	$ 1,346,080	$ 4,646,759
Other Revenue	762	30,690	31,452
Total operating revenues	3,301,441	1,376,770	4,678,211
Operating Expenses:			
Salaries, Wages and Benefits	1,047,671	576,960	1,624,631
Material and Supplies	355,004	546,054	901,058
Utilities	77,108	480	77,588
Administrative	11,684	3,335	15,019
Depreciation/amortization	865,635	678,295	1,543,930
Repairs and Maintenance	1,089,865	217,826	1,307,691
Other Expenditures	-	1,425	1,425
Total operating expenses	3,446,967	2,024,375	5,471,342
Operating income (loss)	(145,526)	(647,605)	(793,131)
Nonoperating Revenues (Expenses)			
Investment and interest income	49,690	24,739	74,429
Net realized and unrealized gains (losses)	(14,462)	(2,215)	(16,677)
Interest expense	(112,218)	-	(112,218)
Total nonoperating revenues (expenses)	(76,990)	22,524	(54,466)
Transfers In	250,000	250,000	500,000
Change in Net Position	27,484	(375,081)	(347,597)
Net Position (Deficit) - Beginning of Year	3,471,819	5,030,477	8,502,296
Change in accounting principal GASB 96	181,649	-	181,649
Net Position (Deficit) - Beginning of Year, Restated	3,653,468	5,030,477	8,683,945
Net Position (Deficit) - End of Year	$ 3,680,952	$ 4,655,396	$ 8,336,348

City of Palmdale
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Cash from Operating Activities:			
Cash received from interfund services provided	$ 3,300,679	$ 1,332,940	$ 4,633,619
Cash paid to employees for services	(1,047,671)	(576,960)	(1,624,631)
Cash paid to suppliers for goods and services	(2,235,281)	(755,453)	(2,990,734)
Cash (paid)/received for other services	762	30,690	31,452
Net cash provided (used) by operating activities	18,489	31,217	49,706
Cash from Noncapital Financing Activities:			
Transfers from other funds	250,000	250,000	500,000
Transfers to other funds	-	1,719,092	1,719,092
Net cash provided (used) by noncapital financing activities	250,000	1,969,092	2,219,092
Cash from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(280,978)	(2,816,162)	(3,097,140)
Net cash provided (used) by capital and related financing activities	(280,978)	(2,816,162)	(3,097,140)
Cash from Investing Activities:			
Gain/(Loss) on investments	(14,462)	(2,215)	(16,677)
Investment income	49,690	24,739	74,429
Change in investments	(3,147,549)	-	(3,147,549)
Net cash provided (used) by investing activities	(3,112,321)	22,524	(3,089,797)
Total Cash Flow increase/(decrease)	(3,124,810)	(793,329)	(3,918,139)
Beginning Cash and Cash Equivalents	3,374,810	1,043,329	4,418,139
Ending Cash and Cash Equivalents	250,000	250,000	500,000
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net income/loss from operating activities	(145,526)	(647,605)	(793,131)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	865,635	678,295	1,543,930
Changes in assets and liabilities:			
Increase (decrease) in accounts receivable	-	(13,140)	(13,140)
(Increase) decrease in accounts payable	17,729	13,667	31,396
SBITA adjustment to operating	(719,349)	-	(719,349)
Net cash provided (used) by operating activities:	18,489	31,217	49,706
Schedule of Non-cash investing, Capital and Financing Activities			
Subscription liability for the acquisition of rights to use subscription asset	$ 231,512	$ -	$ 231,512

Assessment and Community Facilities District Fund - This fund is used to account for receipts and disbursements associated with 1915 Act Assessment Bonds and Special Tax Bonds which are administered by, but are not the liability of, the City.

Retiree Health Premium Trust Funds - These funds are used to account for the receipt of City funds held in trust to provide Eligible Retirees with a supplement to reduce their premiums for participating in the City's Health Plan.

City of Palmdale
Statement of Fiduciary Net Position
June 30, 2023

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets :			
Cash	$ 1,688	$ 1,925,370	$ 1,927,058
Investments:			
Mutual funds	706,149	1,890,833	2,596,982
Total assets	707,837	3,816,203	4,524,040
Total net position restricted for OPEB benefits	$ 707,837	$ 3,816,203	$ 4,524,040

City of Palmdale
Statement of Net Position Assets and Liabilities
Assessment and Community Facilities District Custodial Funds
June 30, 2023

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Assets:						
Cash	$ 2,000	$ -	$ -	$ -	$ -	$ -
Receivables						
Property tax receivable	-	-	-	-	6,411	20,675
Due from other governmental units	-	-	-	-	-	-
Restricted assets:						
Cash and investments	393,282	-	196,559	148,507	1,951,970	1,669,588
Interest receivable	91	-	302	446	418	1,520
Total assets	$ 395,373	$ -	$ 196,861	$ 148,953	$ 1,958,799	$ 1,691,783
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ 5,411	$ 6,078
Advances due to general fund	-	-	-	-	-	-
Advances due to City of Palmdale	269,908	-	313,951	-	-	-
Deposits	57,580	-	7,210	19,917	-	-
Total liabilities	327,488	-	321,161	19,917	5,411	6,078
Net Position						
Restricted						
Held on behalf of others	67,885	-	(124,300)	129,036	1,953,388	1,685,705
Total net position	$ 67,885	$ -	$ (124,300)	$ 129,036	$ 1,953,388	$ 1,685,705

City of Palmdale
Statement of Net Position Assets and Liabilities
Assessment and Community Facilities District Custodial Funds
June 30, 2023

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ -	$ -	$ 2,000
-	-	-	4,311	948	32,345
1,565	-	-	-	-	1,565
798	23,059	239,457	269,687	2,282,543	7,175,450
(3)	70	714	136	7,013	10,707
$ 2,360	$ 23,129	$ 240,171	$ 274,134	$ 2,290,504	$ 7,222,067
$ 2,770	$ -	$ 2,770	$ 2,801	$ 2,955	$ 22,785
74,071	-	-	-	-	74,071
-	-	-	-	-	583,859
-	-	-	-	-	84,707
76,841	-	2,770	2,801	2,955	765,422
(74,481)	23,129	237,401	271,333	2,287,549	6,456,645
$ (74,481)	$ 23,129	$ 237,401	$ 271,333	$ 2,287,549	$ 6,456,645

City of Palmdale
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer contributions to retiree medical trust	$ -	$ 116,300	$ 116,300
Investment and interest income	34,277	132,986	167,263
Net realized and unrealized gains (losses)	479,275	74,028	553,303
Total additions	513,552	323,314	836,866
Deductions:			
Benefits paid to participants and expenses	518,568	207,654	726,222
Interfund Transfers	(17,278)	17,278	-
Total deductions	501,290	224,932	726,222
Change in net position	12,262	98,382	110,644
Net Position Held in Trust at Beginning of Year	695,575	3,717,821	4,413,396
Net Position Held in Trust at End of Year	$ 707,837	$ 3,816,203	$ 4,524,040

City of Palmdale
Statement of Fiduciary Change in Net Position
Assessment and Community Facilities District Custodial Funds
Year Ended June 30, 2023

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Additions						
Other taxes	$ -	$ -	$ -	$ -	$ 1,542,992	$ 1,033,315
Investment and interest income	5,426	-	2,956	2,451	5,054	31,892
Net realized and unrealized gains (losses)	(3,383)	-	(1,682)	(1,271)	(1,911)	(4,337)
Total additions	2,043	-	1,274	1,180	1,546,135	1,060,870
Deductions:						
Administrative expense	-	-	-	-	102,426	114,703
Interest expense	-	-	-	-	695,250	323,649
Principal payments on long-term debt	-	-	-	-	730,000	511,658
Total deductions	-	-	-	-	1,527,676	950,010
Change in Net Position	2,043	-	1,274	1,180	18,459	110,860
Net Position (Deficit) at Beginning of Year	65,842	-	(125,574)	127,856	1,934,929	1,574,845
Net Position (Deficit) at End of Year	$ 67,885	$ -	$ (124,300)	$ 129,036	$ 1,953,388	$ 1,685,705

City of Palmdale
Statement of Fiduciary Change in Net Position
Assessment and Community Facilities District Custodial Funds
Year Ended June 30, 2023

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ 140,091	$ 807,114	$ 3,523,512
138	381	4,079	6,144	37,770	96,291
(6)	(197)	(2,049)	(407)	(19,931)	(35,174)
132	184	2,030	145,828	824,953	3,584,629
19,670	-	20,200	35,680	577,551	870,230
-	-	-	49,125	-	1,068,024
-	-	-	45,000	-	1,286,658
19,670	-	20,200	129,805	577,551	3,224,912
(19,538)	184	(18,170)	16,023	247,402	359,717
(54,943)	22,945	255,572	255,310	2,040,147	6,096,929
$ (74,481)	$ 23,129	$ 237,401	$ 271,333	$ 2,287,549	$ 6,456,645

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Statistical Section

Palmdale, California

Year Ended June 30, 2023

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This part of the City's 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.

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Financial Trends These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.	176
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	186
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	191
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	198
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	201

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

City of Palmdale
Net Position by Component
Last Ten Fiscal Year
(accrual basis of accounting)

	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	$ 655,895,266	$ 651,915,581	$ 662,351,171	$ 659,365,081
Restricted net position	179,662,667	160,152,582	144,651,291	149,318,498
Unrestricted	20,804,395	20,470,245	30,980,820	36,278,228
Total governmental activities net position	$ 856,362,328	$ 832,538,408	$ 837,983,282	$ 844,961,807
Business-Type Activities				
Unrestricted	$ -	$ -	$ -	$ -
Total business-type activities net position	$ -	$ -	$ -	$ -
Primary Government				
Net investment in capital assets	$ 655,895,266	$ 651,915,581	$ 662,351,171	$ 659,365,081
Restricted net position	179,662,667	160,152,582	144,651,291	149,318,498
Unrestricted	20,804,395	20,470,245	30,980,820	36,278,228
Total primary government net position	$ 856,362,328	$ 832,538,408	$ 837,983,282	$ 844,961,807

2018	2019	2020	2021	2022	2023
$ 643,077,802	$ 644,332,182	$ 649,681,476	$ 635,725,018	$ 618,136,264	$ 609,762,857
158,892,011	168,327,294	172,484,623	206,139,337	233,562,972	236,174,325
43,372,746	38,660,581	44,530,808	39,155,744	45,438,999	83,801,172
$ 845,342,559	$ 851,320,057	$ 866,696,907	$ 881,020,099	$ 897,138,235	$ 929,738,354
$ -	$ -	$ -	$ -	$ -	$ (1,128,896)
$ -	$ -	$ -	$ -	$ -	$ (1,128,896)
$ 643,077,802	$ 644,332,182	$ 649,681,476	$ 635,725,018	$ 618,136,264	$ 609,762,857
158,892,011	168,327,294	172,484,623	206,139,337	233,562,972	236,174,325
43,372,746	38,660,581	44,530,808	39,155,744	45,438,999	82,672,276
$ 845,342,559	$ 851,320,057	$ 866,696,907	$ 881,020,099	$ 897,138,235	$ 928,609,458

City of Palmdale
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General government	$ 24,150,674	$ 17,167,502	$ 14,771,775	$ 15,162,734
Public safety	22,973,910	23,763,312	24,453,097	26,436,495
Transportation	47,723,268	51,743,421	53,165,326	51,989,170
Community development	5,418,368	5,852,056	7,900,847	8,715,698
Cultural and recreational	10,863,071	9,878,585	9,704,499	10,405,253
Health and welfare	-	-	-	-
Interest on long-term debt	5,152,837	4,953,848	6,116,645	3,948,940
Public service	-	-	-	-
Total governmental activities expenses	116,282,128	113,358,724	116,112,189	116,658,290
Business-Type Activities				
Palmdale CCA	-	-	-	-
Total business-type activities expenses	-	-	-	-
Total primary government expenses	116,282,128	113,358,724	116,112,189	116,658,290
Program Revenues				
Governmental Activities				
Charges for services:				
General Government	8,451,711	5,272,710	5,967,654	6,095,516
Public safety	2,462,495	2,411,614	3,478,453	3,188,196
Transportation	13,521,227	16,223,970	16,469,772	16,853,232
Community development	5,173,147	4,798,108	6,541,258	6,674,317
Cultural and recreational	4,820,809	5,157,093	5,226,101	5,320,091
Health and welfare	275,289	198,531	344,932	354,054
Public works	-	-	-	-
Operating grants and contributions	12,637,721	14,681,296	9,206,823	9,058,728
Capital grants and contributions	35,822,039	38,039,564	29,098,236	30,874,206
Total governmental activities program revenues	83,164,438	86,782,886	76,333,229	78,418,340
Business-Type Activities				
Charges for services:				
Power	-	-	-	-
Total business-type activities program revenues	-	-	-	-
Total primary government program revenues	83,164,438	86,782,886	76,333,229	78,418,340
Net (expense)/revenue				
Governmental activities	(33,117,690)	(26,575,838)	(39,778,960)	(38,239,950)
Business-type activities	-	-	-	-
Total primary government net expense	(33,117,690)	(26,575,838)	(39,778,960)	(38,239,950)

2018	2019	2020	2021	2022	2023
$ 16,416,215	$ 18,136,297	$ 19,602,733	$ 23,661,402	$ 26,570,018	$ 31,726,963
28,284,134	29,586,144	31,440,137	34,120,577	35,668,009	38,133,053
55,006,590	59,682,264	60,561,501	64,363,055	75,158,621	305,266
7,584,015	8,645,117	8,673,102	10,337,092	9,269,097	12,005,237
11,463,299	12,060,182	12,643,328	8,681,441	9,648,980	13,634,111
-	-	1,287,612	1,136,316	316,031	588,116
3,327,586	3,237,967	2,955,972	2,966,821	2,182,745	2,555,060
-	-	-	-	-	75,322,520
122,081,839	131,347,971	137,164,385	145,266,704	158,813,501	174,270,326
-	-	-	-	-	29,459,055
-	-	-	-	-	29,459,055
122,081,839	131,347,971	137,164,385	145,266,704	158,813,501	203,729,381
6,716,003	6,933,948	10,430,987	8,697,930	7,060,041	7,868,872
2,687,364	2,667,432	3,658,425	3,352,082	5,889,031	5,273,458
17,545,979	17,712,240	18,427,062	23,981,954	25,124,723	-
6,775,750	7,486,493	7,588,544	8,177,023	7,993,491	8,053,093
5,255,553	5,262,707	3,643,056	5,885,950	8,258,640	8,052,680
311,587	322,559	289,499	220,105	216,738	184,106
-	-	-	-	-	25,471,077
8,540,307	13,858,198	9,552,177	3,828,357	2,740,434	19,313,133
23,778,358	38,211,672	40,280,273	34,148,793	32,939,685	33,403,301
71,610,901	92,455,249	93,870,023	88,292,194	90,222,783	107,619,720
-	-	-	-	-	29,406,756
-	-	-	-	-	29,406,756
71,610,901	92,455,249	93,870,023	88,292,194	90,222,783	137,026,476
(50,470,938)	(38,892,722)	(43,294,362)	(56,974,510)	(68,590,718)	(66,650,606)
-	-	-	-	-	(52,299)
(50,470,938)	(38,892,722)	(43,294,362)	(56,974,510)	(68,590,718)	(66,702,905)

	2014	2015	2016	2017
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	5,269,406	6,098,318	6,154,152	7,026,181
Sales and use taxes	16,396,713	17,084,411	19,186,043	18,577,244
Motor vehicle in lieu	10,651,753	11,484,571	12,523,079	13,062,518
Franchise taxes	5,847,596	5,526,119	5,562,090	5,352,221
Transient occupancy taxes	2,824,182	3,089,802	3,278,724	3,716,154
Property Transfer Taxes	-	-	-	-
Business license taxes	515,815	551,202	569,381	589,805
Land sale proceeds	-	-	-	-
Unrestricted investment earnings/(loss)	391,725	260,322	537,396	(71,826)
Other	274,312	288,740	412,936	592,876
Transfers	-	-	-	-
Extraordinary item-dissolution of RDA (note 1)	10,346,241	-	-	-
Total governmental activities	52,517,743	44,383,485	48,223,801	48,845,173
Special Item - Write off of Permit Held for Sale	-	-	-	-
Business-type activities:				
Unrestricted investment earnings/(loss)	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Change in Net Position				
Governmental activities	(33,117,690)	(26,575,838)	(39,778,960)	(38,239,950)
Business-type activities	-	-	-	-
Total primary government	$ (33,117,690)	$ (26,575,838)	$ (39,778,960)	$ (38,239,950)

Note 1: Effective February 1, 2012, all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity. All assets and liabilities of the former Redevelopment Agency of the City of Palmdale was transferred to a Private Purpose Trust Fund to be held until they are distributed to other units of the state and local government. All Tax Increment is reported under a fiduciary Fund statements (Private Purpose Trust Fund). The FY2011-12 extraordinary gain recognized on the Government Wide statements is the net assets and liabilities transferred to the Fiduciary Fund at February 1, 2012. For FY2012-13, the extraordinary loss recognized are assets returned to the Private Purpose Trust Fund as the result of California's Department of Finance review and determination of transfers made prior to the dissolution of the former RDA.

Note 2: The Motor Vehicle in Lieu Taxes include property tax in lieu of VLF revenues

Source: The information is derived from the Annual Comprehensive Financial Reports for the relevant year.

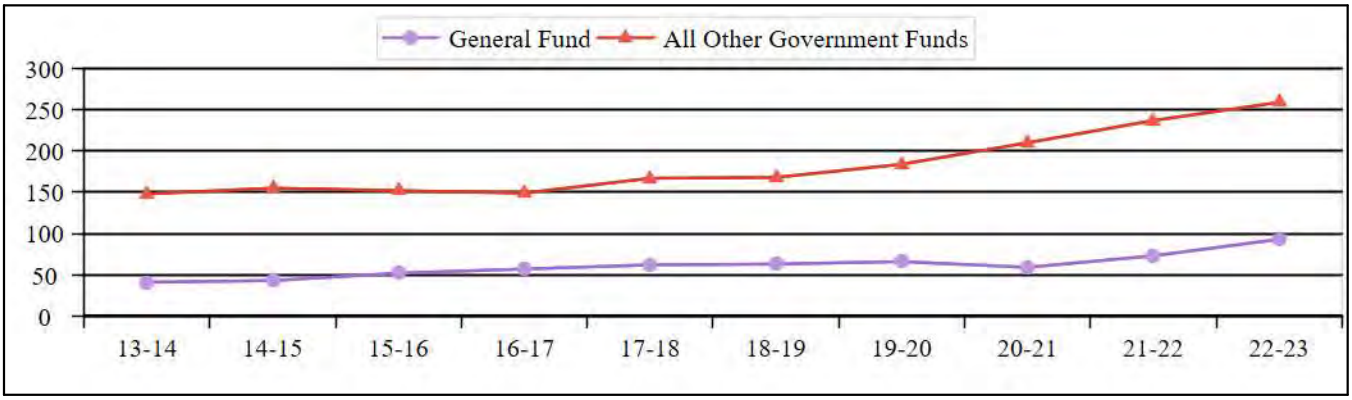
2018	2019	2020	2021	2022	2023
7,689,753	9,298,991	10,058,703	9,962,884	26,366,000	28,779,848
19,267,083	21,798,640	21,587,441	30,305,927	50,484,625	50,484,537
13,925,859	14,171,324	15,024,455	16,133,114	180,305	173,567
5,463,623	6,225,233	5,458,426	7,441,119	7,497,156	8,684,132
4,028,350	4,653,290	3,697,656	4,667,137	5,540,832	4,608,941
-	-	-	-	952,103	551,908
628,303	628,479	666,997	468,666	677,197	624,183
133,981	-	-	-	-	-
519,275	2,365,811	1,504,089	401,101	(7,686,544)	1,417,412
594,975	569,791	673,444	1,267,638	697,180	2,666,630
-	-	-	-	-	1,077,918
-	-	-	-	-	-
52,251,202	59,711,559	58,671,211	70,647,586	84,708,854	99,069,076
-	(10,158,182)	-	-	-	-
-	-	-	-	-	1,321
-	-	-	-	-	(1,077,918)
-	-	-	-	-	(1,076,597)
(50,470,938)	(59,209,086)	(43,294,362)	(56,974,510)	(68,590,718)	32,418,470
-	-	-	-	-	(1,128,896)
$ (50,470,938)	$ (59,209,086)	$ (43,294,362)	$ (56,974,510)	$ (68,590,718)	$ 31,289,574

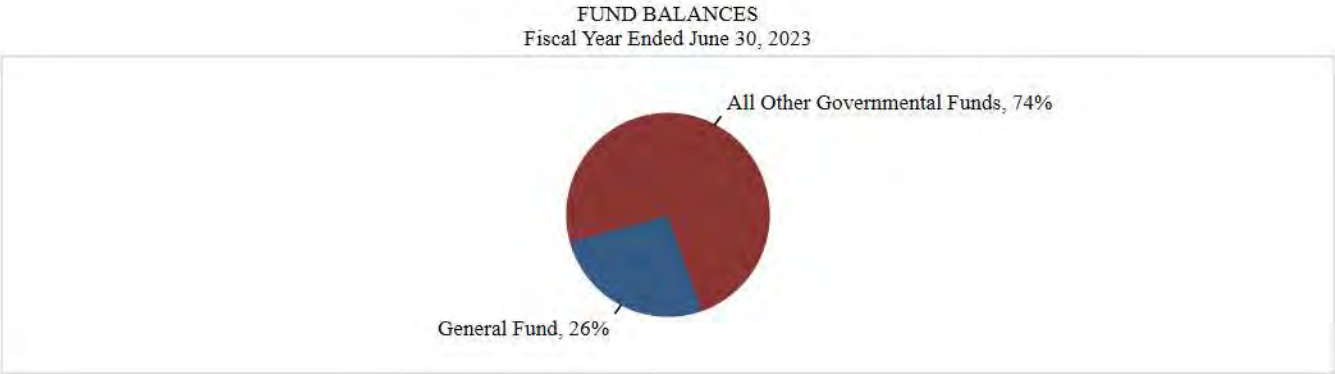
The following fund balances are classified in compliance to GASB 54:

	2014	2015	2016	2017	2018
General Fund					
Nonspendable	$ 10,491,577	$ 10,884,095	$ 11,433,344	$ 10,889,726	$ 11,072,269
Restricted	3,053,154	3,004,896	3,363,298	3,433,942	3,507,069
Assigned	5,717,857	11,946,745	7,816,109	10,808,898	11,838,025
Unassigned	21,637,632	17,200,108	29,139,751	31,648,004	35,914,833
Total general fund	$ 40,900,220	$ 43,035,844	$ 51,752,502	$ 56,780,570	$ 62,332,196
All Other Governmental Funds					
Restricted	163,742,301	169,737,885	165,219,475	164,464,462	179,943,144
Unassigned	(15,388,578)	(14,667,579)	(13,624,754)	(15,208,273)	(13,373,212)
Total all other governmental funds	148,353,723	155,070,306	151,594,721	149,256,189	166,569,932
Total governmental funds	$ 189,253,943	$ 198,106,150	$ 203,347,223	$ 206,036,759	$ 228,902,128

The information is derived from the Annual Comprehensive Financial Reports for the relevant year.

FY2011 is the first year that the City implemented GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The City chose not to restate the prior year information.





The following fund balances are classified in compliance to GASB 54:

2019	2020	2021	2022	2023
$ 876,958	$ 470,243	$ 2,390,182	$ 2,554,221	$ 2,569,673
4,414,580	2,580,329	2,923,365	6,297,363	7,830,725
14,021,843	15,564,685	35,798,239	23,989,477	13,092,740
43,846,622	47,795,298	17,389,479	40,428,440	69,083,182
$ 63,160,003	$ 66,410,555	$ 58,501,265	$ 73,269,501	$ 92,576,320
184,867,493	194,970,111	215,685,053	240,397,464	261,436,934
(16,523,119)	(11,305,691)	(5,848,882)	(3,713,302)	(2,866,524)
168,344,374	183,664,420	209,836,171	236,684,162	258,570,410
$ 231,504,377	$ 250,074,975	$ 268,337,436	$ 309,953,663	$ 351,146,730

City of Palmdale
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting

	2014	2015	2016	2017
Revenues:				
Taxes (see page 188)	$ 46,089,020	$ 48,122,305	$ 50,600,450	$ 51,283,788
Subventions and grants	18,645,952	21,563,749	25,690,529	26,057,852
Fees and charges	22,906,797	14,528,075	18,823,349	18,711,910
Licenses and Permits	1,652,670	1,802,758	2,539,507	2,667,827
Special Assessments	14,402,577	17,269,746	17,227,611	17,579,851
Interfund interest	636,401	606,114	577,052	543,708
Interest	683,854	830,588	1,342,135	1,695,340
Successor agency contributions	3,389,127	5,758,733	17,265,417	41,258
Capital contributions	315,299	11,358,487	463,304	153,796
Net increase (decrease) in fair value of investments	480,776	21,262	320,522	(1,648,795)
Other revenue	4,227,192	3,939,117	4,218,962	4,483,380
Interest revenue	-	-	-	-
Total revenues	113,429,665	125,800,934	139,068,838	121,569,915
Expenditures:				
Current:				
General Government	19,285,105	19,755,437	14,681,150	15,276,501
Public safety	22,926,361	23,904,831	24,785,404	26,793,853
Public services	17,238,982	21,215,460	22,095,709	20,952,691
Community development	4,874,350	5,119,951	7,242,971	7,229,495
Cultural and recreational	9,963,444	9,121,236	9,206,904	9,736,509
Health and welfare	2,824,602	2,178,496	3,031,167	3,650,042
Capital Outlay	10,777,668	25,664,366	28,470,675	26,733,173
Debt service:				
Principal	4,453,442	30,144,672	5,433,042	3,391,747
Interfund interest	636,401	606,114	577,052	543,708
Interest	5,139,543	4,950,664	4,627,754	3,663,254
Cost of issuance	-	207,500	361,287	383,662
Total expenditures	98,119,898	142,868,727	120,513,115	118,354,635
Excess (deficiency) of revenue over (under) expenditures	15,309,767	(17,067,793)	18,555,723	3,215,280
Other Financing Sources (Uses):				
Capital lease proceeds	-	-	1,234,862	-
Gain (loss) on resale land	-	-	-	-
Issuance of notes	-	-	-	-
Issuance of bonds	-	25,920,000	4,235,000	17,475,000
Payments to refunded bond escrow	-	-	(18,784,512)	(19,420,000)
Debt issuance premiums (discounts)	-	-	-	1,419,256
Transfers in	11,001,936	34,083,575	8,824,216	29,471,537
Transfers out	(11,001,936)	(34,083,575)	(8,824,216)	(29,471,537)
Total other financing sources (uses)	-	25,920,000	(13,314,650)	(525,744)
Special Item:				
Write-off of permit held for sale	-	-	-	-
Extraordinary Items:				
Net Change in Fund Balances	$ 15,309,767	$ 8,852,207	$ 5,241,073	$ 2,689,536
Debt services as a percentage of non-capital expenditures	15.07 %	31.36 %	13.21 %	9.87 %

Source: City of Palmdale, Finance Department and Audited Annual Financial Reports

1.Transfers In excludes $6,565,097 of Interservice Funds Capital Assets that were transferred in 2021 (Proprietary Funds) and are not Governmental funds.

2018	2019	2020	2021	2022	2023[1]
$ 54,229,982	$ 59,912,769	$ 59,928,123	$ 73,442,350	$ 95,738,138	$ 98,305,989
28,470,216	31,759,025	41,727,112	28,048,936	29,955,623	43,421,415
18,692,915	14,995,901	22,247,921	23,850,691	26,552,574	25,184,391
2,180,693	1,998,982	3,528,336	3,385,143	5,747,192	5,066,521
18,204,324	18,569,358	18,397,067	19,505,242	19,263,188	21,355,867
516,103	481,194	882,858	440,665	26,251	197,519
2,260,381	3,487,106	3,528,323	1,203,208	2,316,885	5,696,495
35,953	35,925	-	-	-	-
126,153	161,608	5,898,413	3,506,182	2,418,565	2,224,920
(941,708)	2,401,196	1,317,573	(483,057)	(10,179,175)	(4,534,354)
3,925,523	9,361,216	3,657,594	3,728,242	3,828,120	7,240,973
-	-	-	-	2,611	1,840
127,700,535	143,164,280	161,113,320	156,627,602	175,669,972	204,161,576
15,629,948	16,266,972	20,039,498	17,797,687	20,406,076	31,377,928
28,107,228	29,083,581	30,684,148	33,615,289	35,754,740	33,072,154
20,980,917	22,432,301	23,487,783	28,455,439	32,762,556	49,106,675
6,566,458	7,324,760	7,192,095	9,388,083	7,913,876	12,636,912
10,086,436	10,783,255	11,246,819	7,369,676	9,231,767	11,041,091
1,872,018	1,774,890	1,209,687	1,088,504	312,924	473,993
25,935,646	37,329,350	38,890,472	24,579,551	20,405,381	18,366,685
3,425,667	3,587,279	5,744,341	4,764,954	5,188,550	5,048,427
516,103	481,194	882,858	3,052,447	2,393,414	2,238,143
3,348,492	3,416,038	3,245,817	706,665	26,251	184,419
157,280	-	-	141,893	-	-
116,626,193	132,479,620	142,623,518	130,960,188	134,395,535	163,546,427
11,074,342	10,684,660	18,489,802	25,667,414	41,274,437	40,615,149
14,161	-	-	-	-	-
377,481	91,753	80,796	-	341,784	-
-	1,252,500	-	14,103,744	-	-
11,397,102	-	-	-	-	-
-	-	-	(14,943,599)	-	-
-	-	-	-	-	-
8,153,168	9,104,075	7,644,581	42,407,576	8,709,061	11,473,926
(8,153,168)	(9,104,075)	(7,644,581)	(48,972,673)	(8,709,061)	(10,896,008)
11,788,744	1,344,253	80,796	(7,404,952)	341,784	577,918
-	(10,158,182.00)	-	-	-	-
$ 22,863,086	$ 1,870,731	$ 18,570,598	$ 18,262,462	$ 41,616,221	$ 41,193,067
12.35 %	7.60 %	8.52 %	5.25 %	6.71 %	3.64 %

Fiscal Year	Property and Tax Increment Revenue[a]	Sales and Use Taxes	Business License Tax	Franchise Tax	Gasoline Tax	Transient Occupancy Tax[b]	Real Property Transfer Tax	Total
2013-14	$ 15,478,125	$ 16,396,713	$ 515,815	$ 5,847,596	$ 4,649,226	$ 2,824,182	$ 377,364	$ 46,089,021
2014-15	17,152,560	17,084,411	551,202	5,526,119	4,351,675	3,089,802	366,535	48,122,304
2015-16	18,118,214	19,186,043	569,381	5,562,090	3,392,713	3,278,724	493,284	50,600,449
2016-17	19,514,208	18,577,244	589,805	5,352,221	3,031,375	3,716,154	502,781	51,283,788
2017-18	20,983,338	19,267,083	628,303	5,463,623	3,310,498	4,028,350	548,787	54,229,982
2018-19	22,953,195	21,798,640	628,479	6,225,233	3,213,087	4,653,290	440,845	59,912,769
2019-20	24,442,179	21,587,441	666,997	5,458,426	3,559,379	3,697,656	516,045	59,928,123
2020-21	26,631,165	30,305,927	468,666	7,441,119	3,566,382	4,667,137	650,123	73,730,519
2021-22	27,318,103	50,484,625	677,197	7,497,156	3,668,344	5,540,832	952,103	96,138,360
2022-23	29,331,756	50,484,537	624,183	8,684,132	4,225,711	4,608,941	551,908	98,511,168

[a] Sales and Use Taxes for 2021 includes the City's local transactions and use tax (Measure AV) and this is a special district tax that became effective April 1, 2021.

[b] Transient Occupancy Tax has increased by 80.24 percent as the result of additional hotels opening since 2009-10.

Source: City of Palmdale, Finance Department

	Secured Property							
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Dry Farm Property	Governmental Property	Institutional Property	Irrigated Property	Miscellaneous Property
2013-14	$ 6,272,332,777	$ 1,297,491,324	$ 470,738,935	$ 3,070	$ 273,000	$ 218,014,208	$ 2,143,503	$ 3,254,005
2014-15	7,077,476,628	1,327,043,593	371,182,157	3,083	292,000	222,889,982	2,152,995	5,245,552
2015-16	7,635,291,990	1,365,232,525	511,346,775	3,144	452,000	225,436,801	2,386,169	3,365,234
2016-17	8,037,144,588	1,420,981,536	538,952,556	3,191	-	243,902,415	2,422,533	5,191,041
2017-18	8,533,219,339	1,469,739,955	591,126,895	3,254	-	255,229,741	2,470,953	5,416,084
2018-19	9,092,073,933	1,539,003,968	637,402,588	1,311,427	-	264,757,053	2,520,345	6,346,928
2019-20	9,604,501,555	1,615,682,922	461,649,492	1,337,654	-	280,936,547	2,973,968	9,002,895
2020-21	10,110,405,114	1,748,162,062	467,272,879	1,364,404	-	332,597,730	3,033,418	9,255,140
2021-22	10,576,572,497	1,776,996,314	499,665,315	1,378,537	-	286,951,575	3,064,824	13,722,590
2022-23	11,388,056,864	1,830,123,822	566,669,970	2,819,010	-	300,040,294	5,193,711	13,997,032

	Secured Property									
Fiscal Year	Recreational Property	Vacant Land Property	Cross Reference Property	Exempt Property	Unknown Property	Total Secured	SBE Nonunitary Property	Unsecured Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013-14	$ 30,562,607	$ 549,530,339	$ 157,243,314	$ (78,516,112)	6,000	$ 8,923,076,970	$ 963,200	$ 354,680,993	$ 9,278,721,163	0.07637
2014-15	30,665,697	558,074,395	174,080,817	(78,416,749)	6,000	9,690,696,150	963,200	362,362,996	10,054,022,346	0.07933
2015-16	31,833,238	577,190,707	200,289,742	(75,198,398)	6,000	10,477,635,927	963,200	415,364,218	10,893,963,345	0.07867
2016-17	32,269,300	605,292,964	176,381,014	(75,989,372)	6,000	10,986,557,766	963,200	392,307,216	11,379,828,182	0.07878
2017-18	35,235,135	652,028,634	201,337,611	(68,143,060)	6,000	11,677,670,541	836,266	448,141,048	12,126,647,855	0.07858
2018-19	40,385,529	649,821,664	196,505,558	(67,773,322)	6,000	12,362,361,671	836,266	499,037,306	12,862,235,243	0.07875
2019-20	40,807,956	646,784,750	261,764,983	(76,302,878)	6,000	12,849,145,844	836,266	741,701,115	13,591,683,225	0.07893
2020-21	53,368,986	690,821,809	262,686,124	(75,151,870)	-	13,603,815,796	836,266	1,014,356,469	14,619,008,531	0.07824
2021-22	51,999,974	696,688,023	272,762,641	(75,763,812)	-	14,104,038,478	743,841	793,603,730	14,898,386,049	0.07858
2022-23	49,497,383	813,600,723	227,898,611	(75,770,290)	22	$ 15,122,127,152	743,841	956,020,410	$16,078,891,403	0.08046

Note 1: Exempt values are not included in total taxable assessed value

Note 2: In 1978 the voters of the State of California passed Proposition 13 which limited 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 of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: L.A County Assessor 2013/14 - 2022/23 Combined Tax Rolls

City of Palmdale
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $100 of Taxable Value)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Basic Levy[1]	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
Acton-Agua Dulce USD DS 2008 Series A	0.03271 %	0.03386 %	0.03538 %	0.03886 %	0.03652 %	0.03875 %	0.04022 %	0.03906 %	0.03903 %	0.03790 %
Antelope Valley Community College	0.02740 %	0.02480 %	0.02556 %	0.02560 %	0.04869 %	0.04847 %	0.04722 %	0.04247 %	0.04424 %	0.04060 %
Antelope Valley Union High	0.02602 %	0.02585 %	0.02428 %	0.02474 %	0.02357 %	0.02317 %	0.02187 %	0.02163 %	0.02360 %	0.02289 %
Antelope Valley East Kern Water Agency	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %	0.07049 %
Eastside Union School District	0.08677 %	0.08893 %	0.08176 %	0.08449 %	0.08029 %	0.07257 %	0.07363 %	0.06430 %	0.06774 %	0.04626 %
Lancaster School District	0.05503 %	0.04837 %	0.05449 %	0.05511 %	0.06398 %	0.05620 %	0.05864 %	0.06540 %	0.06567 %	0.06259 %
Palmdale School District	0.04839 %	0.04591 %	0.04973 %	0.03819 %	0.07534 %	0.07211 %	0.07059 %	0.07264 %	0.07121 %	0.07131 %
Palmdale Water District	0.32898 %	0.34586 %	0.29922 %	0.27726 %	0.26591 %	0.22356 %	0.21817 %	0.19676 %	0.26418 %	0.23064 %
Westside Union School District	0.05615 %	0.08166 %	0.08107 %	0.07929 %	0.07904 %	0.07895 %	0.07507 %	0.07656 %	0.07546 %	0.07421 %
Total Direct & OverlappingTax Rates[2]	1.73194 %	1.76573 %	1.72198 %	1.69403 %	1.74383 %	1.68427 %	1.67590 %	1.64931 %	1.72162 %	1.65689 %
City Share of 1% Levy per Prop 13[3]	0.06629 %	0.10374 %	0.10374 %	0.10374 %	0.10374 %	0.10367 %	0.10367 %	0.10367 %	0.10367 %	0.10367 %
Total Direct Rate[4]	0.43604 %	0.07637 %	0.07933 %	0.07867 %	0.07878 %	0.07858 %	0.07875 %	0.07893 %	0.07824 %	0.08046 %

Notes:

1 In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values of the payment of any approved bonds.

2 Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

3 City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value with the City. ERAF general fund tax shifts may not be included in tax ratio figures.

4 Total direct rate is the weighted average of all individual direct rates and applied by the City of Palmdale.

Data Source: L.A. County Assessor 2014/13 - 2023/22 Tax Rate Table

	2022-23		2013-14	
Tax Payer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation
Lockheed Corporation	$ 618,438,469	3.8 %	$ 331,503,044	3.5 %
Northrop Grumman Systems Corporation	304,786,477	1.9 %	110,356,894	1.2 %
Antelope Valley Shop LLC	264,468,175	1.6 %	118,748,208	1.3 %
Lancaster Hospital Corporation	262,782,636	1.6 %	218,143,591	2.3 %
Walmart/Sam's Club	85,663,826	0.5 %	75,542,379	0.8 %
Spectrum Pacific West LLC	70,123,795	0.4 %	-	0.0 %
Hastings Ranch Shopping Center LP	65,374,782	0.4 %	-	0.0 %
Allegra Palmdale LLC	59,700,000	0.4 %	-	0.0 %
Golden Spectrum Property LLC	47,615,593	0.3 %	-	0.0 %
2018 1 IH Borrower LP	45,229,661	0.3 %	-	0.0 %
MGP X Properties LLC Lessor	-	0.0 %	94,219,638	1.0 %
Time Warner Cable	-	0.0 %	45,288,074	0.5 %
Universal Health Svs of Palmdale Inc.	-	0.0 %	39,759,313	0.4 %
Target Corporation	-	0.0	39,378,819	0.4
LV Ritter Ranch LLC	-	0.0 %	32,425,800	0.3 %
Top Ten Total	1,824,183,414	11.3 %	1,105,365,760	11.8 %
Total City Taxable Assessed Value	$ 16,154,662,024	100.0 %	$ 9,357,237,275	100.0 %

Source: HdL Coren & Cone, Los Angeles County Assessor 2022/23 and 2013/14 Combined Tax Roll

Fiscal Year	City Property Tax			Subsequent Collections			Total Collections	
	Levy (1)	Collections (2)	Percentage of Levy	Supplemental (3)	Redemption((4)	Refunds Adjustments (5)		Percentage of Levy
2013-14	4,866,006	4,295,755	88.28%	323,668	79,763	118,794	4,817,980	99.01%
2014-15	5,181,707	4,561,031	88.02%	159,671	54,300	338,739	5,113,741	98.69%
2015-16	5,564,458	4,851,602	87.19%	186,674	60,744	362,953	5,461,973	98.16%
2016-17	5,402,998	4,987,980	92.32%	140,425	61,470	155,603	5,345,478	98.94%
2017-18	5,828,578	5,228,633	89.71%	147,686	55,389	324,312	5,756,020	98.76%
2018-19	6,806,674	5,583,646	82.03%	181,836	55,887	912,182	6,733,551	98.93%
2019-20	7,618,313	5,801,915	76.16%	175,030	66,903	1,338,234	7,382,082	96.90%
2020-21	7,448,412	6,270,301	84.18%	122,110	112,061	879,714	7,384,186	99.14%
2021-22	7,499,947	6,530,266	87.07%	193,286	112,685	700,093	7,536,330	100.49%
2022-23	7,875,427	6,789,097	86.21%	166,732	119,240	738,453	7,813,522	99.21%

(1) Billings represents the Secured, Unsecured, and Homeowners Property Tax billed amounts for each fiscal year

(2) Collections represents the Secured, Unsecured, and Homeowners Property Tax collected amounts for each fiscal year

(3) SB813 requires than a supplemental assessment be enrolled for the amount of the difference in value between regular assessment roll and the new fair market value after a change of ownership. The Supplemental figures were taken from LA County remittances and may include supplemental amounts from prior fiscal years.

(4) Redemption collections represent tax-defaulted secured property taxes that were unpaid at the end of a fiscal year. The Redemption figures were taken from LA County remittances and may include redemption amounts from prior fiscal years.

(5) Refunds represent overpayments of taxes due because of a decrease in value; whereas adjustments represent changes to the tax roll. The Refund and Adjustment figures were taken from LA County remittances and may include refunds and/or adjustments from prior fiscal years.

Fiscal Year	Certificates of Participation	Tax Allocation Bonds[a]	Revenue Bonds	Capital Leases	Other Notes Payable	Total Governmental Activities	Percentage of Personal Income (1)	Per Capita (1)
2014	$ 66,537,300	$ -	$ 30,392,752	$ 962,260	$ 7,084,485	$ 104,976,797	3.63 %	674
2015	65,097,544	-	28,337,814	697,150	6,474,923	100,607,431	3.32 %	629
2016	62,879,049	-	12,440,000	1,636,893	6,117,000	83,072,942	2.76 %	524
2017	41,160,000	-	30,736,782	1,310,146	5,862,000	79,068,928	2.53 %	498
2018	39,815,000	-	28,901,224	1,091,639	17,614,522	87,422,385	2.80 %	550
2019	38,315,000	-	26,982,753	964,360	18,271,625	84,533,738	2.54 %	536
2020	36,655,000	-	25,054,801	832,294	15,984,014	78,526,109	2.25 %	501
2021	33,649,908	-	22,635,000	1,183,278	15,035,845	72,504,031	2.04 %	465
2022	31,542,451	-	21,088,805	1,019,884	13,918,357	67,569,497	1.90 %	404
2023	29,438,552	-	18,950,834	966,140	12,573,358	61,928,884	1.48 %	373

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using per capita personal income and population for the prior calendar year provided by HdL, Coren & Cone

Source: City of Palmdale, Finance Department

Fiscal Year	Tax Allocation Bonds[a]	Revenue* Bonds	Total	Percent of Assessed Value (1)	Per Capita
2014	$ -	$ 30,392,752	$ 30,392,752	0.33 %	195
2015	-	28,337,814	28,337,814	0.28 %	177
2016	-	8,205,000	8,205,000	0.08 %	52
2017	-	25,180,000 [b]	25,180,000	0.22 %	158
2018	-	23,685,000	23,685,000	0.19 %	149
2019	-	22,090,000	22,090,000	0.17 %	140
2020	-	20,465,000	20,465,000	0.15 %	131
2021	-	18,800,000	18,800,000	0.15 %	120
2022	-	17,025,000	17,025,000	0.11 %	102
2023	-	15,105,000	15,105,000	0.09 %	91

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

General bonded debt is debt payable with governmental fund resources recorded in Palmdale Financing Authority (of which the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

[a] A decrease in Tax Allocation Bonds reported is the direct result of the dissolution of all California Redevelopment Agencies during 2011-12. The Debt previously reported under the City of Palmdale's Redevelopment Agency, a component unit of the City of Palmdale, is now being reported under a Private Purpose Trust Fund effective February 1, 2012.

[b] A increase in total Revenue Bonds reported in 2017 as compared to 2016 is the result of refunding revenue bonds issued to pay off certificates of participation during 2016-17.

*During FY2012-13, $8,695,000 Lease Revenue Bonds were issued.

City Assessed Valuation	$ 8,440,167,798
Redevelopment Agency Incremental Valuation	7,714,464,226
Total Assessed Valuation	$ 16,154,632,024

OVERLAPPING DEBT:	Toal Debt 6/30/2023	Percentage Applicable to City	City's Share of Debt 6/30/2023
Antelope Valley Joint Community College District	$ 431,450,916	36.510 %	$ 157,522,729
Antelope Valley Union High School District	31,279,873	41.388 %	12,946,114
Acton-Agua Dulce Unified Schooll District	8,580,665	0.006 %	515
Eastside Union School District	2,540,000	15.050 %	382,270
Lancaster School District	66,107,091	0.464 %	306,737
Palmdale School District	162,980,799	94.735 %	154,399,860
Westside Union School District	39,918,813	40.183 %	16,040,577
Palmdale School District Community Facilities District No. 90-1	51,058,773	98.844 %	50,468,534
Westside Union School District Community Facilities Districts	8,610,000	100.000 %	8,610,000
City of Palmdale Community Facilities Districts	45,496,334	100.000 %	45,496,334
City of Palmdale Assessment District No. 2006-1	960,000	100.000 %	960,000
City of Palmdale Street Lighting and Maint Assessment Districts	8,529,109	100.000 %	8,529,109
Los Angeles County General Fund Obligations	2,601,551,282	0.856 %	22,269,279
Los Angeles County Superintendent of Schools Certificates of Participation	3,403,487	0.856 %	29,134
Antelope Valley Joint Community College Dist Certificates of Participation	9,920,000	36.510 %	3,621,792
Acton-Agua Dulce Unified School District Certificates of Participation	1,650,000	0.006 %	99
Antelope Valley Union High School District General Fund Oblications	6,000,000	41.388 %	2,483,280
Lancaster School District Certificates of Participation	6,015,000	0.464 %	27,910
Palmdale School District Certificates of Participation	11,046,670	94.735 %	10,465,063
City of Palmdale General Fund Obligations	46,084,461	100.000 %	46,084,461
Los Angeles County Sanitation District No. 14 Authority	106,266	18.606 %	19,772
Los Angeles County Sanitation District No. 20 Authority	88,682	98.101 %	86,998
Total Overlapping Debt			$ 540,750,567
Successor Agency to Palmdale Redevelopment Agency			$ 62,777,614
Total Direct and Overlapping Debt			$ 603,528,181

Notes:

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

Combined Total Debt excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bounded capital lease obligations.

Data Source HDL Coren & Cone, L. A. County Assessor and Auditor Combined 2022/23 Tax Rolls.

Fiscal Year	Assessed Evaluation	Debt Limit (1)	Total Net Debt Applicable to the Limit (2)	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2013-14	$ 9,357,237,275	$ 350,896,398	$ 115,840,632	33.01 %
2014-15	10,380,860,342	389,282,263	112,074,317	28.79 %
2015-16	10,969,161,743	441,343,565	121,994,744	27.64 %
2016-17	11,455,817,554	429,593,158	121,593,787	28.30 %
2017-18	12,194,790,915	457,304,659	114,426,984	25.02 %
2018-19	12,930,008,625	484,875,323	105,383,212	21.73 %
2019-20	13,667,986,103	512,549,479	98,452,808	19.21 %
2020-21	14,694,160,401	551,031,015	91,438,375	16.59 %
2021-22	14,974,149,861	561,530,620	84,274,517	15.01 %
2022-23	16,154,662,024	605,799,826	76,912,668	12.70 %

Source: Los Angeles County

Note (1): The legal debt limit is statutorily computed at 3.75% of assessed valuation.

Note (2): Total net debt applicable to the limit includes Tax Allocation Bonds and Revenue Bonds.

Note (3): The aggregate principal amount of the City's general obligation debt for public improvements is statutorily limited to 15.0 percent of the City's total reported assessed valuation.

Former Community Redevelopment Agency - Project Area 1 & 1 A Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	1993 Revenue Bonds Debt Service (1)		2003 Revenue Bonds 19.2 Debt Service (3)		2009 Note Payable 6.0 Debt Service (4)		2010 Tax Allocation Note 27.5 Debt Service (5)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ -	$ -	$ 845,000	$ 672,737	$ 105,000	$ 373,713	$ 1,265,627	$ 1,485,033
2015	-	-	875,000	638,338	115,000	366,491	1,344,967	1,405,693
2016	-	-	910,000	602,638	125,000	358,613	1,429,282	1,321,378
2017	-	-	-	-	-	-	1,518,883	1,231,777
2018	-	-	-	-	-	-	1,614,102	1,136,558
2019	-	-	-	-	-	-	1,715,292	1,035,369
2020	-	-	-	-	-	-	1,822,825	927,835
2021	-	-	-	-	-	-	1,937,100	813,560
2022	-	-	-	-	-	-	2,058,542	692,118
2023	-	-	-	-	-	-	2,187,598	563,063

Fiscal Year	Debt Summary			Pledge Revenue			
	Total Principal	Total Interest	Total Debt Service	Gross Tax Increment (6)	Less: Operating Expenses (7)	Net Available	Coverage
2014	$ 2,215,627	$ 2,531,483	$ 4,747,110	$ 8,696,225	$ 341,547	$ 8,354,678	1.76
2015	2,334,967	2,410,522	4,745,489	8,956,435	327,804	8,628,631	1.82
2016	2,464,282	2,282,629	4,746,911	9,245,959	352,357	8,893,602	1.87
2017	1,518,883	1,231,777	2,750,660	9,666,704	393,523	9,273,181	3.37
2018	1,614,102	1,136,558	2,750,660	10,236,117	402,461	9,833,656	3.58
2019	1,715,292	1,035,369	2,750,661	10,529,801	429,833	10,099,968	3.67
2020	1,822,825	927,835	2,750,660	11,393,921	452,757	10,941,164	3.98
2021	1,937,100	813,560	2,750,660	11,560,764	477,635	11,083,129	4.03
2022	2,058,542	692,118	2,750,660	10,762,947	485,552	10,277,395	3.74
2023	2,187,598	563,063	2,750,661	14,423,539	501,972	13,921,567	5.06

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) Revenue Bonds were fully matured and paid off in FY 2011.

(2) 2003 Bond Anticipation Note was fully defeased in June 2009 by the CRA Loan associated with the 2009 Revenue Bonds.

(3) 2003 Revenue Bonds were fully defeased in April 2016 by the Successor Agency 2016 Series A Tax Allocation Refunding Bonds.

(4) 2009 Revenue Bonds were fully defeased in June 2016 by the Successor Agency 2016 Series B Tax Allocation Refunding Bonds.

(5) Sole source of payment on 2011 Tax Allocation Notes is Available Tax Increment, but is subordinate to any existing or future indebtedness.

(6) Gross Tax Increment consist of property taxes generated from Project Area No. 1&1A

(7) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 1&1A up until 2011, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 1&1A debt.

	1999 Sublien TAB 2.7 Debt Service (2)		2002 TAB 5.3 Debt Service		2004 TAB 6.09 Debt Service (3)		2004 TAB 18.5 Debt Service (3)		1998 TAB 30.6 Debt Services (2)		1994 Revenue Bonds Debt Service (1)		1997 Revenue Bonds Debt Service (1)	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 105,000	$ 150,837	$ -	$ -	$ 155,000	$ 263,780	$ 300,000	$ 873,750	$ 675,000	$ 1,282,375	$ 205,000	$ -	$ 805,000	$ 120,820
2015	110,000	144,925	-	-	160,000	258,580	310,000	858,500	710,000	1,247,750	205,000	-	850,000	74,480
2016	115,000	70,950	-	-	165,000	252,890	320,000	842,750	740,000	1,211,500	215,000	-	905,000	25,340
2017	-	-	970,000	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	2016 TAB A&B 73.1 Debt Service		Debt Summary			Pledge Revenue				
Fiscal Year	Total Principal	Total Interest	Total Principal	Total Interest	Total Debt Service	Sales Tax (4)	Gross Tax Increment (6)	Less: Operating Expenses (7)	Net Available	Coverage
2014	$ -	$ -	$ 2,245,000	$ 2,691,562	$ 4,936,562	Note (6)	$ 29,406,998	$ 17,777,381	Note (6)	Note (6)
2015	-	-	2,345,000	2,584,235	4,929,235	Note (6)	32,813,662	19,508,055	Note (6)	Note (6)
2016	-	-	2,460,000	2,403,430	4,863,430	Note (6)	34,915,819	20,449,662	Note (6)	Note (6)
2017	1,235,000	2,611,743	2,205,000	2,611,743	4,816,743	Note (7)	40,469,941	22,224,293	18245648	4
2018	3,130,000	3,394,850	3,130,000	3,394,850	6,524,850	Note (7)	40,400,227	22,619,322	17,780,905	2.73
2019	3,250,000	3,282,900	3,250,000	3,282	3,253,282	Note (7)	44,929,524	24,908,918	20,020,606	3.06
2020	3,365,000	3,133,775	3,365,000	3,133,775	6,498,775	Note (7)	45,399,840	27,528,918	17,870,922	2.75
2021	3,540,000	2,961,150	3,540,000	2,961,150	6,501,150	Note (7)	55,069,687	29,999,947	25,069,740	3.86
2022	3,725,000	2,779,525	3,725,000	2,779,525	6,504,525	Note (7)	51,713,436	25,024,544	26,688,892	3.59
2023	3,915,000	2,588,525	3,915,000	2,588,525	6,503,525	Note (7)	59,111,800	30,448,362	28,663,438	4.41

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes to the financial statements.

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) The 1994 and 1997 Revenue Bonds were fully matured and paid off in FY 2016.

(2) The 1998 and 1999 Tax Allocation Bonds were fully defeased in April 2016 by the Successor Agency 2016 Series A Tax Allocation Refunding Bonds.

(3) The 2004 $18.5M and 2004 $6.1 Tax Allocation Bonds were fully defeased in June 2016 by the Successor Agency 2016 Series B Tax Allocation Refunding Bonds.

(4) (Gross sales tax and tax increment consist of property taxes and sales tax generated from Project Area No. 2A.

(5) Operating Expenses consist of the 20% set-aside property taxes generated from Project Area No. 2A up until 2011, pass through payments pursuant to agreements to allocate tax increment funds to various Local Agencies, and other charges related to administering Area 2A debt.

(6) Due to the dissolution of the Community Redevelopment Agency in 2012, the Sales Tax generated by Project Area was not available therefore the "Net Available" and "Coverage" percent is not available.

(7) Due to the FY 2016 refunding of bond issues with a sales tax pledge, there is no longer any pledge of sales tax towards any Successor Agency debt.

	2003 TAB 5.9 Debt Service (1)		2003 TAB 7.2 Debt Service (1)		2005 TAB 14.115 Debt Service (1)		2005 TAB 2.8 Debt Service (1)	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 180,000	$ 192,523	$ 30,000	$ 341,168	$ 525,000	$ 452,104	$ 35,000	$ 113,599
2015	180,000	186,043	35,000	339,803	550,000	430,541	35,000	112,356
2016	190,000	179,103	35,000	338,333	570,000	407,479	40,000	110,976
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-

	Debt Summary			Pledge Revenue		
Fiscal Year	Total Principal	Total Interest	Total Debt Service	20 Percent Set Aside Tax Increment (2)	Net Available	Coverage
2014	$ 770,000	$ 1,099,394	$ 1,869,394	$ 5,921,235	$ 5,921,235	3.17
2015	800,000	1,068,743	1,868,743	5,881,400	5,881,400	3.15
2016	835,000	1,035,891	1,870,891	6,562,732	6,562,732	3.51
2017	-	-	-	6,983,164	6,983,164	3.73
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-

Note: Details regarding the City's debt and the Successor Agency to the former Community Redevelopment Agency's debt can be found in the notes to the financial statements

Note: As the result of the dissolution of the former Community Redevelopment Agency, the debt listed on this schedule has been assumed by the Successor Agency of the Former Community Redevelopment Agency. The debt has been approved by the State Department of Finance as an enforceable obligation and will be paid from future tax revenues received by the Private Purpose Trust Fund. (Note 18)

Source: City of Palmdale, Finance Department

(1) The 2003 Series C & D TAB's and the 2005 Series E & F TAB's were fully defeased in April 2016 by the Successor Agency 2016 Series B TAB's.

(2) The pledged revenues represent 20% property tax increments generated from Project Area 2A and set aside as required by State law for low and moderate income housing.

(3) Due to the dissolution of the Community Redevelopment Agency during 2012, the 20% set aside is no longer required. The 20% set aside calculated is based on what it should have been if legally required.

Fiscal Year	(1) Population	(2) Personal Income (thousands of dollars)	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate	(5) Percent of Pop 25+ with HS Degree	(5) Percent of Pop 25+ with Bachelor's Degree
2013	154,629	$ 2,890,789	$ 18,695	28.70	31,226	10.8 %	73.0 %	14.7 %
2014	155,734	2,892,448	18,573	29.10	35,356	11.0 %	74.2 %	15.3 %
2015	160,072	3,028,678	18,920	29.30	34,932	9.0 %	73.6 %	15.5 %
2016	158,605	3,010,803	18,983	30.10	33,874	7.1 %	74.2 %	14.8 %
2017	158,905	3,121,978	19,646	30.40	36,785	6.2 %	74.0 %	15.0 %
2018	157,854	3,327,236	21,077	31.30	35,799	6.4 %	74.4 %	14.7 %
2019	156,737	3,598,995	22,962	31.90	22,166	14.9 %	75.8 %	16.5 %
2020	156,074	3,545,820	22,718	32.00	4,946	15.3 %	74.6 %	15.5 %
2021	167,398	3,565,478	21,299	32.30	35,812	12.4 %	75.6 %	15.7 %
2022	165,917	4,173,670	25,155	32.60	35,640	7.1 %	76.3 %	16.1 %

Source:

(1) California State Department of Finance, Demographic Research Unit E-1: City/County Population Estimates

(2) HdL Coren & Cone, U.S. Census Bureau, most recent American Community Survey. 2010, and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey.

(3) Palmdale School District, California Department of Education - SARC Not Available for Palmdale School District and AVUHSD. Only Westside School District is available

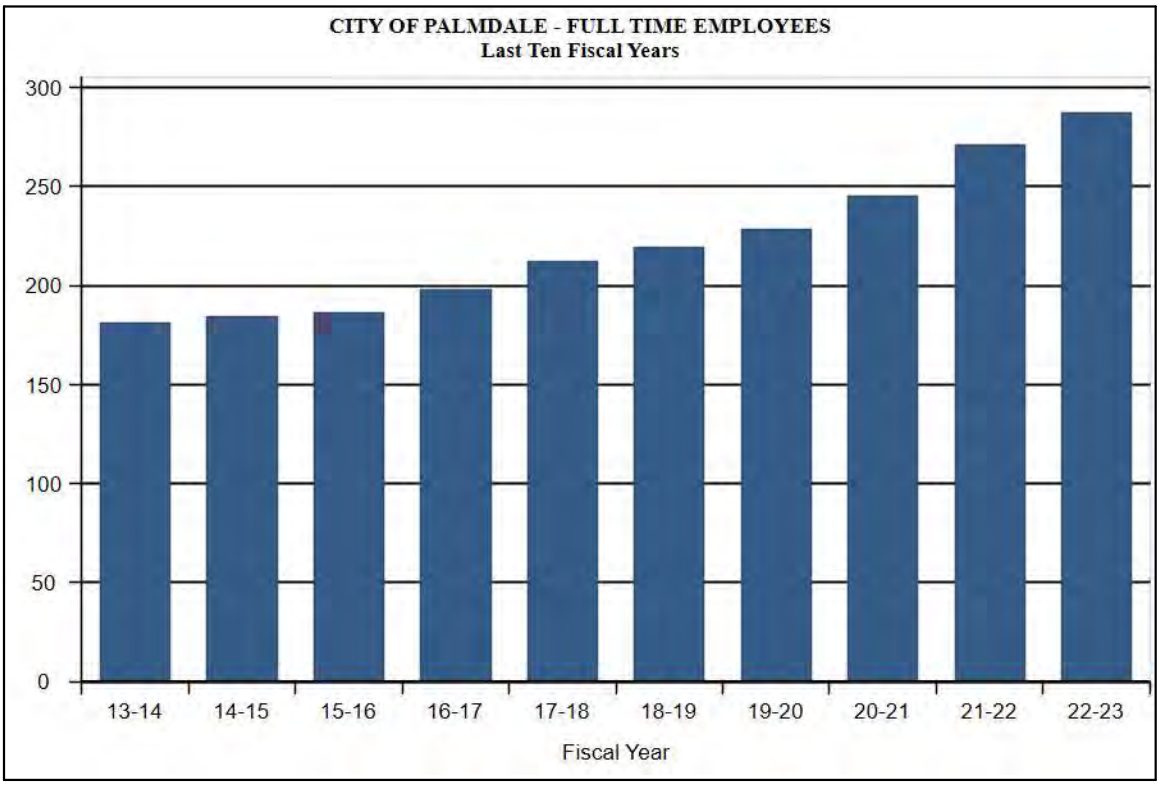
(4) California Employment Development Department.

(5) U.S. Census Bureau

	2023			2013	
Employer	Number of Employees	Percentage of Total Valley Employment	Employer	Number of Employees	Percentage of Total Valley Employment
Northrop Grumman	7,000	8.07%	Edwards Air Force Base	10,808	17.45%
Lockeed Martin	3,750	4.33%	China Lake NWC	9,172	14.81%
Antelope Valley Union High School Dist.	3,089	3.56%	County of Los Angeles	3,953	6.38%
Palmdale School District	2,100	2.42%	Lockheed Martin	3,000	4.84%
Antelope Valley Mall	1,800	2.08%	Palmdale School District	2,682	4.33%
Palmdale Regional Medical Center	1,200	1.38%	Antelope Valley Hospital Medical Center	2,619	4.23%
Palmdale Walmart	800	0.92%	Northrop-Grumman	2,573	4.16%
Robertson's Ready Mix Concrete	500	0.58%	A.V. High School District	2,037	3.29%
Palmdale Auto Mall	410	0.47%	AV Walmart	1,922	3.10%
Granite Construction	400	0.46%	Tehachapi State Prison	1,915	3.09%

Source: City of Palmdale Economic Development Department

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City council	-	-	-	-	-	-	-	0.50	1.00	1.00
City manager	7.00	5.00	6.00	8.00	8.00	12.00	25.00	46.50	56.00	56.00
City attorney	4.00	4.00	4.00	4.00	4.00	6.00	6.00	8.00	8.00	8.00
Administrative services	17.00	20.00	20.00	21.00	21.00	21.00	13.00	-	-	-
Economic & community development*	33.00	39.00	25.00	27.00	29.00	29.00	30.00	31.00	34.00	34.00
Neighborhood services	24.00	21.00	20.00	21.00	24.00	23.00	23.00	24.00	31.00	38.00
Public works*	83.00	81.00	97.00	103.00	110.00	112.00	114.00	116.00	119.00	126.00
Recreation & culture	13.00	14.00	14.00	14.00	16.00	16.00	17.00	19.00	22.00	24.00
Total	181.00	184.00	186.00	198.00	212.00	219.00	228.00	245.00	271.00	287.00



- 2021 reorganization resulted in consolidation of Administrative Services full time employees into City Manager's Office.
- 2016 Fluctuation in full time employees was caused by a reorganization.

Source: City of Palmdale, Finance Department

Function/Program	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Communications:										
Video segments produced[1]	7	10	16	12	21	94	127	113	124	145
Commercials/Social media[1]	4	5	7	8	7	5	8	8	932	597
Photos/Graphics produced[1]	2	24	39	33	39	65	68	72	985	961
Publications produced[1]	3	3	3	3	3	15	15	15	104	3
Newsletters/Media releases[1]	51	102	148	109	188	224	265	309	251	213
Economic and Community Development:										
Film permits issued	15	19	36	35	29	30	19	28	39	29
Businesses licensed	6,240	8,873	9,585	10,099	9,929	9,456	9,372	6,560	8,692	8,207
Building permits issued	1,168	1,517	1,814	1,742	1,566	1,674	1,935	1,951	1,224	1,979
Engineer grading permits issued	23	17	22	26	18	16	41	27	48	30
Engineer Geotechnical review	18	10	20	12	12	17	20	16	45	28
Engineer Improvement plans	80	70	139	166	194	373	320	115	251	367
Engineer Inspections	2,189	3,200	2,219	965	1,101	1,543	1,311	1,009	1,575	1,502
Financial assistance to businesses	-	-	-	-	-	-	-	70	34	24
SBDC business counseling hours	275	275	206	374	286	351	249	358	444	8,000
Business retention site visits	32	35	34	36	35	25	8	290	385	558
General Government:										
Buildings maintained	48	57	64	65	57	60	60	60	75	75
Square footage of facilities	312,600	415,830	424,488	418,000	418,000	423,000	432,000	432,000	405,000	420,000
Neighborhood Services										
Neighborhood watch presentations	115	118	66	86	88	32	14	16	21	34
Business watch presentations	36	11	52	57	63	11	3	2	2	8
PAC presentations	62	11	25	8	11	8	4	5	3	11
Administration Citations Processed	641	741	361	818	630	559	1,242	968	1,081	1,479
Parking Enforcement:										
Vehicle Impounds	330	205	500	483	462	396	405	351	268	417
Citations Issued	5,585	5,195	3,560	5,430	7,233	6,014	6,633	3,065	3,073	3,890
Calls for Service	757	1,086	2,837	9,346	2,007	2,626	2,485	3,445	1,620	1,032
Number of law violations::										
Part 1 crimes	4,093	4,750	4,200	5,946	4,082	3,757	2,895	3,232	3,327	3,450
Part 2 crimes	7,775	6,614	4,835	10,743	7,876	7,985	5,387	6,985	4,866	6,131
Crime reports taken	20,612	19,254	15,630	16,689	11,958	11,742	8,268	12,232	12,325	14,587
Arrests	5,267	6,206	5,976	9,061	6,583	6,652	6,554	5,355	4,606	3,648
Accident reports taken	1,572	1,967	2,081	2,226	1,435	1,850	1,720	2,320	1,855	1,684
Animal licenses issued	8,314	8,318	9,643	11,416	11,616	11,747	10,656	8,111	8,923	7,469
Code Enforcement cases closed	3,421	3,835	4,190	4,607	4,390	3,045	3,572	2,271	3,680	4,883
Mobile Home Parks paid occupied spaces	787	787	787	787	787	787	787	791	784	784
Affordable Housing - Apartment Units[4]	-	-	291	291	291	291	299	299	296	295

Function/Program	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Health and Welfare:										
Family members assisted with food and/or shelter	10,281	7,184	7,516	6,573	9,143	3,080	5,563	4,346	5,846	12,111
SAVES meals provided	575,085	361,956	94,170	94,595	118,321	209,100	347,511	387,610	314,740	372,260
SAVES motel vouchers provided (night)	25	29	59	160	101	61	42	298	490	2,067
Public Services:										
Number of landscape districts maintained	245	248	230	230	230	233	233	248	246	246
Landscaped area (acres) maintained	253	253	376	377	377	377	377	381	482	482
Irrigation controllers maintained	542	542	532	413	413	534	534	534	518	518
Landscape median area maintained (sq. ft.)	2,500,344	2,500,344	2,500,344	2,553,144	2,553,144	2,553,144	2,553,114	2,553,144	2,581,950	2,581,950
SR 14 Interchange area maintained (sq. ft.)	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382	125,382
Park-n-ride spaces maintained	2,009	2,009	2,009	2,009	2,009	2,006	2,006	2,006	2,006	2,006
Park-n-ride Acres maintained	22	22	22	22	22	22	22	22	22	22
Detention basins maintained	226	226	267	267	267	267	267	267	294	294
Detention basins (acres) maintained	94	94	110	110	110	110	110	110	613	613
Service requests - landscape maint.	365	1,109	1,236	1,016	1,016	1,297	1,297	1,310	3,791	3,692
Vandalism repair hours	20	20	23	13	13	42	42	42	2,772	3,797
Graffiti abatement hours	3,246	1,211	4,720	1,204	1,210	1,573	1,573	1,781	2,085	3,230
Lighting districts	150	164	164	164	164	170	170	170	5	5
Number of street lights in districts	18,437	18,513	18,515	18,515	18,515	18,523	18,523	18,523	18,592	18,790
Commercial acreage in street lighting districts	625	2,090	2,111	2,111	2,111	2,115	2,115	2,115	2,166	2,167
Commercial acreage in street lighting districts	40,730	40,770	40,785	40,785	40,792	40,790	40,790	40,790	46,329	46,559
Striping and marking ln. ft. and sq. ft.	2,500,000	2,500,000	2,500,000	1,713,453	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Trees planted	130	320	45	100	75	141	141	142	104	91
Trees pruned	947	410	455	455	1,678	959	959	755	2,843	2,688
Street signs maintained	9,100	9,100	9,150	14,500	14,500	14,500	14,500	14,560	14,560	14,560
Street centerline miles	504	504	504	508	508	508	508	508	508	508
Street pavement area (acres)	2,109	2,109	2,109	2,172	2,172	2,172	2,172	2,172	2,172	2,712
Bridges maintained	9	9	9	9	9	9	9	9	9	9
Box culverts maintained	7	7	7	7	7	7	7	7	7	7
Number of passengers served3	3,641,482	3,500,593	3,462,497	2,534,682	2,442,282	2,301,868	1,902,780	2,451,000	1,113,754	1,245,217
Number of commuter and fixed routes3	18	18	18	18	19	21	22	22	20	20
Cultural and Recreational:										
Library circulation	318,006	284,027	263,750	315,639	198,361	179,521	179,521	60,700	144,407	160,668
Library volumes owned	-	-	73,045	73,612	78,073	88,214	88,214	33,100	26,923	230,012
Library programs	233	190	271	339	428	528	528	180	185	239
Playhouse general attendance	-	-	-	8,900	10,800	16,200	8,000	-	5,000	7,520
Larry Chimbole Center attendance	-	75,000	80,000	80,000	80,120	80,500	40,000	9,200	35,577	-
Legacy Commons Attendance	36,000	37,000	40,000	55,875	55,900	59,556	49,825	5,000	39,500	63,209

Function/Program	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Oasis Park Recreation Center attendance	-	-	-	47,000	47,000	47,200	15,000	1,500	61,522	34,600
Amphitheater attendance	-	-	-	47,500	50,800	48,600	10,000	7,500	8,507	30,426
Recreational swimming attendance	-	-	-	2,450	2,500	2,400	3,081	2,218	1,200	3,080
Lesson swimming attendance	-	-	-	2,680	2,587	2,450	1,665	1,415	2,646	1,885
Youth sports participants	1,700	1,661	1,784	1,664	1,586	1,718	1,169	818	1,229	1,401
Adult sports participants	2,500	2,446	2,530	2,574	2,560	1,712	1,192	60	1,200	1,050
General Program Registrants[2]	7,193	13,701	11,328	11,510	11,264	12,000	9,000	7,600	8,100	8,260
Aquatic Program Registrants[2]	8,934	8,378	2,833	2,910	2,999	2,800	3,200	2,300	2,900	3,127
Facility Rental Bookings[2]	2,259	4,819	2,600	4,452	925	698	400	90	6,419	2,489
Airpark Attendance[2]	11,874	16,918	17,100	16,336	17,000	20,210	3,000	600	10,000	13,500
Airpark Guided Tours[2]	258	51	60	22	30	34	10	2	1	-
Community Event Attendance[2]	64,750	43,000	44,000	44,000	44,000	50,600	10,000	200	9,000	12,000
Playhouse Performance Attendance[2]	5,155	10,125	9,416	13,345	15,230	16,200	5,000	-	4,428	6,430
DryTown Admissions[2]	81,000	85,000	91,400	92,000	92,000	77,137	34,443	10,000	84,096	72,963
Tournament Attendance[2]	50,000	46,500	47,320	58,032	65,000	85,000	65,000	4,500	70,000	80,000

*Source: City of Palmdale, various City departments

Note

(1) New methodology used beginning FY 2021-22

(2) Began reporting in FY 2013-14

(3) Figures provided by Antelope Valley Transit Authority

(4) Four multifamily apartment buildings purchased in September 2015

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Number of City owned building facilities	47	47	55	55	55	55	55	55	75	75
City Vehicles	4	4	4	4	4	4	4	4	4	4
Public Safety Vehicles	8	8	12	12	16	26	31	33	34	34
Public Services:										
Streets and Bikeways (miles)	580	580	580	580	580	580	580	580	580	580
Landscaped area (acres)	260	260	260	260	260	260	260	260	482	482
Park-n-ride	22	22	22	22	22	22	22	22	22	22
Storm drainage systems (feet)	95,000	95,000	95,000	95,000	95,000	95,000	100,000	100,000	100,000	100,000
Retention and detention basins	11	11	11	11	11	11	11	11	300	300
Storm drainage pump stations	3	3	3	3	3	19	19	19	19	19
Detention basins (acres)	207	207	207	207	207	207	207	207	613	613
Traffic signals	168	168	184	188	195	195	199	200	252	226
Traffic signs	8,700	8,700	8,700	8,750	8,750	8,750	8,750	8,750	14,560	12,560
Transportation Center	1	1	1	1	1	1	1	1	1	1
Bridges	9	9	9	9	9	9	9	9	9	9
Street Lights1	4,150	4,200	4,200	4,200	18,523	18,523	18,523	18,523	18,523	18,790
Vehicles	75	75	91	91	104	102	101	101	101	106
Traffic Operation Center	-	-	-	-	-	-	-	-	1	1
Community Development:										
Mobile Home Parks	3	3	3	3	3	3	3	3	3	3
Cultural and Recreational:										
Number of Parks	21	21	21	22	22	22	22	22	23	24
Developed park acreage	576	576	576	576	588	588	588	588	592	351
Number of swimming pools	3	3	3	3	3	4	4	4	4	4
Number of tennis courts	9	9	10	10	10	10	10	10	10	10
Number of Libraries	1	1	1	1	1	1	1	1	1	1
Number of Community Centers	3	3	3	3	3	3	3	3	3	3
Skate Parks	2	2	2	2	2	2	2	2	2	2
Soccer Fields	27	27	29	30	30	30	30	30	30	29
Basketball courts	8	8	9	9	9	9	9	9	9	9
Softball diamonds	20	20	13	13	13	15	15	15	15	16
Volleyball courts	6	6	7	7	7	7	7	7	7	7
Little league fields	11	11	11	11	11	11	11	11	11	11
Roller Hockey rinks	2	2	2	2	2	2	2	2	2	2
Aquatics Facility - Water Park	1	1	1	1	1	1	1	1	1	1
Community Theatre	1	1	1	1	1	1	1	1	1	1
Amphitheater	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	6	6	5	6	6	6	6	6
Health and Welfare:										
Vehicles	2	2	2	2	2	2	3	3	3	3

Source: City of Palmdale, various City departments

(1) The City of Palmdale obtained jurisdiction of 14,315 Los Angeles County street lights in 2013; currently in the process of acquisition of street lights.

CITY OF PALMDALE

38300 Sierra Highway, Palmdale, California 93550
661/267-5100 • www.cityofpalmdale.org

ANNUAL FINANCIAL REPORT

CITY OF PALMDALE, CALIFORNIA

HOUSING AUTHORITY

(A Component Unit of the City of Palmdale)

For the Fiscal Year Ended

June 30, 2023

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable Members of the Board of Commissioners
of the Palmdale Housing Authority
City of Palmdale, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities and each major fund of the Palmdale Housing Authority (Authority), A component unit of the City of Palmdale, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 and each major fund of the Authority, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority 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 Authority'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 Authority'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 Authority'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, schedules of changes in the Authority's proportionate share of the City's net pension liability, and the schedule of contributions as listed in the table of contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

As management of the City of Palmdale Housing Authority (Authority), a component unit of the City of Palmdale, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $75,103,169.
- The Authority's total net position increased in the current year by $1,684,487. Details can be found on page 11.
- As of the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of $48,680,651, an increase of $1,485,315 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal 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. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The Authority has no business-type activities. The governmental activities of the Authority include community development and interest on long-term debt.

The government-wide financial statements can be found on page 13 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All five of the funds of the Authority are governmental funds.

Government 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, the 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 balances, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 18 - 20. Budget and actual statements can be found on pages 24 - 26.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Housing Facilities Fund Special Revenue Fund and the Housing Asset Special Revenue Fund, all of which are considered to be major funds. The Authority does not have any non-major governmental funds.

The Housing Facilities Special Revenue Fund is used to account for revenues and expenditures related to the operation of three mobile home parks, four Multifamily apartments; Impressions, La Quinta, Park Vista and Summerwood, and one apartment building located at 513 East Avenue Q4. The funds are distributed under the terms of various agreements. The Housing Facilities Special Revenue Fund

has a deficit fund balance of $(2,462,215).

Revenues received by the Authority in its capacity as the owner of the mobile home parks are restricted to be used in accordance with California's Housing Authorities Law. Revenues received by the Authority in its capacity as housing successor to the former Community Redevelopment Agency are restricted to be used in accordance with the affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code section 34176.1.

Impressions, La Quinta, Park Vista and Summerwood Multifamily Apartments were acquired by the Authority during fiscal year 2015-16. Net revenues derived from the operations of the Housing Facilities Fund will be reserved for repair and replacements, payment of debt service, bond reserve amounts, and operating reserves. Any revenues net of the operations and reserves may be used for any lawful purpose of the Authority. Housing Revenue Bonds were issued on September 3, 2015 to finance the acquisition of the four apartment facilities.

The apartment building located at 513 East Avenue Q4, was acquired by the Authority during fiscal year 2018-19. Net revenues derived from the operations of the Housing Facilities Ave Q4 Fund will be reserved for repair and replacements. Any revenues net of the operations and reserves may be used for any lawful purpose of the Authority.

The Housing Asset Fund is used to account for the restricted housing assets of the former Community Redevelopment Agency Housing Development Fund. Revenues received from assets previously held by the former CRA Housing Development Fund are restricted to be used in accordance with the affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code section 34176.1, added by Senate Bill 341 (2013-2014 Regular Session). The Housing Asset Fund has a fund balance of $49,686,425.

The Authority adopts an annual appropriated budget for its General Fund, Housing Facilities Fund, and Housing Asset Fund. A budgetary comparison statement has been provided for General Fund and each of the Special Revenue funds to demonstrate compliance with budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 - 45 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $75,103,169 as of June 30, 2023.

Housing Authority Net Position

	Governmental Activites 2023	Governmental Activites 2022
Current and Other Assets	$ 58,867,273	$ 57,109,091
Capital Assets	25,625,685	26,311,950
Total Assets	84,492,958	83,421,041
Deferred Outflows of Resources	369,821	126,691
Current and Other Liabilities	4,845,872	4,997,645
Long-Term Liabilities Outstanding	3,735,714	4,217,949
Net Pension Liabilities	1,172,453	603,083
Total Liabilities	9,754,039	9,818,677
Deferred Inflows of Resources	5,571	310,373
Net position		
Net Investment in Capital Assets	22,333,492	22,920,723
Restricted		
Community development	52,513,236	50,275,910
Unrestricted	256,441	222,049
Total net position	$ 75,103,169	$ 73,418,682

The Authority's net investment restricted in capital assets reflects a balance of $22,333,492. Net investment in capital assets is defined as land, buildings, machinery and equipment, infrastructure, and construction in progress, net of depreciation and less any related debt used to acquire these assets that is still outstanding.

The Authority's restricted net position of $52,513,236 represent resources that are subject to the affordable housing provisions of California Redevelopment Law, by contract or grant agreement, health and safety code and debt service.

The Authority's Long-term Liabilities reflect a balance of $3,735,714, consisting of $3,640,000 of Multifamily Housing Revenue Bonds (2015 Bonds) used to finance the acquisition of the Housing Facility Apartments on September 3, 2015. The remaining balance consists of unpaid compensated absences of $95,714.

The Authority's Current and Other Liabilities reflect a balance of $4,845,872. Current and Other Liabilities consists of liabilities totaling $795,328 that are considered payable within a year, and consist of accounts payable, due to City, accrued interest and accrued salaries. The remaining balance consists of $4,050,544 of refundable deposits and unearned revenue.

Housing Authority's Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues:		
Program Revenue:		
Charges for Services	$ 8,049,431	$ 7,930,166
Operating Grants and Contributions	1,624,790	582,754
General Revenue:		
Unrestricted investment earnings/(loss)	271,789	(354,414)
Other	1,474	1,537
Total Revenues	9,947,484	8,160,043
Expenses		
Community development	8,084,046	7,108,573
Interest on long-term debt	178,951	182,108
Total Expenses	8,262,997	7,290,681
Change in Net Position	1,684,487	869,362
Net Position - Beginning of Year	73,418,682	72,549,320
Net Position - End of Year	$ 75,103,169	$ 73,418,682

Governmental Activities. Governmental activities increased the Authority's net position by $1,684,487. The increase is primarily the result of increased Community Development program activities during the year.

- Charges for services increased by $119,265, or 1.50 percent primarily due to asset, program and project management fees collected during the year, as well as an increase in rents collected as higher occupancy levels were achieved at the four Multifamily Housing Facility Apartments.
- Operating Grants and contributions increased by $1,042,036, or 178.81 percent.
- Community Development expenses increased by $975,473 or 13.72 percent due to increases in compliance monitoring for Mobile Homes, and operating costs at the four Multifamily Housing Facility Apartments.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of $48,680,651, an increase of $1,485,315 in comparison with the prior year. The fund balances were classified as follows:

- $49,686,425 is "Restricted" due to the existence of externally enforceable legal restrictions that are related primarily to special revenue funding sources.
- $(1,005,774) is "Unassigned" and represents negative residual resources.

The General Fund has a fund balance of $1,456,441, which was an increase of $1,234,396 from the prior fiscal year.

The Housing Asset Fund has a fund balance of $49,686,425 which was a decrease of $872,061 from the prior fiscal year. The decrease is attributable to an increase in operating expenditures.

The Housing Facilities Fund has a fund balance of $(2,462,215), which was an increase of $1,122,980 from the prior fiscal year. The increase is primarily due to annual repayment of interfund promissory note.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a decrease of appropriations by $6,090 as the result

of anticipated increases in expenditures for contract and professional services throughout the budget. Differences between the final amended budget and actual resulted in a $42,503 decrease in appropriations due to expenditures for salaries and benefits coming in less than anticipated. Differences between the final amended budget and actual revenues received resulted in a $1,175,003 increase in appropriations due to ARPA grant funds awarded for development of affordable housing.

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets for its governmental activities as of June 30, 2023, amounts to $25,625,685 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, and infrastructure. A $686,265 decrease in the Authority's investment in capital assets as compared to prior year is primarily the result of current year depreciation. There were additions of $130,071 and no disposals in the current year.

Housing Authority's Capital Assets
(Net of Depreciation)

	Governmental Activities 2023	Governmental Activities 2022
Land	$ 11,962,311	$ 11,962,311
Buildings & Structures	6,924,370	7,096,408
Improvements Other than Buildings	552,931	524,953
Infrastructure	6,186,073	6,728,278
Total	$ 25,625,685	$ 26,311,950

Additional information on the Authority's capital assets can be found on page 36, Note 7.

Long-Term Debt. At the end of the current fiscal year, the Authority had total bonded debt outstanding of $3,640,000. The 2015 Bonds are secured by pledges of the net revenue received from the operations of the Housing Facilities.

Housing Authority's Outstanding Debt
Revenue Bonds

	Governmental Activities 2023	Governmental Activities 2022
2015 Multifamily Housing Revenue bonds	$ 3,640,000	$ 3,740,000

The Authority's total long-term liability was $3,640,000, which is the amount of Revenue Bonds. The total debt decreased primarily as the result of regularly scheduled debt service payments on the Multi-Family Housing Bond. The Authority did not apply for a rating on the bonds. No such rating should be assumed based upon any other Authority or City rating that may be obtained. See Note 13.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Palmdale Housing Authority, Office of the Director of Finance, 38300 Sierra Highway, Suite D, Palmdale, California, 93550.

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Government-Wide Financial Statements

	Governmental Activities
Assets	
Cash	$ 2,660,161
Investments	10,527,248
Accounts Receivable	388,647
Interest receivable	5,215,081
Due from other governmental units	4,909,777
Notes and liens	27,911,166
Deposits and prepaids	1,170
Land held for development	2,710,024
Restricted assets:	
Cash and Investments	4,543,999
Capital assets:	
Not being depreciated:	
Land and improvements	11,962,311
Being depreciated/amortized, net of accumulated depreciation/amoritzation:	
Buildings and structures	6,924,370
Improvements other than buildings	552,931
Infrastructure	6,186,073
Total assets	84,492,958
Deferred outflows of resources	
Pension related amounts	369,821
Liabilities	
Accounts payable	767,906
Accrued interest payable	14,913
Due to City	12,509
Deposits	170,544
Unearned revenue	3,880,000
Total current liabilities	4,845,872
Noncurrent liabilities:	
Due within one year	151,898
Due in more than one year	3,583,816
Net pension liability	1,172,453
Total noncurrent liabilities	4,908,167
Total liabilities	9,754,039
Deferred inflows of resources	
Pension related amounts	5,571
Net Position	
Net investment in capital assets	22,333,492
Restricted	
Community development	52,513,236
Unrestricted	256,441
Total net position	$ 75,103,169

See Notes to Financial Statements

		Program Revenues		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
Governmental activities:				
Community development	$ 8,084,046	$ 8,049,431	$ 1,624,790	$ 1,590,175
Interest on long-term debt	178,951	-	-	(178,951)
Total governmental activities	$ 8,262,997	$ 8,049,431	$ 1,624,790	$ 1,411,224

General Revenue:	
Unrestricted investment earnings/(loss)	$ 271,789
Other	1,474
Total general revenues	273,263
Change in Net Position	1,684,487
Net Position - Beginning of Year	73,418,682
Net Position - End of Year	$ 75,103,169

See Notes to Financial Statements

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Governmental Fund Financial Statements

The General Fund is the Housing Authority's primary operating fund and has been classified as a major fund. It accounts for compliance, administrative, and monitoring expenditures collected for the Housing Authority.

Special Revenue Funds are used to account for specific revenues that are restricted to expenditure for a particular purpose. The following funds have been classified as major funds:

Housing Asset Fund – Used to account for the restricted housing assets of the former Community Redevelopment Agency Housing Development Fund, which were transferred to the Successor Agency Fund and then transferred to the Housing Asset Fund upon acceptance of the Housing Successor role by the Housing Authority. Revenues received from assets previously held by the former CRA Housing Development Fund are restricted to be used in accordance with the affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code section 34176.1, added by Senate Bill 341.

Housing Facilities Fund – Used to account for the revenues and expenditures related to the operations of four apartment buildings, mobile home parks and two apartment buildings, consisting of eight units.

The Housing Authority of the City of Palmdale owns and operates the Impressions, La Quinta, Park Vista, and Summerwood Multifamily Apartments. Net revenues derived from the operations of the Housing Facilities Fund will be restricted for repair and replacements, payment of debt service, bond reserve amounts, and operating reserves. Any revenues net of the operations and reserves may be used for any lawful purpose (i.e., assigned) of the Housing Authority.

The mobile home Parks funds are distributed under the terms of various agreements. Revenues received by the Housing Authority in its capacity as the owner of the mobile home parks are restricted to be used in accordance with California's Housing Authorities Law. Revenues received by the Housing Authority in its capacity as housing successor to the former Community Redevelopment Agency are restricted to be used in accordance with the affordable housing provisions of California's Community Redevelopment Law, as amended by Health and Safety Code section 34176.1, added by Senate Bill 341 (2013-2014 Regular Session).

The Housing Authority of the City of Palmdale acquired two apartment buildings with eight units from New Beginnings Outreach in 2018. The Housing Authority of the City of Palmdale owns and operates the apartments located at 507 and 513 East Avenue Q4. Net revenues derived from the operations of the Housing Facilities Ave. Q4 Fund will be restricted for repair and replacements. Any revenues net of the operations and reserves may be used for any lawful purpose (i.e. assigned) of the Housing Authority.

City of Palmdale Housing Authority
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Special Revenue Funds: HA Housing Asset Fund	Special Revenue Funds: Housing Authority Facilities Fund	Total Governmental Funds
Assets:				
Cash	$ -	$ -	$ 2,660,161	$ 2,660,161
Investments	242,182	8,866,012	1,419,054	10,527,248
Receivables:				
Accounts and interest receivable	15,681	5,336,547	251,500	5,603,728
Advances due from other funds	-	1,186,001	-	1,186,001
Deposits and prepaid	-	1,170	-	1,170
Interfund promissory note	-	6,353,333	-	6,353,333
Notes and Liens	1,200,000	26,711,166	-	27,911,166
Advances due from fiduciary funds	-	4,909,777	-	4,909,777
Restricted Assets:				
Investments	-	3,019,115	-	3,019,115
Cash	-	-	1,524,884	1,524,884
Land held for development	-	2,710,024	-	2,710,024
Total assets	$ 1,457,863	$ 59,093,145	$ 5,855,599	$ 66,406,607
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$ 422	$ 158,549	$ 608,936	$ 767,907
Deposits	1,000	-	169,544	170,544
Unearned revenue	-	3,880,000	-	3,880,000
Advances due to other funds	-	-	1,186,001	1,186,001
Due to City	-	12,509	-	12,509
Interfund promissory note	-	-	6,353,333	6,353,333
Total liabilities	1,422	4,051,058	8,317,814	12,370,294
Deferred Inflows of Resources				
Unavailable revenue	-	5,355,662	-	5,355,662
Fund Balances				
Restricted	-	49,686,425	-	49,686,425
Unassigned	1,456,441	-	(2,462,215)	(1,005,774)
Total fund balances (Deficit)	1,456,441	49,686,425	(2,462,215)	48,680,651
Total liabilities, deferred inflows of resources and fund balances	$ 1,457,863	$ 59,093,145	$ 5,855,599	$ 66,406,607

See Notes to Financial Statements

Total Fund Balances - Total Governmental Funds (page 15)		$ 48,680,651
Amounts reported for governmental activities in the Statement of Net Position (page 10) are different because:		
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Governmental capital assets	37,982,093	
Less accumulated amortization and depreciation	(12,356,408)	25,625,685
Accounts receivable not available to pay for current-period expenditures are reported as deferred inflows of resources in the funds.		5,355,662
Deferred outflows related to pensions are not reported in the Governmental Fund Balance Sheet.		
Deferred outflows related to pensions		369,821
Interest due on long-term debt does not require current financial resources and therefore is not reported as a liability on the Governmental Funds Balance Sheet.		
Interest payable		(14,913)
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as a liability in the Governmental Funds Balance Sheet.		
Compensated absences	(95,713)	
Net pension liability	(1,172,453)	
Bonds Payable	(3,640,000)	(4,908,166)
Deferred Inflows related to pensions and OPEB benefits are deferred inflows of resources and are not reported in the Governmental Funds Balance Sheet.		(5,571)
Net Position of Governmental Activities (page 10)		$ 75,103,169

See Notes to Financial Statements

City of Palmdale Housing Authority

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue Funds: HA Housing Asset Fund	Special Revenue Funds: Housing Authority Facilities Fund	Total Governmental Funds
Revenues:				
Charges for current services	$ 65,635	$ 171,699	$ -	$ 237,334
Use of property	-	-	7,812,246	7,812,246
Interest	3,646	334,674	23,490	361,810
Net increase (decrease) in fair value of investments	(2,078)	(75,797)	(12,146)	(90,021)
Grant revenue	1,200,000	1,474	-	1,201,474
Total revenues	1,267,203	432,050	7,823,590	9,522,843
Expenditures:				
Current:				
Community development	32,807	1,571,590	5,736,826	7,341,223
Capital Outlay	-	-	362,279	362,279
Debt service:				
Principal	-	-	100,000	100,000
Interest	-	-	178,951	178,951
Total expenditures	32,807	1,571,590	6,378,056	7,982,453
Excess (deficiency) of revenues over (under) expenditures	1,234,396	(1,139,540)	1,445,534	1,540,390
Other Financing Sources (Uses)				
Transfers In	-	322,554	-	322,554
Transfers Out	-	-	(322,554)	(322,554)
Transfers to City's General Fund	-	(55,075)	-	(55,075)
Total other financing sources (uses)	-	267,479	(322,554)	(55,075)
Net Change in Fund Balances	1,234,396	(872,061)	1,122,980	1,485,315
Fund Balances (Deficit) - Beginning of Year	222,045	50,558,486	(3,585,195)	47,195,336
Fund Balances (Deficit) - End of Year	$ 1,456,441	$ 49,686,425	$ (2,462,215)	$ 48,680,651

See Notes to Financial Statements

Net Change in Fund Balances - Total Governmental Funds (page 17)		$ 1,485,315
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position (page 11) are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives and recorded as depreciation expense.		
Capital Asset Additions - Current Year	130,072	
Less Depreciation Expense	(816,336)	(686,264)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		424,640
Long-term debt issuance provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Principal repayments of long-term debt and escrow agent payments are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Position. Also premiums are recognized in the current period in the Governmental Funds, whereas these amounts are amortized in the Government-Wide Statement of Activities. This is the amount by which repayments exceeded proceeds.		
Bonds & Certificates of Participation payable		100,000
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the Governmental Funds.		
Compensated absences	(17,765)	
Self insurance liability claims	400,000	
Pension expense	(21,439)	360,796
Net change in net position - governmental activities (page 11)		$ 1,684,487

See Notes to Financial Statements

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Budgetary Comparison Statements

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 91,700	$ 91,700	$ 65,635	$ (26,065)
Interest	500	500	3,646	3,146
Net increase (decrease) in fair value of investments	-	-	(2,078)	(2,078)
Other Revenue	-	-	1,200,000	1,200,000
Total revenues	92,200	92,200	1,267,203	1,175,003
Expenditures:				
Current:				
Community development	81,400	75,310	32,807	42,503
Total expenditures	81,400	75,310	32,807	42,503
Excess (deficiency) of revenues over (under) expenditures	10,800	16,890	1,234,396	1,217,506
Net Changes in Fund Balance	10,800	16,890	1,234,396	1,217,506
Fund Balance (Deficit) - Beginning of Year	222,045	222,045	222,045	-
Fund Balance (Deficit) - End of Year	$ 232,845	$ 238,935	$ 1,456,441	$ 1,217,506

See Notes to Financial Statements

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Charges for current services	$ 180,300	$ 207,340	$ 171,699	$ (35,641)
Interest	750,300	675,300	334,674	(340,626)
Net increase (decrease) in fair value of investments	-	-	(75,797)	(75,797)
Other Revenue	251,350	251,480	1,474	(250,006)
Total revenues	1,181,950	1,134,120	432,050	(702,070)
Expenditures:				
Current:				
Community development	3,793,480	6,655,220	1,571,590	5,083,630
Total expenditures	3,793,480	6,655,220	1,571,590	5,083,630
Excess (deficiency) of revenues over (under) expenditures	(2,611,530)	(5,521,100)	(1,139,540)	4,381,560
Other Financing Sources (Uses):				
Transfers In	458,100	457,100	322,554	(134,546)
Transfers to City's General Fund	(55,500)	(55,500)	(55,075)	425
Total other financing sources (uses)	402,600	401,600	267,479	(134,121)
Net Changes in Fund Balance	(2,208,930)	(5,119,500)	(872,061)	4,247,439
Fund Balance (Deficit) - Beginning of Year	50,558,486	50,558,486	50,558,486	-
Fund Balance (Deficit) - End of Year	$ 48,349,556	$ 45,438,986	$ 49,686,425	$ 4,247,439

See Notes to Financial Statements

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Use of property	$ 7,835,970	$ 7,750,080	$ 7,812,246	$ 62,166
Interest	4,000	4,000	23,490	19,490
Net increase (decrease) in fair value of investments	-	-	(12,146)	(12,146)
Total revenues	7,839,970	7,754,080	7,823,590	69,510
Expenditures:				
Current:				
Community development	6,052,960	5,746,420	5,736,826	9,594
Capital Outlay	319,370	335,000	362,279	(27,279)
Debt service:				
Principal	99,300	87,800	100,000	(12,200)
Interest	184,100	189,600	178,951	10,649
Total expenditures	6,655,730	6,358,820	6,378,056	(19,236)
Excess (deficiency) of Revenues: Over (Under) Expenditures	1,184,240	1,395,260	1,445,534	50,274
Other Financing Sources (Uses):				
HA Facilities Fund to Housing Auth Housing Asset Fund	(458,600)	(424,900)	(322,554)	102,346
Total other financing sources (uses)	(458,600)	(424,900)	(322,554)	102,346
Net Changes in Fund Balance	725,640	970,360	1,122,980	152,620
Fund Balance (Deficit) - Beginning of Year	(3,585,195)	(3,585,195)	(3,585,195)	-
Fund Balance (Deficit) - End of Year	$ (2,859,555)	$ (2,614,835)	$ (2,462,215)	$ 152,620

See Notes to Financial Statements

CITY OF PALMDALE, CALIFORNIA

HOUSING AUTHORITY

Notes to the Financial Statements

For the Fiscal Year Ended

June 30, 2023

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(1) Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The Housing Authority of the City of Palmdale, California (Authority) was established on April 9, 1997, pursuant to provisions of the State of California Housing Authorities Law. The Authority is subject to the financial accountability of the City Council of the City of Palmdale, California (City) and, accordingly, is a blended component unit of the City although it is a separate legal entity. The Authority's primary purpose is to address the shortage of multi- family housing in the City of Palmdale with respect to which long-term affordability for low-income persons is ensured as the result of recorded agreements or covenants.

As the result of the dissolution of the former Community Redevelopment Agency, and under the provision of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Successor Agency Housing Asset Fund and later transferred to the Authority. The Authority assumed the authority to perform housing functions previously performed by the dissolved Community Redevelopment Agency and all rights, powers, duties, obligations, and housing assets were transferred to the Authority during fiscal year 2011-12.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The Annual Financial Statements are intended to reflect the financial position, results of operation and net position of the Housing Authority of the City of Palmdale. They do not present fairly the financial position and results of operations of the City of Palmdale, California, in conformity with accounting principles generally accepted in the United States of America. The more significant of the Authority's accounting policies are described below.

B. Financial Statement Presentation, Basis of Accounting, and Measurement Focus

The accounts of the Authority are organized on the basis of separate funds, each of which is considered to be a separate accounting equity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, fund equity, revenues and expenditures/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 to be controlled.

Government-Wide Financial Statements

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements report information on all of the activities of the Authority. Interfund activity, including payables and receivables, have been eliminated in the Statement of Activities and the Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. 2) grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function. Unrestricted investment earnings are reported as general revenues.

The Government-Wide Financial Statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the Authority's assets, deferred outflows of resources, liabilities (including long-term liabilities), and deferred inflows of resources are reported in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds individually. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in the Statements of Net Position presented in the Government-Wide Financial Statements.

Governmental Fund Financial Statements are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of

accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collectible within the period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Charges for current services and interest revenue are considered susceptible to accrual. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The Authority has presented all funds as major funds because the Authority believes the financial position and activities of these funds are significant to the Authority as a whole. Specific fund descriptions can be found on page 18.

C. Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles. Encumbrance accounting is employed in governmental funds. Encumbrances (i.e., purchase orders, contracts, and other commitments) outstanding at year-end are reported as assigned fund balance, to the extent the amounts are in the general fund, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations. In other funds, encumbrances would be part of restricted fund balance.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level. The category level includes personnel, training and meetings, operating expenditures, contingency, debt service, and capital outlay. Supplemental appropriations during the year must be approved by the City Council if they are over $100,000 or between funds, except for shifts in appropriations relating to personnel changes that may be done administratively by the City Manager. The City Manager can approve budget transfers up to $100,000 within a fund. Supplemental appropriations were made during the year and are reflected in the budgeted numbers contained in the accompanying financial statements. Unexpended appropriations at year-end may be added to the subsequent year's adopted budget by the Director of Finance with the approval of the City Manager per Council Resolution 2022-066, Section 8.

D. Cash and Investments

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts invested in the City of Palmdale Investment Pool and Investments held by trustees. See Note 2 for additional detail.

E. Land Held for Resale

Abandoned and Foreclosed Mobile Home Rehabilitation

Abandoned and Foreclosed Mobile Homes for resale are capitalized in the special revenue funds at the lower of cost or market. To preserve the occupancy, maximize the monthly space rent revenues and minimize vacant lot potential at the mobile home parks, the Authority will purchase and rehabilitate mobile homes for resale to a qualified applicant in need of an affordable home. Fund balances are classified as restricted. At the end of the current fiscal year, the Authority did not hold any abandoned and foreclosed mobile homes for resale.

Low and Moderate Affordable Housing-Land Held for Resale

Land Held for resale is capitalized in the special revenue funds at the lower of cost or market. The land held by the Authority was purchased with either low moderate housing funds or housing asset funds and is being held for resale or development in order to benefit qualified or eligible households with affordable housing. At the end of the current fiscal year, the Authority reported $2,710,024 in land held for resale.

F. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost where historical costs are available and at an estimated original cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight- line method in the Government-Wide Financial Statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Asset	Years
Buildings and structures	50
Infrastructure	5-10

Asset	Years
Improvements other than buildings	5-10

G. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. 1) Changes of assumptions, and 4) the difference between actual earnings and the projected earnings on the pension fiduciary net position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The government-wide Statement of Net Position reports deferred inflows resulting from changes of assumptions and net difference between actual earnings and projected earnings on the pension fiduciary net position. These amounts are deferred and recognized over a defined amortization period of five years.

H. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and administrative leave, and compensatory and floating holiday time. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and administrative leave, compensatory and floating holiday time, and associated employer-related salary costs are accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the various special revenue funds.

I. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Palmdale Housing Authority's proportionate share of the City of Palmdale Pension's Plan, which is administered by the California Public Employees Retirement System (CalPERS) and additions to/deductions from the Plan's fiduciary net position have been determined as an allocation of the City of Palmdale's net pension liability, pension expense, and deferred inflows and outflows based on contributions paid by Authority employees. 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.

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. Fund Equity

In the Fund Financial Statements, governmental funds may classify fund balances into five components whereby each component identifies the extent to which the Authority is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The five components of the fund balance are as follows:

Nonspendable: Resources that 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.

Restricted: Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Committed: Revenues that are constrained to specific purposes by a formal action of the Authority's Board, which constitutes the most binding constraint such as an ordinance. The constraint remains binding unless removed in the same formal manner by the Authority's Board. The Authority's Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the Authority's intent to be used for specific purposes, but that neither restricted nor committed. This policy delegates to the Finance Manager the authority to assign unrestricted fund balance amounts where the Authority's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Authority's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Authority's policy is to first apply committed fund balance, then assigned fund balances, and finally unassigned fund balance.

K. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2023 in the amount indicated:

Major Special Revenue Funds:		
Housing Facilities Fund	$	(2,462,215)

Management anticipates that these deficits will be resolved in future years as additional operating revenues become available. It is anticipated occupancy levels at the Mobile Home Parks will continue to remain high and consistent and continue to reduce the deficit in the Housing Authority Mobile Home Park Fund to positive levels once the Mobile Home Park loan is paid off.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Implemented Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the Authority's financial reporting process. New standards applicable to the year ending June 30, 2023 are as follows:

GASB Statement No. 91 – *Conduit Debt Obligations.* The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Authority has determined that this statement does not apply.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* The objective of the Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenue (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has determined that this statement does not apply.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15,

2022. The Authority has determined that this statement does not apply.

GASB Statement No. 99 – Omnibus 2022. The objective of this Statement is to enhance comparability in account and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement, and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The Authority has determined that this statement does not apply.

(2) Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash	$	2,660,161
Investments		10,527,248
Restricted cash and investments		4,543,999
Total cash and investments	$	17,731,408

Cash and investments as of June 30, 2023 consist of the following:

Cash held by third party	$	2,660,161
Cash and investments with City of Palmdale Investment Pool		10,527,248
Investments held by Trustee		4,543,999
Total cash and investments	$	17,731,408

Cash and investments of the Authority are pooled with funds of the City for deposit and investment purposes, except for funds required to be held by third parties for the operations of the mobile home parks and apartment facilities or to be held by outside fiscal agents. Interest earned on pooled cash and investments is credited to the funds based on each respective fund's month-end cash balance.

Detailed information concerning the City's pooled cash and investments can be found in the City's Annual Comprehensive Financial Report for the year ended June 30, 2023.

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

Investments of the Authority are pooled with funds of the City and therefore adhere to the City's Investment Policy. The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements with the Authority, rather than the general provisions of the California Government Code or the City's Investment Policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer**
U.S. Treasury Obligation	5 years	None	None
U.S. Federal Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	2%
Municipal Obligations	5 years	10%	15%
Medium Term Corporate Notes	3 years	10%	None

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer**
Negotiable Certificates of Deposit	5 years	30%	15%
Overnight Bank Investment Pool	N/A	10%	None
Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	$75,000,000
California Asset Management Program (CAMP)	N/A	None	$75,000,000

*Excluding amounts held by bond trustees that are not subject to California Government Code Restrictions

**Per account

The City's Investment Policy also authorizes Demand Deposits of up to $2,000,000 (and $2,500,000 in the aggregate) with Bank of America or Wells Fargo Bank.

B. Disclosures Relating to Interest Rate Risk

Interest rate risk in the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Investment Policy of the City of Palmdale, Sections 4.1 and 4.2, provide guidelines for managing risk. One of the ways that the City of Palmdale 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 Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's Investments by Maturity.

	Remaining Maturity in Months			
Investment Type:	Total	12 Months or Less	13-24 Months	25-60 Months
Held by bond trustees:				
Local Agency Investment Pool	$ 10,527,248	$ 10,527,248	$ -	$ -
Money Market Funds	4,543,999	4,543,999	-	-
Total	$ 15,071,247	$ 15,071,247	$ -	$ -

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations 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 of Palmdale's Investment Policy, or the Authority's debt agreements, and the actual rating as of year-end for each investment type.

Investment Type:	Total	Minimum Legal Rating	Not Required To Be Rated	AAA/Aaa*
Cash and Investments with City of Palmdale Investment Pool	$ 10,527,248	N/A	$ 10,527,248	$ -
Held by bond trustees:				
Money market funds	4,543,999	A	-	4,543,999
Total	$ 15,071,247		$ 10,527,248	$ 4,543,999

D. 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.

Housing Authority deposits with financial institutions in excess of federal depository insurance limits of $250,000 were held in collateralized accounts held with the City of Palmdale. As of June 30, 2023, City investments were held by the safekeeping department of the broker-dealer (counterparty) used by the City of Palmdale to buy the securities in the name of the City.

E. Disclosures relating to Fair Value of Investments

The Authority categorized its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as the City's Investment Pool are made on the basis of $1 and not fair value. Accordingly, the measurement of fair value of these types of investments is based on an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Money market investments are carried at amortized cost.The fair value of the Authority's investment in LAIF pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

(3) Notes Receivable

Notes Receivable in the amount of $27,911,166, are reported on the governmental fund financial statements and the government-wide financial statements. The balances consist of Affordable Housing Project loans made through various grants for low to moderate-income homeowners seeking to improve their homes. As the Notes are repaid, proceeds are used to continue the Affordable Housing Programs.

(4) Fund Balance Classification

The Governmental Fund Balances at June 30, 2023 were classified as follows:

	HA General Fund	Special Revenue Fund HA Facilities Fund	Special Revenue Fund Housing Asset Fund	Total Governmental Funds
Restricted:				
Low and moderate income housing	$ -	$ -	$ 49,686,425	$ 49,686,425
Unassigned Fund Balance	1,456,441	(2,462,215)	-	(1,005,774)
Total fund balance (deficit)	$ 1,456,441	$ (2,462,215)	$ 49,686,425	$ 48,680,651

(5) Interfund Transfers

Transfers between funds for the year ended June 30, 2023, consisted of the following:

Transfer to:	Transfer From:	Amount
Housing Asset Fund	Housing Facilities Fund	$ (322,554)

Transfer to:	Transfer From:	Amount
Total Interfund Transfers		$ (322,554)
City of Palmdale	Housing Asset Fund	$ 55,075
Total Transfers to City's General Fund		$ 55,075

The transfers resulted from Promissory Note principal and interest that was paid by Housing Asset Fund and reimbursed by the Housing Facilities Fund in the amount of $(322,554).

(6) Interfund Due To/From and Advances Due To/From

A. Advances and Due To/From Other Funds

The advances due to/from are reported on the Governmental Fund Balance Sheet of the Housing Asset Fund and Housing Facilities Fund as a result of the dissolution of the former Community Redevelopment Agency of the City of Palmdale resulting from the acquisition of three mobile home parks purchased during fiscal year 2002-2003. Upon acquisition, the Authority assumed the prior park owner's liabilities which were payable to the former CRA Low and Moderate Income Housing fund and City under the terms of an operating agreement. The operating agreement establishes priorities for the use of revenues from operation of the parks and provides for repayment of the advances from net income once expenses, debt service, operating, and capital reserve requirements are met. In the interim, additional liabilities and program/project management fees will continue to accrue to the long-term advances due the Authority - Housing Asset Fund if there are shortfalls in expected payment. These advances will be repaid when net income is sufficient under the operating agreement. As of June 30, 2023, the balance of these liabilities was $1,186,001.

Advances Due To/From Other Funds for the year ended June 30, 2023 were as follows:

Payable To:	Payable From:	Amount
Housing Asset Fund	Housing Authority Facilities	$ 1,186,001
Advances Total Due From/To Other Funds		$ 1,186,001

B. Interfund Promissory Note Between the Housing Facilities Fund and the Housing Asset Fund

The Authority and the City of Palmdale former Community Redevelopment Agency (Agency) previously entered into loan and repayment agreements whereby the Agency loaned the proceeds of a 1997 Series A (refunded by 2005 Series E) and Series B (refunded by 2003 Series C) Tax Allocation Bond debt issuances to the Authority.

The proceeds of the Bonds were used to finance the acquisition, sale, and improvement of three mobile home parks ("Parks") in the City. Immediately upon acquiring the Parks, the Agency sold them pursuant to an Affordable Housing Agreement, which reserved an option for the Agency to later designate another entity to take title of the Parks. On March 26, 2003, the Agency exercised this option by entering into a Cooperation Agreement with the Housing Authority of the City of Palmdale. Title to the property transferred from the prior owner of the Parks to the Housing Authority on April 4, 2003.

The liability for the 1997 Series B Bonds was fully defeased in December 2003 in the amount of $5,090,000 by the Agency's 2003 Tax Allocation Series C Bonds. The Agency advance refunded the 1997 Series B Bonds to take advantage of the current market and realize economic savings. The liability for the 1997 Series A Bonds was fully defeased in August 2005 in the amount of $13,170,000 by the Agency's 2005 Tax Allocation Series E Bonds. The Agency advance refunded the 1997 Series A Bonds to take advantage of the current market and realize economic savings.

Repayment agreements between the former Community Redevelopment Agency and the Authority require the Authority to pay the former Community Redevelopment Agency under the same terms as the Bonds were issued. The 2003 Series C Bonds and 2005 Series E Bonds were secured by Project Area No. 2A's Housing Set-Aside revenue and certain related reimbursements provided for in the Affordable Housing Agreement. The Housing Authority was to use operating income from the Parks to repay the former Agency, which was supposed to in turn, pay principal and interest with respect to the 2003 Series C Bonds and 2005 Series E Bonds as they

become due. Under the 2003 amended Indenture, the Bonds were to be paid and secured by the tax increment of the former Community Redevelopment Agency and principal and interest was no longer required to be paid from the Authority.

As the result of the dissolution of the former Community Redevelopment Agency and the Authority assuming the duties of the former Community Redevelopment Housing Development Fund, the agreement will be maintained by the Housing Asset Fund which is now classified as an Interfund Promissory Note effective February 1, 2012. All proceeds from repayment of the note must be used in accordance with applicable housing related provisions of Community Redevelopment Law. During FY 2022-23, the Boulder Mobile Home parks paid $1,031,667 of principal and $323,471 interest for a total $1,355,138 to the Housing Asset Fund. The balance of the Note as of June 30, 2023 is $6,353,333. The remaining debt service schedule below uses a blended interest rate ranging from 3.7% to 4.75% due to the note's variable interest rate.

Year Ending	Principal	Interest	Total
2024	$ 1,075,000	$ 277,990	$ 1,352,990
2025	1,123,333	230,356	1,353,689
2026	1,170,000	180,331	1,350,331
2027	1,221,667	128,019	1,349,686
2028	1,313,333	73,310	1,386,643
2029-2030	450,000	64,125	514,125
Total	$ 6,353,333	$ 954,131	$ 7,307,464

C. Advances Due from Successor Agency at June 30, 2023

Payable To:	Payable From:	Amount
Housing Asset Fund	City Of Palmdale Successor Agency	$ 4,909,777

In fiscal years 2004-2005 and 2005-2006, the state required the former Community Redevelopment Agency (CRA) to shift tax increment of $1,862,827 to the Education Revenue Augmentation Fund (ERAF). To assist in funding this shift, the former CRA Housing Development fund advanced $355,538 and $1,507,289 (50% of the total requirements) to the former CRA Project Area No. 1 and 2A Debt Service funds, respectively.

In 2009-2010, the State required the former Community Redevelopment Agency (CRA) to shift tax increment of $11,605,102 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the former CRA Housing Development fund advanced $2,533,394 and $9,071,708 (100% of the total requirement) to the former CRA Project Area No. 1 and 2A Debt Service Fund, respectively.

In fiscal year 2010-11, the State required the former Community Redevelopment Agency (CRA) to shift tax increment of $2,389,286 to the Supplemental Education Revenue Augmentation Fund (SERAF). To assist in funding this shift, the former CRA Housing Development fund advanced $521,581 and $1,867,705 (100% of the total requirement) to the former CRA Project Area No. 1 and 2ADebt Service funds, respectively.

The Successor Agency Private Trust Fund was formed for the purpose of holding the assets and liabilities of the former Community Redevelopment Agency. All assets and liabilities were transferred to the Successor Agency Private Purpose Trust Fund which is used to account for assets and liabilities held by the City for the former Community Redevelopment Agency. The Advances Due to the Authority described above are approved enforceable obligations in existence at the date of dissolution and will be repaid by the Successor Agency from future property tax revenues. The repayment amount cannot exceed one-half of the increase between the amount distributed to the taxing entities and the 2012-13 base year (or residuals). During FY 2022-23, the Authority received $250,000 from the Successor Agency during the Recognized Obligations Payment Schedule (ROPS) period of July-December 2023 or ROPS 22-23A.

(7) Capital Assets

Capital Assets of the Housing Authority for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and improvements	$ 11,962,311	$ -	$ -	$ 11,962,311
Total capital assets not being depreciated	11,962,311	-	-	11,962,311
Capital assets being depreciated:				
Buildings and structures	8,601,907	-	-	8,601,907
Improvements other than buildings	955,892	130,071	-	1,085,963
Infrastructure	16,331,912	-	-	16,331,912
Total capital assets being depreciated	25,889,711	130,071	-	26,019,782
Less: accumulated depreciation for:				
Buildings and Improvements	1,505,499	172,038	-	1,677,537
Improvements other than buildings	430,939	102,093	-	533,032
Infrastructure	9,603,634	542,205	-	10,145,839
Total accumulated depreciation	11,540,072	816,336	-	12,356,408
Total capital assets being depreciated, net	14,349,639	(686,265)	-	13,663,374
Governmental activities capital assets, net	$ 26,311,950	$ (686,265)	$ -	$ 25,625,685

For the year ended June 30, 2023, depreciation expense on capital assets was charged to the Community Development function in the amount of $816,336.

(8) Deposits and Prepaids

For the year ended June 30, 2023, deposits in the amount of $1,170 are reported on the governmental fund statements and government-wide statements and consist of $1,170 from contract services.

(9) Due to City

2018 Habitat for Heroes Development Loan

A Cooperative Agreement, dated as of September 3, 2014, was entered into by and between the City of Palmdale and the Housing Authority of the City of Palmdale. The City of Palmdale is the owner of certain real property located at the northeast corner of Division Street and Avenue R ("Property"). Habitat for Humanity of San Fernando/Santa Clarita, Inc., a California nonprofit public benefit corporation (the "Developer") proposes to develop on the Property 50 units of single-family housing to be sold at affordable cost to income qualified military veterans ("Project") with financial assistance from the Authority.

The Authority, the City, and Developer concurrently entered into a Memorandum of Understanding by which the Authority and Developer will negotiate an Affordable Housing Agreement, setting forth the terms and conditions by which the Authority will sell the Property to the Developer and carry back the purchase price. The Authority will take a promissory note from Developer for repayment to the Authority of the Project Fees. The City agrees to defer its collection of the Project Fees charged by the City in relation to the Project. The Project Fees include but not limited to park development fees, traffic impact fees, drainage fees, building permit fees, and engineering fees. The total amount of the Project Fees to be paid by the Authority will be determined by the City in accordance with the City's adopted fee schedules and customary processes.

To implement the Affordable Housing Agreement and facilitate the Project, the Authority agrees to pay the City the fair market value of the Property at $25,000 per acre ("Purchase Price"). The Authority agrees to pay the Purchase Price and the Project Fees to the City in ten equal installments at zero interest, commencing on a date that is one year after the closing of the Authority's sale of the Property to Developer. As a condition of the City's sale of Property to the Authority, the Authority executed a promissory note with the City, in a form approved by the City, setting forth the payment terms in this Agreement. The amount due will be in an original principal amount equal to the Purchase Price of the Property plus the final amount of the Project Fees determined by the City. During the Fiscal Year 2022-23, the City incurred costs in the amount of $12,509.

(10) Risk Management and Litigation Liability

The Authority is covered under the City of Palmdale's risk management program for general liability claims, automobile insurance and health plan.

(11) Unearned Revenue/Unavailable Revenues

Unearned Revenue - Governmental funds report unearned revenue on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of unearned revenue is also reported on the Statement of Net Position. At the end of the current fiscal year, the components of unearned revenue were as follows:

Housing Asset Fund: Lease Revenues Received in Advance	$ 3,880,000
Total Housing Authority Unearned Revenue	$ 3,880,000

Unavailable Revenue - Governmental funds also report deferred inflows of resources on the balance sheet in connection with resources that have been earned but are not yet available to finance expenditures of the current fiscal period. This type of deferred revenue is unique to governmental funds since it is tied to the modified accrual basis of accounting. Accordingly, these unavailable revenues are not reported on the Statement of Net Position. At the end of the current fiscal year, the components of unavailable revenues result from accrued interest revenue not received with the 60-day period were as follows:

Housing Asset Fund	$ 5,355,662

(12) Public Employee's Retirement System (PERS) Pension Plan

A. General Information about the Pension Plan

The Authority participates in the City of Palmdale's Miscellaneous pension plan by sharing the costs related to pensions with the City for eligible employees. All plan information described below pertains to the overall plan for the City.

Plan Description -All qualified permanent probationary employees are eligible to participate in the City of Palmdale's Miscellaneous Plan, an agent multiple employer defined benefit pension plan 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 at: http://www.calpers.ca.gov/index.jap?bc=/about/forms-pubs/calpers-reports/actuarial- reports/home.xml

Benefits Provided - CalPERS provides 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. Unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death benefit and the 1959 Survivor Benefit. The cost-of-living adjustments is 2 percent and applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan		
	On or Prior to April 10, 2011	Between April 11, 2011 and December 31, 2012	On or after January 1, 2013
Hire Date	2.7 Percent @ Age 55	2.0 Percent @ Age 60	2.0 Percent @ Age 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life

	Miscellaneous Plan		
Hire Date	On or Prior to April 10, 2011 2.7 Percent @ Age 55	Between April 11, 2011 and December 31, 2012 2.0 Percent @ Age 60	On or after January 1, 2013 2.0 Percent @ Age 62
Retirement age	Age 50 to 55	Age 50 to 63	Age 50 to 67
Monthly benefits, as a % of annual salary	2.0 to 2.7 percent	1.092 to 2.418 percent	1.0 to 2.5 percent
Required employee contribution rates	8.0 percent	7.0 percent	7.75 percent
Required employer contribution rates	11.06 percent	11.06 percent	11.06 percent

Contributions - Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2023, the Authority's proportionate share of the City's contribution to the Plan was $129,378.

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

As of June 30, 2023, the Authority reported a liability of $1,172,453 for its proportionate share of the City's net pension liability.

The net pension liability of the Plan was measured as of June 30, 2022 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The Authority's proportion of the City's net pension liability was based on the Authority's Fiscal Year 2022 actual contributions to the City's pension plan relative to the total contribution of the City as a whole.

At June 30, 2022, the Authority's proportion was 2.00% which is flat to its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Authority's recognized pension expense was $75,688. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 129,378	$ -
Change of assumptions	89,543	-
Difference between expected and actual experience	-	5,571
Net difference between projected and actual earnings on plan investments	150,900	-
Total	$ 369,821	$ 5,571

The amount of $129,378 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions to the City's plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2024	$ 62,030
2025	59,526
2026	17,600
2027	95,716
	$ 234,872

Actuarial Assumptions - The Authority's proportion of the City's total pension liability was derived from the June 30, 2021 valuation being rolled forward to determine the June 30, 2022 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Valuation Date	June 30, 2021
Actuarial Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation Rate	2.50%
Investment Rate of Return	7.00%
Projected Salary Increase Rate	3.2% - 12.2% (1)
Mortality	Society of Actuaries Scale BB (2)

(1) Depending on age, service and type of employment.
(2) The mortality table used was developed based on CalPERS' specific data.

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report.

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 6.90 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the pension 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 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 equivalent to the single equivalent rate calculated above and adjusted to the account for assumed

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocations	Real Return Years 1 Thru 10*	Real Return Years 11 and Thereafter+**
Global Equity	46.30%	4.80%	5.98%
Fixed Income	23.50%	1.00%	2.62%
Real Assets	17.10%	3.75%	4.93%
Private Equity	11.60%	6.30%	7.23%
Inflation Assets	1.50%	0.77%	1.81%
Total	100%		

* An Expected Inflation Rate of 2.30% was used for this period.
** An Expected Inflation Rate of 2.92% was used for this period.

Discount Rate - The discount rate used to measure the total pension liability was 6.90 percent, a decrease from 7.15 percent the prior year. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. 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 Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Sensitivity of the Authority's proportionate share of the City's Net Pension Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of the City of Palmdale's Miscellaneous Plan net pension liability as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the Authority's proportionate share of the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate.

	Discount Rate -1% 5.90	Current Discount Rate 6.90	Discount Rate +1% 7.90
Authority's proportionate share of the City's Net Pension Liability	$ 1,718,600	$ 1,172,453	$ 719,000

Pension Plan Fiduciary Net Position - Detailed information about the City's collective net pension liability is available in the City separate issued Annual Comprehensive Financial Report (ACFR) or in the separately issued CalPERS financial report which can be obtained from the CalPERS website. The City's ACFR may be obtained by contacting the City of Palmdale, Office of the Finance Manager, 38300 Sierra Highway, Suite D, Palmdale, California, 93550. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report which can be obtained from the CalPERS website.

(13) Long-Term Debt

A. Revenue Bonds

2015 Multifamily Housing Revenue Bonds Payable ($4,235,000) - On September 3, 2015, the Housing Authority of the City of Palmdale issued $4,235,000 of Multifamily Housing Revenue Bonds (2015 Bonds). The Authority did not apply for a rating on the bonds, and no such rating should be assumed based upon any other Authority or City rating that may be obtained. Interest on the 2015 Bonds is payable semi-annually on December 1 and June 1 at rates ranging from 2.625 percent to 5.25 percent per annum. Principal installments are payable June 1 of each year from 2017 to 2045.

The 2015 Bonds maturing on or after June 1, 2026, may be redeemed on or after June 1, 2025, from moneys deposited in the Redemption Fund from any source of available funds, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

The 2015 Bonds maturing on or after June 1, 2025, are subject to extraordinary mandatory redemption from proceeds derived from sale or part of any of the Housing Facilities not elected by the Authority to be deposited in the Repair & Replacement Fund and used for the acquisition and/or construction of improvements and extensions to the Housing Facilities, but instead transferred to the Redemption Fund, at a redemption price equal to the principal amount of Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium, on any date.

The 2015 Bonds maturing on any date, are subject to extraordinary mandatory redemption from insurance proceeds or condemnation proceeds not used for the purpose of repairing or replacing the property damaged, destroyed or taken, and transferred to the Redemption Fund pursuant to the Indenture or from proceeds of any foreclosure action under any of the Deeds of Trust transferred to the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

The proceeds of the 2015 Bonds were used to finance the acquisition of the Impressions, La Quinta, Park Vista, and Summerwood Apartments (collectively, the "Housing Facilities") all located within the City of Palmdale, to finance the costs to renovate portions of the Housing Facilities, pay costs related to the issuance of the bonds, and make a deposit to a Bond Reserve Account for the Bonds.

The 2015 Bonds are limited obligations of the Housing Authority of the City of Palmdale and are secured by a first pledge of all of the Net Revenues of the Housing Facilities and by the Trustee's interest in a Deed of Trust for each of the Housing Facilities. Net Revenues are derived primarily from rents received by the Authority from the operation of the Housing Facilities, less the costs of the operation and maintenance of the Housing Facilities. The 2015 Bonds are payable solely from the Net Revenues and other assets pledged under the Indenture. The 2015 Bonds do not constitute a debt or liability of the City, the State, or any political subdivision thereof, other than the Authority to the limited extent of the pledge.

Failure by the Authority to pay debt service on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the Authority's obligation to make such payments. The Trustee has no right to accelerate the total unpaid principal amount of the debt service on the Bonds by reason of the occurrence of an event of default under the Indenture. If there is a default under the Indenture, the primary remedy of the Trustee is to foreclose on the real and personal property security granted pursuant to the Deeds of Trust and related documents. All amounts collected upon foreclosure of the Housing Facilities pursuant to the Deeds of Trust, after payment of costs of foreclosure, will first be used to pay amounts owing under the Indenture, including the payment of the Bonds.

Year Ending	Principal	Interest	Total
2024	$ 100,000	$ 175,326	$ 275,326
2025	105,000	171,701	276,701
2026	110,000	167,895	277,895
2027	115,000	163,275	278,275
2028	115,000	158,445	273,445
2029-2033	675,000	713,285	1,388,285
2034-2038	835,000	548,043	1,383,043
2039-2043	1,070,000	310,275	1,380,275
2044-2045	515,000	40,950	555,950
Totals	$ 3,640,000	$ 2,449,195	$ 6,089,195

B. Changes in Long-Term Liabilities

Activity for the year ended June 30, 2023 were as follows:

	Balance at June 30,2022	Additions	Retirements	Balance at June 30,2023	Due Within One Year
Compensated Absences Payable	$ 77,949	$ 17,765	$ -	$ 95,714	$ 51,898
2015 Multifamily Housing Revenue Bonds	3,740,000	-	100,000	3,640,000	100,000
Total Long Term Liabilities	$ 3,817,949	$ 17,765	$ 100,000	$ 3,735,714	$ 151,898

(14) Contingencies

Obligations of the Successor Agency Private Purpose Trust Fund

The former Community Redevelopment Agency of the City of Palmdale was dissolved on January 31, 2012. Obligations to be paid out to the Successor Agency Private Purpose Trust Fund are included in the Required Obligation Payment Schedules (ROPS) which are subject to approval by the State Department of Finance. All obligations of the Successor Agency have been approved by the State Department of Finance, however, are still subject to audit by the County Auditor-Controller and the State Controller. Additionally, obligations on a future ROPS may be denied even if it was not questioned from a preceding ROPS.

(15) New Accounting Pronouncements

The following pronouncements were issued prior to June 30, 2022 and have effective dates that may impact future financial statement presentation. The effects of the statements are currently under review.

Governmental Accounting Standard No. 99

GASB Statement No. 99 – *Omnibus* 2022. The objectives of this Statement are to enhance comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

Governmental Accounting Standard No. 100

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

Governmental Accounting Standard No. 101

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

Required Supplementary Information

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Schedule of the Authority's Proportionate Share of the City's Net Pension Liability
Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Authority's proportion of the net pension liability	2.10 %	1.96 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %	2.00 %
Authority's proportionate share of the net pension liability	$ 728,131	$ 727,471	$ 824,554	$ 845,339	$ 864,469	$ 939,373	$ 1,030,590	$ 603,083	$ 1,172,453
Authority's Covered Payroll	$ 262,490	$ 260,428	$ 251,017	$ 264,742	$ 295,946	$ 300,612	$ 328,991	$ 384,616	$ 422,481
Authority's proportionate share of the net pension liability as apercentage of its covered payroll	277.39%	279.34%	328.48%	319.31%	292.10%	312.49%	313.26%	156.80%	277.52%
Plan fiduciary net postion as a percentage of the total pension liability	75.66%	75.86%	72.57%	74.09%	74.74%	74.00%	72.81%	84.67%	72.09%

* - Fiscal year 2015 was the first year of implementation, thus only eight years are presented.

Contribution Years	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contribution	$ 81,237	$ 83,721	$ 103,146	$ 70,190	$ 82,346	$ 95,420	$ 105,686	$ 118,715	$ 129,378
Contributions in relation to the contractually required contribution	(81,237)	(83,721)	(103,146)	(70,190)	(82,346)	(95,420)	(105,686)	(118,715)	(129,378)
Covered payroll	$ 260,428	$ 251,017	$ 264,742	$ 295,946	$ 300,612	$ 328,991	$ 351,345	$ 384,616	$ 422,481
Contributions as a percentage of covered payroll	31.19 %	- %	38.96 %	23.72 %	27.39 %	29.00 %	30.08 %	30.87 %	30.62 %

* - Fiscal year 2015 was the first year of implementation, thus only eight years are presented.

ANNUAL FINANCIAL REPORT

City of Palmdale, California

Palmdale Civic Authority

(A Component Unit of the City of Palmdale)

For the Fiscal Year Ended

June 30, 2023

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable Members of the Board of Directors
of the Palmdale Civic Authority
City of Palmdale, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Palmdale Civic Authority (Authority), a component unit of the City of Palmdale, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority 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 Authority'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 Authority'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 Authority'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

Assets:	
Cash and Investments	$ -
Interest Receivable	-
Total Assets	-
Liabilities	
Total Liabilities	-
Net Position:	
Unrestricted	-
Total Net Position	$ -

The accompanying notes are an integral part of these financial statements.

Non-Operating Revenues:	
Interest	$ 12,033
Net increase (decrease) in fair value of investments	(830)
Total Non-Operating Revenues	11,203
Transfers Out	1,062,648
Total Non-Operating Expenses	1,062,648
Change in Net Position	(1,051,445)
Net Position, Beginning of Year	1,051,445
Net Position, End of Year	$ -

The accompanying notes are an integral part of these financial statements.

Cash flows from investing activities:	
Interest on Investments	$ 12,347
Net cash provided by investing activities	12,347
Cash flows from non-capital financing activities:	
Transfers to other funds	(1,062,648)
Net cash used for non-capital financing activities	(1,062,648)
Net decreases in Cash and Investments	(1,050,301)
Cash and Investments - Beginning of Year	1,050,301
Cash and Investments - End of Year	$ -

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Palmdale, California

Year Ended June 30, 2023

Notes to the Financial Statements

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(1) Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The Palmdale Civic Authority of the City of Palmdale, California (Authority) was originally created under a joint powers agreement between the City of Palmdale (City) and the former Community Redevelopment Agency of the City of Palmdale (Agency) on May 1, 1976 for the purpose of financing public improvements in the City. The Authority is financially accountable to the City and, accordingly, is a component unit of the City although it is a separate legal entity. Assets of the Authority, after providing for all debts and obligations, are to be transferred to the City upon final payment of the loans.

The Authority is a component unit of the City of Palmdale, California (as defined by the Governmental Accounting Standards Board) and, as such, is included in the Annual Comprehensive Financial Report of the City. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Although a legally separate entity, it is reported on a blended basis as part of the primary government (the City) because a voting majority of the Authority's governing board is appointed by the City Council and they are, in substance part of the City's operations.

The following is a summary of the significant accounting policies of the Authority.

B. Financial Statement Presentation, Basis of Accounting and Measurement Focus

The Authority's basic financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles.

The Authority reports its activities as an enterprise fund. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period incurred regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by leasing activities while operating expenses pertain directly to the furnishing of those services. Non-operating revenues and expenses are those revenue and expenses generated that are not directly associated with the normal business of debt activities.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Annual Financial Statements are intended to reflect the financial position, results of operation and net position of the City of Palmdale Civic Authority. They do not present fairly the financial position and results of operations of the City of Palmdale, California, in conformity with accounting principles generally accepted in the United States of America.

C. Cash and Investments

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts in Federal Agency Securities, Certificates of Deposit, the Local Agency Investment Fund, money market funds, and investment agreements. There are no cash or investments reported as of June 30, 2023.

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

(1) Summary of Significant Accounting Policies

D. Net Position

Net position is classified in the following category:

Unrestricted – This component of net position consists of resources that are not restricted for use by the Authority.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Implemented Accounting Pronouncements

GASB Statement No. 91 – *Conduit Debt Obligations.* The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuer and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Authority has determined that this statement does not apply.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* The objective of the Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenue (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has determined that this statement does not apply.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has determined that this statement does not apply.

GASB Statement No. 99 – Omnibus 2022. The objective of this Statement is to enhance comparability in account and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement, and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The Authority has determined that this statement does not apply.

(2) Cash and Investments

Cash and investments of the Authority are pooled with funds of the City for deposit and investment purposes, except for funds required to be held by outside fiscal agents. Interest earned on pooled cash and investments is credited to the Authority based on the Authority's month-end cash balance. In addition, restricted cash and investments were held by fiscal agents in accordance with bond indenture agreements. As of June 30, 2023, the Authority had no cash and investments.

Detailed information concerning the City's pooled cash and investments can be found in the City's Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023.

(2) Cash and Investments

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

Investments of the Authority are pooled with funds of the City and therefore adhere to the City's Investment Policy. The table following identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements with the Authority, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer**
U.S. Treasury Obligation	5 years	None	None
U.S. Federal Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	2%
Municipal Obligations	5 years	10%	15%
Medium Term Corporate Notes	3 years	10%	None
Negotiable Certificates of Deposit	5 years	30%	15%
Overnight Bank Investment Pool	N/A	10%	None
Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	$ 75,000,000
California Asset Management Program (CAMP)	N/A	None	$ 75,000,000

*Excluding amounts held by bond trustees that are not subject to California Code Restrictions

**Per account

The City's investment policy also authorizes Demand Deposits of up to $2,000,000 (and $2,500,000 in the aggregate) with Bank of America or Wells Fargo Bank.

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Investment Policy of the City, Sections 4.1 and 4.2, provide guidelines for managing risk. 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.

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

D. Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no Investments in any one issuer that represent 5% or more of total Authority's investments.

(2) Cash and Investments

E. 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 Authority'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 Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Cash in City of Palmdale Investment Pool included City deposits with financial institutions in excess of federal depository insurance limits held in collateralized accounts, but not in the name of the City or the Authority. Detailed information concerning the City's pooled cash and investments can be found in the City's ACFR for the year ended June 30, 2023. The report can be obtained from the City's website at www.cityofpalmdale.org

(3) Dissolution

On September 26, 2012, the Palmdale Financing Authority of the City of Palmdale, California (PFA) was created under a joint powers agreement between the City of Palmdale (City) and the Housing Authority of the City of Palmdale (Agency) for the purpose of financing public improvements in the City going forward. As a result of the creation of the PFA and given that all of Palmdale Civic Authority's (PCA) obligations oustanding have been fully paid, the City dissolved the PCA as of June 30, 2023. The balance of $1,062,648 that remained in the bond reserve fund was transferred to the City for use on capital improvements.

ANNUAL FINANCIAL REPORT

City of Palmdale, California

Palmdale Financing Authority

(A Component Unit of the City of Palmdale)

For the Fiscal Year Ended

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT **1**

BASIC FINANCIAL STATEMENTS

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable Members of the Board of Directors
of the Palmdale Financing Authority
City of Palmdale, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Palmdale Financing Authority (Authority), a component unit of the City of Palmdale, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority 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 Authority'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 Authority'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 Authority'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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

Assets:		
Cash and Cash Equivalents	$	124
Interest receivable		247,541
Receivable - City of Palmdale:		
Current		2,890,246
Non-Current		24,544,140
Total Assets		27,682,051
Liabilities:		
Accrued interest payable		247,539
Non-current Liabilities:		
Due Within One Year		2,890,246
Due in more than one year		24,544,140
Total Liabilities		27,681,925
Net Position:		
Unrestricted		2
Restricted		124
Total Net Position	$	126

See Accompanying Notes to the Financial Statements

Non-Operating Revenues		
Interest Income from Receivable	$	6,475,147
Interest		632
Total Non-Operating Revenues		6,475,779
Non-Operating Expenses		
Principal		5,247,798
Interest		1,227,856
Total Non-Operating Expenses		6,475,654
Change in Net Position		125
Net Position, Beginning of Year		1
Net Position, End of Year	$	126

See Accompanying Notes to the Financial Statements

Cash flows from non-capital financing activities:	
Principal received from Receivable	2,623,899
Interest income from Receivable	1,042,443
Net cash used for non-capital financing activities	3,666,342
Cash flows from capital and related financing activities:	
Principal paid on Long-term Debt	(2,623,899)
Interest on Debt	(1,042,952)
Net cash used for capital and related financing activities	(3,666,851)
Cash flows from investing activities:	
Interest on Investments	632
Net cash used for investing activities	632
Net increases (decreases) in cash and cash equivalents	123
Cash and cash equivalents - Beginning of year	$ 1
Cash and cash equivalents - End of year	$ 124

See Accompanying Notes to the Financial Statements

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(1) Summary of Significant Accounting Policies

A. Description of the Reporting Entity

The Palmdale Financing Authority of the City of Palmdale, California (Authority) was originally created under a joint powers agreement between the City of Palmdale (City) and the Housing Authority of the City of Palmdale (Agency) on September 26, 2012 for the purpose of financing public improvements in the City. The Authority is financially accountable to the City and, accordingly, is a component unit of the City although it is a separate legal entity. Assets of the Authority, after providing for all debts and obligations, are to be transferred to the City upon final payment of the leases.

The Authority is a component unit of the City of Palmdale, California (as defined by the Governmental Accounting Standards Board) and, as such, is included in the Annual Comprehensive Financial Report (ACFR) of the City. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Although a legally separate entity, it is reported on a blended basis as part of the primary government (the City) because a voting majority of the Authority's governing board is appointed by the City Council and they are, in substance part of the City's operations.

B. Financial Statement Presentation, Basis of Accounting and Measurement Focus

The Authority's basic financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles.

The Authority reports its activities as an enterprise fund. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues and expenses are recognized in the period incurred regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by leasing activities while operating expenses pertain directly to the furnishing of those services. Non-operating revenues and expenses are those revenue and expenses generated that are not directly associated with the normal business of debt activities.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Annual Financial Statements are intended to reflect the financial position, results of operation and net position of the City of Palmdale Financing Authority. They do not present fairly the financial position and results of operations of the City of Palmdale, California, in conformity with accounting principles generally accepted in the United States of America.

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits and petty cash on hand. Investments include amounts in Federal Agency Securities, Certificates of Deposit, the Local Agency Investment Fund, money market funds, and investment agreements. The U.S. Treasury and Agency Securities were adjusted to fair value based on market prices on June 30, 2023. The Local Agency Investment Fund is reported at the carrying value because the fair value was not materially different. Amounts invested in money market funds and investment agreements are reported at fair value or guaranteed amounts per investment agreement, which is equal to cost as of June 30, 2023.

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

D. Long Term Obligations

In the Statement of Net Position, long-term debt is a liability. Bond premium/discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

E. Net Position

Net position is classified in the following categories:

(1) Summary of Significant Accounting Policies

E. Net Position

Unrestricted – This component of net position consists of resources that are available to the Authority.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Implemented Accounting Pronouncements

GASB Statement No. 91 – *Conduit Debt Obligations.* The objective of the Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The Authority has determined that this statement does not apply.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).* The objective of the Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenue (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has determined that this statement does not apply.

GASB Statement No. 96 – Subscription Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June 15, 2022. The Authority has determined that this statement does not apply.

GASB Statement No. 99 – Omnibus 2022. The objective of this Statement is to enhance comparability in account and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement, and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenue by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The Authority has determined that this statement does not apply.

(2) Cash and Investments

A. Cash and Investments

Cash and investments of the Authority are pooled with funds of the City for deposit and investment purposes, except for funds required to be held by outside fiscal agents. Interest earned on pooled cash and investments is credited to the Authority based on the Authority's month-end cash balance. In addition, restricted cash and investments were held by fiscal agents in accordance with bond indenture agreements.

(2) Cash and Investments

A. Cash and Investments

Cash and investments as of June 30, 2023 consist of the following:

Investments:	
Held by Bond Trustees	$ 124
Total Cash and Investments	$ 124

Restricted cash and investments were held by a fiscal agent in accordance with the bond indenture agreement.

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt rather than the general provisions of the California Government Code. Revenue Bond indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, more sensitive it is to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Remaining Maturity (in months)	Total	12 Months or Less
Investment Type:		
Held by bond trustees:		
Money market funds	$ 124	$ 124
Total	$ 124	$ 124

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the debt agreement, and the actual rating as of year- end for each investment type:

Investment Type	Total	Minimum Legal Rating	AAA/Aaa
Held by bond trustee:			
Money market funds	$ 124	A	$ 124
Total	$ 124		$ 124

E. Custodial Credit Risk

(2) Cash and Investments

E. Custodial Credit Risk

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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

F. Disclosures Relating to Fair Value of Investments

The Authority categorized its fair value measurements 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

When quoted prices in active markets are available, investments are classified within Level 1. For investments classified within Level 2, the Authority's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, broker-dealer quotes and matrix pricing. The Authority does not have any investments classified with Level 3. Money market investments are carried at amortized cost. The Authority does not have any investments classified with Level 1, 2 or 3.

Detailed information concerning the fair value measurement of the Authority's pooled cash and investments can be found in the City's ACFR for the year ended June 30, 2023. The report can be obtained from the City's website at www.cityofpalmdale.org.

(3) Long-Term Receivables

A. Contract Receivable

The Authority and the City of Palmdale have entered into agreements that obligate the City to make payments to the Authority in consideration of the City's use and enjoyment of certain property and improvements. Title in such property and improvements, transfers to the City by the end of the contract. Accordingly, the Palmdale Financing Authority has accounted for these transactions as financed purchases. The payment schedules and detailed descriptions of the facilities subject to the contracts are included in Note 4 A – Lease Revenue Bonds. Contract receivable activity for the year ended June 30, 2023, was as follows:

	Balance at July 1,2022	Additions	Payments	Balance at June 30,2023	Amount Due Within One Year
Contract Receivable Related to:					
2012 Lease Revenue Bonds	$ 4,970,000	$ -	$ 590,000	$ 4,380,000	$ 610,000
2017 Lease Revenue Bonds:	12,055,000	-	1,330,000	10,725,000	1,465,000
Plus: Deferred Inssuance Premium $17.4M	323,804	-	117,970	205,834	81,700
2021 Lease Revenue Bonds (private placement)	12,827,451	-	703,899	12,123,552	733,546
Total Contract Receivables	$ 30,176,255	$ -	$ 2,741,869	$ 27,434,386	$ 2,890,246

As of June 30, 2023, future payments for 2012 Lease Revenue Bonds are as follows:

Fiscal Year Ended	2012 Contract Receivable		
	Principal	Interest	Total
2024	610,000	129,985	739,985
2025	625,000	111,460	736,460
2026	645,000	92,007	737,007
2027	665,000	71,289	736,289
2028	690,000	49,436	739,436

(3) Long-Term Receivables

A. Contract Receivable

Fiscal Year Ended	2012 Contract Receivable		
	Principal	Interest	Total
2029-2030	1,145,000	38,856	1,183,856
	$ 4,380,000	$ 493,033	$ 4,873,033

As of June 30, 2023, future payments for 2017 Lease Revenue Bonds are as follows:

Fiscal Year Ended	2017 Lease Receivable		
	Principal	Interest	Total
2024	1,465,000	414,163	1,879,163
2025	705,000	359,913	1,064,913
2026	750,000	323,538	1,073,538
2027	810,000	284,538	1,094,538
2028	920,000	241,288	1,161,288
2029-2033	6,075,000	562,606	6,637,606
	$ 10,725,000	$ 2,186,046	$ 12,911,046

As of June 30, 2023, future payments for 2021 Certificates of Participation are as follows:

Year Ended	Principal	Interest	Total
2024	733,546	476,456	1,210,002
2025	762,314	447,627	1,209,941
2026	790,168	417,668	1,207,836
2027	821,121	386,615	1,207,736
2028	855,041	354,345	1,209,386
2029-2033	4,803,098	1,240,847	6,043,945
2034-2036	3,358,264	267,284	3,625,548
Totals	$ 12,123,552	$ 3,590,842	$ 15,714,394

(4) Long-Term Debt

A. Lease Revenue Bonds

2012 Lease Revenue Bond Payable ($8,695,000) - On December 19, 2012, the Authority issued $8,695,000 of Lease Refunding Revenue Bonds (2012 Bonds). Interest on the 2012 Bonds is payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 4.00% per annum. Principal installments are payable September 1 of each year from 2015 to 2029. As of June 30, 2023, a total principal of $4,380,000 was outstanding.

The 2012 Bonds maturing on or after September 1, 2015, are subject to extraordinary mandatory redemption from net proceeds of an insurance, title insurance, condemnation or eminent domain award on any interest payment date, in the amount of principal and accrued interest, to the extent that the City credits these proceeds towards the prepayment of contract payments. The 2012 Bonds maturing on or after September 1, 2023, may be redeemed on or after September 1, 2022, from proceeds of

(4) Long-Term Debt

A. Lease Revenue Bonds

optional prepayments made by the City, without premium.

The proceeds of the 2012 Bonds were used to refinance an existing contract and refund the related certificates of participation, to satisfy the reserve requirement of the bonds, and pay the costs incurred in connection with the issuance of the bonds.

The agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2012 Bonds as they become due. Title to the land and facilities covered by the contract and the 2012 Bonds is vested in the Authority, for the benefit of the 2012 Bond holders, during the contract term.

Upon completion of the term and payment in full to the 2012 Bond holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining payments, at which time the agreement shall cease and terminate and title to the property shall vest in the City.

If the City defaults in performance of its obligations under the Agreement it shall be lawful for the Trustee, as assignee of the Authority, to exercise any and all remedies available pursuant to law or granted pursuant to the Agreement; provided, however, that notwithstanding anything to the contrary in the Agreement or in the Indenture, there shall be no right under any circumstances to accelerate the Payments or otherwise declare any Payments not then in default to be immediately due and payable or to terminate the Agreement or to cause the fee interest or the leasehold interest of the City in the Property to be sold, assigned or otherwise alienated. The City has consented to the Authority's repossession of the Property if an Event of Default shall occur and consented to the Authority's re-letting of the Property for the account of the City. Notwithstanding any re-entry by the Authority, the City shall continue to remain liable for the Payments and /or damages for breach of the Agreement and the performance of all conditions contained in the Agreement. The City shall remain liable for all the Payments and shall reimburse the Authority for any deficiency arising out of the re-leasing of the Property, or, in the event the Authority is unable to re-lease the Property, then for the full amount of all Payments to the end of the Term of the Agreement, but said Payments and /or deficiency shall be payable only at the same time and in the same manner as provided for the payment of Payments, notwithstanding such entry or re-entry by the Authority or any suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Authority.

Year Ending	Principal	Interest	Total
2024	610,000	129,985	739,985
2025	625,000	111,460	736,460
2026	645,000	92,007	737,007
2027	665,000	71,289	736,289
2028	690,000	49,436	739,436
2029-2030	1,145,000	38,856	1,183,856
Totals	$ 4,380,000	$ 493,033	$ 4,873,033

2017 Lease Revenue Bonds Payable ($17,475,000) - On April 5, 2017, the Palmdale Financing Authority issued $17,475,000 of Lease Revenue Refunding Bonds, Series 2017. Interest on the 2017 Series Bonds is payable semi-annually on November 1 and May 1 at rates ranging from 2.00% to 3.50% per annum. Principal installments are payable November 1 of each year to 2032. As of June 30, 2023, a total principal of $10,725,000 was outstanding.

The 2017 Series Bonds maturing on or after November 1, 2028, may be redeemed on or after November 1, 2027, from any available source of funds, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium. The 2017 Series Bonds are subject to special mandatory redemption as a whole, or in part on any date, from hazard insurance proceeds or condemnation proceeds not used to repair or replace any portion of the Property damaged or destroyed and elected by the Authority, at the discretion of the City, to

(4) Long-Term Debt

A. Lease Revenue Bonds

be used for such purpose, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

The proceeds of the 2017 Series Bonds were $18,894,256 ($17,475,000 principal and $1,419,256 premium), of which $18,505,222 (after a payment of $383,662 cost of issuance and debt service funds of $5,372) were contributed to Palmdale Civic Authority to advance refund all ($12,825,000) of the outstanding 2002 Certificates and all ($6,595,000) of the outstanding 2004 Certificates. Concurrently, the proceeds of the 2017 Bonds were used by the City to fully pay the outstanding lease receivable for the Palmdale Civic Authority's 2002 Certificate of Participation and 2004 Certificate of Participation.

The Bonds are payable from the revenues pledged under the Indenture, consisting primarily of payments to be made by the City of Palmdale to the Palmdale Financing Authority as rental for certain properties pursuant to a Agreement. The 2017 Bonds represent direct, undivided fractional interests in a contract of the Palmdale City Hall, Palmdale Main Library, Larry Chimbole Cultural Center, Domenic Massari Park, and Desert Sands Park. The City has the right, subject to certain conditions, to substitute alternate property for the above properties, as the property subject to the contract.

The agreement requires the City to pay a semi-annual base rental to the Authority on October 25 and April 25 for the use of the facilities through November 2032. The rentals will be used by the Authority to pay principal and interest with respect to the 2017 Bonds as they become due. Title to the land and facilities covered by the contract and the 2017 Bonds is vested in the Authority, for the benefit of the 2017 Bond holders, during the contract term.

Upon completion of the term of the contract and payment in full to the 2017 Bond holders, title to the property shall vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining payments, at which time the agreement shall cease and terminate and title to the property shall vest in the City.

Should the City default under the Agreement, the Trustee, as assignee of the Authority, may terminate the Agreement and release the Property or may retain the Agreement and hold the City liable for all Payments thereunder on an annual basis. Under no circumstances will the Trustee have the right to accelerate Payments.

Year Ending	Principal	Interest	Total
2024	1,465,000	414,163	1,879,163
2025	705,000	359,913	1,064,913
2026	750,000	323,538	1,073,538
2027	810,000	284,538	1,094,538
2028	920,000	241,288	1,161,288
2029-2033	6,075,000	562,606	6,637,606
Totals	$ 10,725,000	$ 2,186,046	$ 12,911,046

2021 Certificates of Participation Payable ($13,584,908) - On May 27, 2021, the City issued the Refunding of the 2007 Certificates with a private placement loan with Western Alliance Bank, in the amount of $13,584,908 with annual interest rate of 3.93 percent. The Refunding loan and other available funds in the trust accounts were used to refund the outstanding principal of the 2007 Certificates carried on Palmdale Civic Authority's books. As a result of the refunding, the City entered into a new Site Contract Agreement with Palmdale Financing Authority and terminated its existing agreement with Palmdale Civic Authority. As of June 30, 2023, a total principal of $12,123,552 was outstanding. The agreement requires the City to pay a semi-annual base rental on August 15 and February 15 to the Authority for the use of the facilities through September 2029. The rentals will be used by the Authority to pay principal and interest with respect to the 2021 Bonds as they become due. Title to the land and facilities covered by the contract and the 2021 Bonds is vested in the Authority, for the benefit of the 2021 Bond holders, during the contract term.

Upon completion of the term of the contract and payment in full to the lender, Western Alliance Bank, title to the property shall

(4) Long-Term Debt

A. Lease Revenue Bonds

vest in the City. The City may, on any date, deposit sufficient funds into an irrevocable trust to pay all remaining payments on or after April 1, 2023 (option 1) or on or after April 1, 2029 (option 2), at which time the agreement shall cease and terminate and title to the property shall vest in the City.

In event of default under the lease, there is no available remedy of acceleration of the total lease payments due under the terms of the agreement. The City will only be liable for payments on an annual basis as they come due and the Lender would be required to seek separate judgements for the annual payments that may include foreclosure of the property.

Year Ending	Principal	Interest	Total
2024	733,546	476,456	1,210,002
2025	762,314	447,627	1,209,941
2026	790,168	417,668	1,207,836
2027	821,121	386,615	1,207,736
2028	855,041	354,345	1,209,386
2029-2033	4,803,098	1,240,847	6,043,945
2034-2036	3,358,264	267,284	3,625,548
Totals	$ 12,123,552	$ 3,590,842	$ 15,714,394

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance at July 1,2022	Additions	Payments	Balance at June 30,2023	AmountsDue Within One Year
2012 Lease Revenue Bonds	$ 4,970,000	$ -	$ 590,000	$ 4,380,000	$ 610,000
2017 Lease Revenue Bonds	12,055,000	-	1,330,000	10,725,000	1,465,000
2021 Lease Revenue Bonds (private placement)	12,827,451	-	703,899	12,123,552	733,546
Plus: Deferred Inssuance Premium	323,804	-	117,970	205,834	81,700
Total	$ 30,176,255	$ -	$ 2,741,869	$ 27,434,386	$ 2,890,246

(5) Accounting Pronouncements

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The Authority has not determined the effect of the following Statements:

Governmental Accounting Standard No. 99

GASB Statement No. 99 – *Omnibus* 2022. The objectives of this Statement are to enhance comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

Governmental Accounting Standard No. 100

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable,

(5) Accounting Pronouncements

relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

Governmental Accounting Standard No. 101

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority has not determined the effect on the financial statements.

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PALMDALE COMMUNITY FOUNDATION
(A California Non-Profit Corporation)

FINANCIAL STATEMENTS
With
INDEPENDENT AUDITOR'S REPORT THEREON

FOR THE YEAR ENDING
JUNE 30, 2023

INDEPENDENT AUDITOR'S REPORT **3**

FINANCIAL STATEMENTS

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Palmdale Community Foundation
City of Palmdale, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of the Palmdale Community Foundation (a California nonprofit organization), a component unit of the City of Palmdale, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Foundation'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 and the general fund of the Palmdale Community Foundation, as of June 30, 2023, and the respective changes in financial position 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 (*Government Auditing Standards*). 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 Palmdale Community Foundation 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 Palmdale Community Foundation'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 Palmdale Community Foundation'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 Palmdale Community Foundation'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 budgetary comparison information as listed in the table 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the Palmdale Community Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Palmdale Community Foundation'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 Palmdale Community Foundation's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

	General Fund	Statement of Net Position
Assets		
Cash	$ 240,159	$ 240,159
Total assets	240,159	240,159
Liabilities		
Due to City	3,673	3,673
Total liabilities	3,673	3,673
Fund Balances		
Restricted	240,159	-
Unassigned	(3,673)	-
Total fund balances	236,486	-
Total liabilities and fund balance	$ 240,159	
Net Position:		
Restricted		240,159
Unrestricted (Deficit)		(3,673)
Total Net Position		$ 236,486

The accompanying notes are an integral part of these financial statements

	General Fund	Statement of Activities
Revenues:		
Other revenue	$ 143,143	$ 143,143
Total revenues	143,143	143,143
Expenditures/Expenses:		
Current:		
Health and welfare	162,798	162,798
Total expenditures/expenses	162,798	162,798
Change in Fund Balance/Net Position	(19,655)	(19,655)
Fund Balance/Net Position, Beginning of Year	256,141	256,141
Fund Balance/Net Position, End of Year	$ 236,486	$ 236,486

The accompanying notes are an integral part of these financial statements

Note 1 - ORGANIZATION

The Palmdale Community Foundation (the "Foundation"), a non-profit organization, is organized under the California Nonprofit Public Benefit Corporation Law for public purposes.

The specific purpose of the Foundation is to receive contributions and donations from the public and to use such contributions and donations to support charitable, literary, and educational activities authorized by Section 501 (c) (3) of the Internal Revenue Code, including the support of programs, projects, and activities sponsored by the City of Palmdale.

Persons appointed to the Foundation's Board of Directors must include the City Attorney of the City of Palmdale, the Finance Director of the City of Palmdale, and the Assistant to the City Manager of the City of Palmdale. If the number of authorized directors exceeds three (3), the additional Directors must be persons who are affiliated with public or private agencies that provide services to the public in the City of Palmdale.

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as they are applicable to governmental units. Since the Foundation was established by the City of Palmdale, to support or carry out public services, the Foundation, as a public corporation, is considered a governmental entity for financial statement reporting purposes. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Foundation is a component unit of the City of Palmdale, California (as defined by the Governmental Accounting Standards Board) and, as such, is included in the Annual Comprehensive Financial Report of the City.

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of net position and the statement of activities include all of the financial activities of the Foundation. All of the Foundation's activities are considered governmental in nature; therefore, the Foundation does not report any business-type activities. Governmental activities are typically supported by intergovernmental revenues and other nonexchange transactions.

The statement of activities demonstrates the degree to which the direct expenses of the Foundation are offset by general revenues. The accounting used for the Foundation is the full accrual accounting method at the entity-wide level on the statements. This method of accounting is similar to private sector companies in that all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The Foundation accounts for all of its operating activities in its General Fund.

When both restricted and unrestricted net position is available, unrestricted resources are used only after restricted resources have been depleted.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost and consist of unrestricted demand deposits as of June 30, 2023. Investments include amounts in money market funds. Amounts invested in money market funds are reported at fair value or guaranteed amounts per investment agreement, which is equal to cost as of June 30, 2023

The Foundation categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fund Balance

In the Fund Financial Statements, governmental funds may classify fund balances into five components whereby each component identifies the extent to which the Foundation is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The five components of the fund balance are as follows:

Nonspendable: Resources that 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets

Note 2 - SIGNIFICANT ACCOUNTING POLICIES

Fund Balance

held for resale, or 2) required to be maintained intact such as an endowment.

Restricted: Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Amounts received by the Foundation are donor restricted if they are received with donor stipulations that limit the use of the donated asset.

Committed: Revenues that are constrained to specific purposes by a formal action of the Foundation's Board, which constitutes the most binding constraint such as an ordinance. The constraint remains binding unless removed in the same formal manner by the Foundation's Board. The Foundation's Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.

Assigned: Resources that are constrained by the Foundation's intent to be used for specific purposes, but that neither restricted nor committed. This policy delegates to the Finance Manager the authority to assign unrestricted fund balance amounts where the Foundation's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

Unassigned: Within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories.

Net Position

Net position is classified in the following categories:

Restricted: This component of net position consists of resources (net assets) that are not available to the Foundation and are subject to externally enforceable legal restrictions (imposed by laws, regulations or external creditors and/or donors). Net assets consist of amounts received by the Foundation and are donor restricted if they are received with donor stipulations that limit the use of the donated asset.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Foundation's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the Foundation's policy is to first apply committed fund balance, then assigned fund balances, and finally unassigned fund balance.

Income Taxes

The Foundation is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as provided in Section 170(b) (A) (vi). It is also exempt from State Franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2017 and forward may be audited by regulatory agencies; however, the Foundation is not aware of any such actions at this time. The Foundation annually files forms 990, 199 and RRF-1 with the appropriate agencies.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned. The Foundation's cash balance of $240,159 as of June 30, 2023 represents amounts held with third-party depository financial institutions and cash on hand. As of June 30, 2023, the bank balance was $241,222, all of which was insured by the Federal Deposit Insurance Corporation (FDIC), up to $250,000.

Note 4 - RELATED PARTY TRANSACTIONS

The Foundation reimburses the City of Palmdale for the cost of providing the Foundation with various services, including accounting,

Note 4 - RELATED PARTY TRANSACTIONS

administration, insurance and other services. Additionally, the Foundation provides various services to the community on behalf of the City of Palmdale. Amounts due to the City of Palmdale as of June 30, 2023 was $3,673.

Note 5 - RESTRICTED FUND BALANCE

Amounts received by the Foundation are donor restricted if they are received with donor stipulations that limit the use of the donated asset. At June 30, 2023, the Foundation had an unassigned fund balance of $(3,673) with donor restrictions in the amount of $240,159 and held for the following programs and purposes:

Community Supported Programs	Total Restricted Fund Balance
Arts & Cultural Programs	$ 565
Best of the West Snack Bar	100
Community Gardens	152
Community Outreach	755
Community Programs	8,583
Emancipated Youth Program	13,386
Gabriel's House	20,458
Legacy Senior Center Programs	89
Library	2,983
Neighborhood Service Programs	10,611
Parks & Recreation	11,063
Pelona Vista Fitness Court	566
Playhouse	3,910
R. Lee Ermey Memorial Avenue	1,247
SAVES Programs	87,726
Vietnam Memorial Wall	4,629
Warnack Foundation Programs	73,336
Undesignated	(3,673)
Total restricted fund balance by program	**$ 236,486**

Note 6 - RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The Foundation participates in the City of Palmdale's commercial insurance programs, who obtains the appropriate insurance coverage needed by the Foundation from insurance companies. In the past three years, there have not been any settled claims which have exceeded insurance coverage.

Required Supplementary Information

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Other Revenue	$ 60,700	$ 32,160	$ 143,143	$ 110,983
Total revenues	60,700	32,160	143,143	110,983
Expenditures:				
Current:				
Health and welfare	189,230	51,110	162,798	(111,688)
Total expenditures	189,230	51,110	162,798	(111,688)
Excess (deficiency) of revenues over (under) expenditures	(128,530)	(18,950)	(19,655)	(705)
Net Change in Fund Balances	(128,530)	(18,950)	(19,655)	(705)
Fund Balance - Beginning of Year	256,141	256,141	256,141	-
Fund Balance - End of Year	$ 127,611	$ 237,191	$ 236,486	$ (705)

PALMDALE COMMUNITY FOUNDATION
(A California Non-Profit Corporation)

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2023

Budgetary Information

The Foundation's budget is prepared and adopted on a modified accrual basis, where all expenditures are accounted for when liabilities are incurred. The budgetary level of control is at the fund level.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
of the Palmdale Community Foundation
City of Palmdale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Palmdale Community Foundation (a California nonprofit organization), a component unit of the City of Palmdale, California (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Palmdale Community Foundation's basic financial statements and have issued our report thereon dated January 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control as it relates to the Palmdale Community Foundation.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Palmdale Community Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 29, 2024

Joint Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**
HONORABLE CHAIR AND COMMISSIONERS
HONORABLE CHAIR AND MEMBERS
HONORABLE CHAIR AND DIRECTORS

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **REVIEW AND APPROVE FY 2023-24 MID-YEAR BUDGET ADJUSTMENTS**

RECOMMENDATION

Staff recommends that the City Council:

1. Review and approve the FY 2023-24 mid-year budget adjustments.

BACKGROUND

Each year, the City is required to adopt a balanced budget for its operations. The budget serves as the City's financial plan for the fiscal year beginning July 1 through June 30. It defines the City's priorities for the provision of services to the community.

On June 21, 2023, the City Council approved the FY 2023-24 Annual Operating and Maintenance Budget and Capital Improvement Program. Since budget adoption, financial and operational needs not accommodated by the current budget have been identified and need to be incorporated into the FY 2023-24 budget. This is necessary to better to reflect program costs for the benefit of the community.

Carryforwards of encumbrances and unspent funds are also included from the previous fiscal year. Encumbrances are funds that are assigned to a Purchase Order, and completion of the purchase or services have not been completed in the current fiscal year; therefore, they need to be carried forward for use in the next fiscal year. Unspent budget funds are carried forward by approval of the City Manager when projects or purchases are delayed for reasons beyond the City's control.

DISCUSSION

The Citywide FY 2023-24 Annual Operating, Maintenance and Capital Budget is:

	FY 2023-24 Adopted	FY 2023-24 Adjusted	Difference
Beginning Fund Balance	**$ 394,975,472**	**$ 394,975,472**	
Revenues/Transfers In	514,998,020	539,656,400	24,658,380
Expenditures/Transfers Out	605,966,200	617,704,110	11,732,910
Projected Ending Fund Balance (Before Reserves)	**$ 304,007,292**	**$ 316,927,762**	

The table above represents all funds, which include reimbursable grants for restricted purposes.

Revenues are projected to increase by $24.6 million due primarily to:

- $9.6 million in American Rescue Plan Act funds to be recognized as revenue in accordance with revenue recognition principles. Grant funds are recognized as revenue in the period they are spent.
- $7.0 million in insurance proceeds received in FY 2023-24.
- $2.6 million increase in anticipated revenues generated by Energy for Palmdale's Independent Choice (EPIC), following the residential launch in October 2022 and the commercial launch in March 2023.
- $2.0 million in Measure A LA County Grant funds.
- $1.2 million increase in vehicle license fees.
- $1.4 million increase in franchise fees for Gas, Electric, and Waste Haulers.
- $1.6 million increase in property taxes due to higher valuations.
- $252 thousand in State Grants for Tobacco Enforcement efforts.
- $2.5 million in proceeds from the sale of Successor Agency property.

Revenue increases are offset by a decrease in sales tax of $839,000. This is the result of a one-time allocation error in the County pool, combined with ongoing impacts stemming from reduced sales in response to the current state of the economy. The City,

in conjunction with sales tax consultants at HdL Companies, continues to monitor economic trends in relation to projected sales tax revenues.

Expenditures are projected to increase by $11.7 million primarily due to:

- $8 million increase in Operating expenditures primarily due to:
    - $8.0 million in legal settlements.
- $2.6 million increase in Contract Services primarily for:
    - $2.6 million in power procurement costs for EPIC, due to rising energy costs.
- ($2.8) million decreases in Capital Improvement projects. Details for Capital Projects will be provided in the CIP section of this report.

Sufficient fund balance remains to maintain the City in a favorable financial position.

General Fund

The FY 2023-24 Annual Operating and Maintenance Budget for the General Fund is:

	FY 2023-24 Adopted	FY 2023-24 Adjusted	Difference
Beginning Fund Balance	$ 92,576,350	$ 92,576,350	
Revenues/Transfers In	101,829,150	112,124,560	10,295,410
Expenditures/Transfers Out	104,963,930	114,816,990	9,853,060
Projected Ending Fund Balance (Before Reserves)	**$ 89,441,570**	**$ 89,883,920**	

Revenues for the General Fund are projected to increase by $10.2 million primarily due to:

- $7.0 million in insurance proceeds received in FY 2024.
- $1.2 million increase in vehicle license fees.
- $1.1 million increase in property taxes due to higher valuations.

Expenditures are projected to increase by $9.8 million primarily due to:

- $8.0 million in legal settlements.
- $1.5 million in contributions to the Multi-Agency Regional Resiliency Center.

Measure AV

The FY 2023-24 Annual Budget for Measure AV is:

	FY 2023-24 Adopted	FY 2023-24 Adjusted	Difference
Beginning Fund Balance	**$ 24,565,678**	**$ 24,565,678**	
Revenues/Transfers In	22,923,000	22,307,000	(616,000)
Expenditures/Transfers Out	43,517,020	42,102,790	(1,414,230)
Projected Ending Fund Balance (Before Reserves)	**$ 3,971,658**	**$ 4,769,888**	

Revenues are projected to decrease by $616,000 as the result of a one-time allocation error in the county pool, combined with the ongoing impacts stemming from reduced sales in response to the current state of the economy. The City, in conjunction with sales tax consultants at HdL Companies, continues to monitor economic trends in relation to projected sales tax revenues.

Expenditures for Measure AV are projected to decrease by $1,414,230 primarily due to:

- Decreases of $1,396,230 in Beautification/Infrastructure/Capital Improvement Program (CIP), made up of:
    - ($250,000) Ecological Preservation Study.
    - ($301,000) McAdam Park Battery Storage.
    - ($705,890) Marie Kerr Park Swim Deck.
    - ($262,000) General Park Improvements.
    - ($300,000) Street Sweeping/Signage/Enforcement.
    - ($27,340) Reduction for other completed projects.
    - $250,000 Facility Improvements at Aero Institute.

- $200,000 Chimbole Cultural Center remediation and design.

- ($18,000) in Community Programs
  - ($25,000) Program costs for the Fentanyl campaign will be shifted to other funding sources.

- $7,000 Senior Center operational costs.

The Measure AV proposed mid-year adjustments have gone before the Measure AV Oversight Committee on January 31, 2024. The committee has provided a general consensus that the proposed adjustments are an appropriate use of Measure AV funds.

Special Revenue/Other Funds

Special Revenue and other funds consist of transportation funds, grants, and other forms of restricted funding. Use of the money in certain funds is governed by memorandums of understanding, contracts, or law. Required audits are conducted each year to ensure compliance with the granting agency.

FY 2023-24 Annual Budget for Special Revenue/Other funds is:

	FY 2023-24 Adopted	FY 2023-24 Adjusted	Difference
Beginning Fund Balance	**$ 302,399,122**	**$ 302,399,122**	
Revenues/Transfers In	377,224,330	382,605,090	5,380,760
Expenditures/Transfers Out	435,165,500	438,464,580	3,299,080
Projected Ending Fund Balance (Before Reserves)	**$ 244,457,952**	**$ 246,539,632**	

Revenues are projected to increase by $5.4 million primarily due to:

- $2.6 million increase in anticipated revenues generated by Energy for Palmdale's Independent Choice (EPIC), following the residential launch in October 2022 and the commercial launch in March 2023.

- $2 million increase in Measure A LA County Grant funds.

- $469 thousand in Federal HSIP Grant funds.

- $252 thousand in State Grants for Tobacco Enforcement efforts.

Expenditures are projected to increase by $3.3 million primarily due to:

- $2.6 million in power procurement costs for EPIC, due to rising energy costs.
- $952 thousand in forgiveness of debt relating to the Handy Worker Grant.

Transportation Funds

One of the largest sources of revenue used by the City to pay for the maintenance, repair, and improvement of streets and facilities is transportation funding. These are sales tax revenues collected by the State or County and allocated to the City based on the percentage of the population. The table below shows the FY 2023-24 Transportation fund expenditure budgets.

Transportation Funds	FY 2023-24 Adopted	FY 2023-24 Adjusted	Amount Change	% Chg
GAS TAX FUND	$ 14,837,650	$ 12,356,500	$ (2,481,150)	-16.7%
PROP A FUND	7,614,130	7,790,970	176,840	2.3%
PROP C FUND	15,178,050	15,178,050	0	0.0%
LOCAL TRANSP FUND ART 3	156,000	220,000	64,000	41.0%
LOCAL TRANSP FUND ART 8	11,725,830	14,266,980	2,541,150	21.7%
MEASURE R FUND	91,317,570	91,317,570	0	0%
MEASURE M FUND	12,717,000	12,717,000	0	0%
Grand Total	**$ 153,546,230**	**$ 153,847,070**	**$ 300,840**	**0.2%**

The City uses these funds specifically to fund street repair maintenance and improvement activities such as traffic engineering, geographical information system software and staffing, bus stop and transportation center maintenance, and public works staffing. Depending on the source of funding, balances may build up in order to complete a large project.

American Rescue Plan Act (ARPA) Funds

The City of Palmdale's allocation from American Rescue Plan Act funds is $35.4 million.

In June 2023, the City Council adopted a budget for the use of ARPA funds. It is proposed to reallocate funds from several projects to fund the tenant improvements of the new SAVES building.

- ($325) thousand decrease in Hammack Center demolition costs.

- ($300) thousand decrease for dump station/illegal dumping projects.
- ($80) thousand decrease for HVAC replacement at existing SAVES building.
- $705 thousand increase for SAVES relocation and tenant improvements.

Capital Improvement Program

The following adjustments to Capital Projects are being proposed:

Project Description	Adopted Budget	Adjustment	Proposed Total
ADA COMPLIANCE	643,870	(27,630)	616,240
AVE R 45TH ST E TRAFFIC SIGNAL	706,760	(100,000)	606,760
AVE S LMD LANDSCAPE ENHANCEMNT	178,080	(178,080)	-
AVENUE R ITS SIGNAL SYNC	3,569,600	(100,000)	3,469,600
AVTA BUS STOPS	-	100,000	100,000
BATTERY STORAGE MCADAM	2,656,150	(301,000)	2,355,150
CHIMBOLE EMERGENCY CLEANUP	117,770	200,000	317,770
CITY FACILITIES	171,180	120,470	291,650
DOMENIC MASSARI BIKE LANE	243,410	(178,690)	64,720
DRY TOWN WP-REFURBISHMENT	346,290	38,710	385,000
ECOLOGICAL PRESERVATION STUDY	250,000	(250,000)	-
FIRE SUPRESSION RETROFITTING	34,470	(24,470)	10,000
HAMMACK CNT DEMO	734,950	(325,000)	409,950
HSIP ROUNDABOUT @ S-8 & 40TH E	2,175,960	469,580	2,645,540
MAV CITY FACILITIES	200,000	250,000	450,000
MEMORIAL & HONOR WALL	11,370	(11,370)	-
MK PARK REC CNTR CANOPY	57,288	75,000	132,288
MK PARK SWIM DECK & COVER	1,905,890	(705,890)	1,200,000
MULTIAGENCY REGIONAL RES CNTR	-	1,500,000	1,500,000
PARKING ENF/SIGNAGE/SWEEPING	750,000	(300,000)	450,000
PLAYHOUSE HVAC UPGRADE	486,970	(86,870)	400,100
POCKET PARK	-	260,000	260,000
PTC PARCEL MERGE	16,160	(16,160)	-
PTC SECURITY UPGRADE	-	60,000	60,000
REGIONAL RECREATION CENTER	15,970	(15,970)	-
SAVES BUILDING	-	705,000	705,000
SAVES HVAC	80,000	(80,000)	-
SAVES/OASIS GENERATORS	28,390	590	28,980
SCAG REAP GRANT-UTILITY INVEN	276,000	(276,000)	-
SPORTS FIELD MAINTENANCE	3,569,270	(262,000)	3,307,270

ST GRT-AVE S LMD LANDSCAPE ENH	394,750	(394,750)	-
SUST TRANSP PLN	157,100	(157,100)	-
TRAFFIC SIGNAL LEFT PHASING	-	100,000	100,000
TS HILARY-BERNARDIN WALL RPR	100,000	100,000	200,000
Grant Total	**$ 45,241,028**	**$ 188,370**	**$ 45,429,398**

Capital improvement projects are funded from a variety of sources. The attached schedules provide a comprehensive listing of all approved capital projects.

Personnel

In an effort to address the ongoing needs of the community, staff are requesting three (3) additional Maintenance Worker I/II positions. These positions would provide support in combatting graffiti and perform other related duties, as assigned. The City has held a Meet and Confer with the bargaining unit on February 14, 2024, and all parties support adding these three positions.

There is no fiscal impact in the current year, as vacancy savings recognized throughout the year are sufficient to cover costs for the remainder of the fiscal year. The ongoing fiscal impact of $323,710 in FY 2024-25, subject to cost of living and merit increases, is consistent with general positions.

FISCAL IMPACT

The proposed adjustments to the FY 2023-24 Operating and Capital budget is compliant with all financial policies, including the City's 20% General Fund Reserve Policy. It is anticipated that revenues will be sufficient to cover all expenditures proposed.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs and liabilities to ensure the City's long-term fiscal health.

C. Involve and expand engagement to enhance public oversight and transparency.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Rpt Mid-Year Budget FY 2023-24

CITY OF PALMDALE
FIVE YEAR GENERAL FUND AND CONSOLIDATED FUNDS PROJECTION

				YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
		FY 2023 Actuals	FY 2024 Adopted	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2027 Projected
1	**BEGINNING FUND BALANCE**	73,269,500	92,576,350	92,576,350	92,329,530	81,350,178	70,036,751	58,363,770
2	REVENUES/TRANSFERS IN							
3	Property Tax	29,208,527	27,069,450	29,841,680	28,422,920	29,844,070	31,336,270	32,903,080
4	Sales And Use Tax	27,808,626	28,265,620	27,429,330	27,977,920	28,537,480	29,108,230	29,690,390
5	Transient Occupancy Tax	4,608,941	4,896,000	4,896,000	5,042,880	5,194,170	5,350,000	5,510,500
6	Franchise Fees	7,595,391	6,379,910	7,724,910	6,443,710	6,508,150	6,573,230	6,638,960
7	Use Of Property	3,783,921	3,043,870	3,055,870	3,104,750	3,166,850	3,230,190	3,294,790
8	License And Permits	5,525,829	3,954,070	3,954,070	4,033,150	4,113,810	4,196,090	4,280,010
9	Charges For Services	1,524,521	1,379,920	1,380,920	1,448,920	1,521,370	1,597,440	1,677,310
10	Development Charges For Services	3,190,946	2,489,150	2,489,150	2,563,820	2,640,730	2,719,950	2,801,550
11	Fines And Forfeitures	784,947	799,800	799,800	815,800	832,120	848,760	865,740
12	Other Revenue	5,790,501	10,824,820	17,826,290	6,000,000	6,000,000	6,000,000	6,000,000
13	Gain (Loss) Fair Value of Investments	-654,783	0	0	0	0	0	0
14	Transfer In	14,281,368	12,726,540	12,726,540	8,146,600	8,146,600	8,146,600	8,146,600
15	**Total Revenues**	**103,448,734**	**101,829,150**	**112,124,560**	**94,000,470**	**96,505,350**	**99,106,760**	**101,808,930**
16	EXPENDITURES/TRANSFERS OUT							
17	Salaries	16,911,909	19,861,550	19,145,300	20,457,400	21,275,700	22,126,730	23,011,800
18	Benefits	6,226,421	9,665,740	9,477,670	9,955,710	10,353,940	10,768,100	11,198,820
19	Organizational Development	443,678	748,090	752,850	750,000	750,000	750,000	750,000
20	Operating (materials, supplies)	8,841,748	8,207,550	17,910,720	8,289,630	8,372,530	8,456,260	8,540,820
21	Contract Services	13,732,984	17,128,640	18,151,570	17,299,930	17,472,930	17,647,660	17,824,140
22	Capital Outlay	1,806,038	1,681,830	4,444,980	1,000,000	1,000,000	1,000,000	1,000,000
23	County Contracts - Law Enforcement	12,992,270	19,499,530	18,866,530	22,572,000	23,813,460	25,123,200	26,504,980
24	County Contracts - Liability	2,773,013	3,307,590	3,307,590	3,373,742	3,441,217	3,510,041	3,580,242
25	County Contracts - Animal Control	1,491,007	1,600,000	2,270,000	1,600,000	1,600,000	1,600,000	1,600,000
26	Utilities	2,318,811	2,823,230	2,926,940	2,879,690	2,937,280	2,996,030	3,055,950
27	Debt Service	6,045,840	6,351,720	6,351,720	6,351,720	6,351,720	6,351,720	6,351,720
28	Transfers Out/Internal Svc Alloc.	10,558,167	8,934,000	8,944,620	8,200,000	8,200,000	8,200,000	8,200,000
29	Transfer Out to Reserves	-	2,266,500	2,266,500	2,250,000	2,250,000	2,250,000	2,250,000
30	**Total Expenditures**	**84,141,884**	**102,075,970**	**114,816,990**	**104,979,822**	**107,818,777**	**110,779,741**	**113,868,472**
31	Surplus/(Deficit) (Revenue - Expenditures)	19,306,850	(246,820)	(2,692,430)	(10,979,352)	(11,313,427)	(11,672,981)	(12,059,542)
32	**FUND BALANCE BEFORE RESERVES/RESTRICTION**	**92,576,350**	**92,329,530**	**89,883,920**	**81,350,178**	**70,036,751**	**58,363,770**	**46,304,228**
33	**20 % Reserve Requirement (30% Recommended)**	**16,828,377**	**30,622,791**	**34,445,097**	**20,995,964**	**21,563,755**	**22,155,948**	**22,773,694**
34	Restricted, Nonspendable and Assigned	**23,493,168**	**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**	**25,000,000**
35	**ENDING AVAILABLE BALANCE**	**52,254,805**	**36,706,739**	**30,438,823**	**35,354,214**	**23,472,996**	**11,207,822**	**(1,469,466)**

CITY OF PALMDALE
ESTIMATED FUND BALANCE
FISCAL YEAR 2024

Fund	Fund Description	FY 2024 Beginning Available Fund Balance	FY 2024 Revenues	FY 2024 Operating Expenditures	FY 2024 Capital Expenditures	Reserve Requirement	Nonspendable, Restricted and Assigned	FY 2024 Projected Ending Available Fund Balance
101, 150, 151	General Fund	92,576,350	112,124,560	111,054,520	3,762,470	34,445,097	30,000,000	25,438,823
153	Information Technology	3,680,952	5,168,560	5,477,370	-	3,300,000		72,142
154	Fleet Maintenance	4,655,397	2,701,600	3,250,710	-	4,000,000		106,287
156	Public Art Fund	1,491,630	100,000	62,000	187,840			1,341,790
157	Measure AV	24,565,678	22,307,000	15,659,290	26,443,500	4,210,279		559,609
158	American Rescue Funds	323,465	22,619,750	8,878,180	13,441,570			623,465
200	PEG Fund	753,699	265,000	376,300	-			642,399
201	Gas Tax Fund	8,803,877	5,049,570	683,490	11,673,010			1,496,947
202	Public Safety Fund	1,354,668	300,500	150,000	-			1,505,168
203	Prop A Fund	9,964,023	4,867,980	3,893,450	3,897,520			7,041,033
204/214	Prop C Funds	14,099,022	12,619,630	581,200	14,596,850			11,540,602
205	Air Quality Improvement Fund	312,647	220,000	197,000	23,000			312,647
206	Local Transp Fund Art 3	(2,753)	222,760	-	220,000			7
207	Local Transp Fund Art 8	2,720,834	11,546,140	9,800,810	4,466,170			(6)
208/218	Measure R Funds	9,923,012	90,088,700	-	91,317,570			8,694,142
209/219	Measure M Funds	9,545,366	10,627,250	-	12,717,000			7,455,616
210	Road Maint & Rehab Acct Fund	7,477,865	4,189,880	-	10,341,200			1,326,545
211	Measure A LA County Parks	(6,350)	4,671,750	-	4,036,360			629,040
220	Park Development Fund	7,345,074	2,050,000	150,000	9,032,880			212,194
221	Traffic Impact Fund	1,488,105	960,000	867,100	706,760			874,245
222	Drainage Funds	10,301,471	1,177,300	87,900	6,032,240			5,358,631
227	Fire Facilities Impact Fund	8,644,380	700,000	140,000	-			9,204,380
228	Sewer Upgrade Fund	482,095	-	-	434,110			47,985
229	Public Facilities Fund	1,692,169	455,000	-	525,570			1,621,599
240	Federal Funds Fund	(386,297)	23,152,510	-	23,092,380			(326,167)
241	State Grants Fund	(1,176,868)	6,016,600	3,416,610	2,478,890			(1,055,768)
242	Misc Grant/Developer Contrib	2,850,972	5,731,120	1,070,980	5,594,000			1,917,112
243	Federal Home Program	7,898,494	2,739,580	2,739,580	-			7,898,494
244	Federal Jobs Programs	(18,012)	105,120	87,100	-			8
245	HOME ARP Fund	(1,355)	2,091,050	2,089,690	-			5
250	Park Assessments Fund	2,797,415	3,129,100	2,852,250	385,000			2,689,265
251	Landscape Maintenance Fund	14,021,830	7,517,000	8,200,600	817,240			12,520,990
252	Street Lighting Assmnt Distr	20,327,807	1,133,500	1,180,420	-			20,280,887
253	Drainage Benefit Assessment	1,377,967	149,000	48,000	-			1,478,967
254	Sewer Maint Assessment Dist	30,166,683	6,532,700	4,491,740	9,836,290	9,050,005		13,321,348
255	Street Light County District	15,649,854	3,227,500	4,324,520	98,850			14,453,984
256	Street Light Dist #2 Anaverde	866,390	166,200	215,160	-			817,430
257	Street Light Dist #3 Ritter	345,370	64,700	114,710	-			295,360
258	Enhanced Infrastructure Financing Di	297,756	300,000	-	-			597,756
259	CFD 2022-1 Maintenance Service Dis	-	-	-	-			-
260	Solid Waste	1,077,751	995,150	1,182,460	-			890,441
280	CDBG Fund	2,137,433	6,235,840	2,624,210	5,175,730			573,333
281	SAVES Grant Fund	(8,512)	50,000	41,490	-			(2)
291	Housing Authority Fund	1,456,441	93,750	90,370	-			1,459,821
292	Housing Facilities Fund	(2,462,215)	7,929,380	8,135,610	-			(2,668,445)
293	Housing Asset Fund	49,686,425	2,465,370	9,594,170	-			42,557,625
300	Water Park	4,087,392	2,374,500	2,072,950	-			4,388,942
350	Palmdale CCA	(1,078,410)	68,107,300	67,000,520	-	2,010,020		(1,981,650)
460	Successor Agency	8,730,744	65,242,690	64,959,070	-			9,014,364
480	AD88-1 10Th St West Improv	(65,787)	-	-	-			(65,787)
481	AD90-2 7Th St West Improvement	146,247	-	-	20,640			125,607
482	CFD 2003-1 Improvement Fund	13,093	-	-	-			13,093
483	CFD 91-1 Sierra Gateway Improv	158,266	-	-	-			158,266
484	CFD 93-1 Ritter Ranch Impr Fund	2,670,897	17,000	-	-			2,687,897
523	Debt Svc-Pwr Pl Land $19.9 COP	-	1,500,900	1,491,500	-			9,400
524	Debt Svc-Revenue Bonds	-	10,000	-	-			10,000
525	Debt Svc-PFA	124	3,427,300	2,806,300	-			621,124
580	OPEB Fiduciary Trust Funds	4,524,040	374,000	395,000	-			4,503,040
710	Palmdale Community Foundation	236,486	44,200	167,540	-			113,146
730	AD 88-1 10Th St West Redemption	67,885	5,000	-	-			72,885
732	AD 90-2 7Th St West Redemption	(125,572)	3,000	-	-			(122,572)
733	AD 87-1 Rancho Vista Rdmpt Fund	128,037	2,000	-	-			130,037
734	CFD 03-1 Anaverde Redemption	1,953,387	1,546,000	1,544,900	-			1,954,487
735	CFD 2005-1 Redemption Fund	1,685,706	1,069,830	969,200	-			1,786,336
736	CFD 91-1 Sierra Gateway Redempt	(74,481)	87,660	111,920	-			(98,741)
737	AD 91-2 52Nd St West Redemption	23,128	400	-	-			23,528
738	CFD 93-1 Ritter Ranch Rdmpt Fnd	237,403	2,500	50,580	-			189,323
739	AD 2006-01 Godde Hill Rdmp Fd	271,332	136,720	137,600	-			270,452
740	CFD 16-1 Joshua Ranch Wtr Rdmp	2,287,550	847,300	833,400	-			2,301,450
	Total	**394,975,472**	**539,656,400**	**356,349,470**	**261,354,640**	**57,015,401**	**30,000,000**	**229,912,361**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
REVENUES-ALL FUNDS

	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
60	PROPERTY TAXES	$ 103,684,186	$ 91,989,540	$ 94,761,770	$ 2,772,230	3.0%
61	SALES & USE TAXES	$ 63,427,168	$ 66,460,340	$ 65,008,050	$ (1,452,290)	-2.2%
62	OTHER TAXES	$ 7,931,808	$ 8,954,450	$ 8,954,450		0.0%
63	TRANSIENT OCC TAX	$ 4,608,941	$ 4,896,000	$ 4,896,000		0.0%
64	FRANCHISE FEES	$ 7,830,872	$ 6,644,910	$ 7,989,910	$ 1,345,000	20.2%
65	SUBVENTIONS & GRANTS	$ 29,861,992	$ 167,675,790	$ 177,705,720	$ 10,029,930	6.0%
66	DEVELOPER CONTRIB	$ 17,690	$ 60,400	$ 60,400		0.0%
67	COUNTY CONTRIB	$ 295,903	$ 4,070,850	$ 6,039,300	$ 1,968,450	48.4%
68	STATE CONTRIBUTIONS	$ -	$ 1,000	$ 1,000		0.0%
69	OTHER AGENCY CONTRIB	$ 522,378	$ 4,217,890	$ 4,217,890		0.0%
71	USE OF PROPERTY	$ 16,279,987	$ 12,926,280	$ 13,452,500	$ 526,220	4.1%
72	FAIR VALUE OF INVEST	$ (1,751,064)	$ -	$ -		0.0%
75	PARK DEVELOPMENT FEE	$ 1,339,284	$ 2,000,000	$ 2,000,000		0.0%
76	DRAINAGE FEES	$ 1,397,889	$ 687,000	$ 687,000		0.0%
77	SEWER UPGRADE FEES	$ 900	$ 900	$ 900		0.0%
78	TRAFFIC IMPACT FEES	$ 677,674	$ 950,000	$ 950,000		0.0%
79	FACILITY IMPACT FEE	$ 798,263	$ 1,100,000	$ 1,100,000		0.0%
80	LICENSES AND PERMITS	$ 5,690,705	$ 4,067,670	$ 4,067,670		0.0%
81	CHRGS FOR SERVICES	$ 33,308,633	$ 69,843,550	$ 72,365,300	$ 2,521,750	3.6%
82	DEV CHRGS FOR SVCS	$ 3,852,193	$ 2,589,150	$ 2,589,150		0.0%
83	FINES & FORFEITURES	$ 1,148,943	$ 1,124,000	$ 1,124,000		0.0%
84	SPECIAL ASSESSMENTS	$ 24,079,062	$ 24,001,700	$ 23,946,700	$ (55,000)	-0.2%
90	OTHER - REVENUE	$ 6,533,683	$ 12,084,800	$ 19,076,270	$ 6,991,470	57.9%
95	GN/LS-SALE OF ASSET	$ 113,064	$ 700,000	$ 700,000		0.0%
98	TRANSFERS IN	$ 24,009,476	$ 27,951,800	$ 27,962,420	$ 10,620	0.0%
Grand Total		**$ 335,659,629**	**$ 514,998,020**	**$ 539,656,400**	**$ 24,658,380**	**4.8%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
REVENUES-GENERAL FUND

	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
60	PROPERTY TAXES	$ 29,208,527	$ 27,069,450	$ 29,841,680	$ 2,772,230	10.2%
61	SALES & USE TAXES	$ 27,808,626	$ 28,265,620	$ 27,429,330	$ (836,290)	-3.0%
63	TRANSIENT OCC TAX	$ 4,608,941	$ 4,896,000	$ 4,896,000		0.0%
64	FRANCHISE FEES	$ 7,595,391	$ 6,379,910	$ 7,724,910	$ 1,345,000	21.1%
65	SUBVENTIONS & GRANTS	$ 908	$ -	$ -		0.0%
69	OTHER AGENCY CONTRIB	$ 500,358	$ 50,000	$ 50,000		0.0%
71	USE OF PROPERTY	$ 3,783,921	$ 3,043,870	$ 3,055,870	$ 12,000	0.4%
72	FAIR VALUE OF INVEST	$ (654,783)	$ -	$ -		0.0%
80	LICENSES AND PERMITS	$ 5,525,829	$ 3,954,070	$ 3,954,070		0.0%
81	CHRGS FOR SERVICES	$ 1,524,521	$ 1,379,920	$ 1,380,920	$ 1,000	0.1%
82	DEV CHRGS FOR SVCS	$ 3,190,946	$ 2,489,150	$ 2,489,150		0.0%
83	FINES & FORFEITURES	$ 784,947	$ 799,800	$ 799,800		0.0%
90	OTHER - REVENUE	$ 5,289,234	$ 10,774,820	$ 17,776,290	$ 7,001,470	65.0%
98	TRANSFERS IN	$ 14,281,368	$ 12,726,540	$ 12,726,540		0.0%
Grand Total		**$ 103,448,734**	**$ 101,829,150**	**$ 112,124,560**	**$ 10,295,410**	**10.1%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL FUNDS

	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
10	SALARIES	$ 29,316,642	$ 33,010,520	$ 32,539,890	$ (470,630)	-1.4%
11	BENEFITS	$ 11,617,235	$ 17,434,840	$ 17,245,680	$ (189,160)	-1.1%
15	ORG DEVELOPMENT	$ 570,037	$ 1,010,550	$ 1,023,390	$ 7,840	0.8%
20	OPERATING EXP	$ 21,007,670	$ 30,153,140	$ 38,770,670	$ 8,617,530	28.6%
21	CONTRACT SERVICES	$ 54,813,132	$ 98,983,520	$ 101,652,100	$ 2,668,580	2.7%
22	SOFTWARE	$ 1,222,547	$ 3,097,490	$ 3,097,490		0.0%
23	CAPITAL OUTLAY	$ 632,121	$ 715,160	$ 801,660	$ 86,500	12.1%
24	COUNTY CONTRACTS	$ 30,468,171	$ 34,048,230	$ 34,108,140	$ 59,910	0.2%
25	UTILITIES	$ 7,075,245	$ 8,672,000	$ 8,838,710	$ 166,710	1.9%
26	PROGRAM EXP	$ 2,256,227	$ 12,654,850	$ 13,115,490	$ 460,640	3.6%
30	INTER-GOV SHARING	$ 61,704,794	$ 52,044,210	$ 52,044,210		0.0%
40	CAPITAL	$ 27,495,286	$ 264,657,150	$ 264,971,520	$ 314,370	0.1%
50	DEBT SERVICE	$ 24,822,980	$ 26,598,580	$ 26,598,580		0.0%
55	CONTINGENCY	$ 117,289	$ -	$ -		0.0%
59	TRANSFERS OUT	$ 19,893,053	$ 22,885,960	$ 22,896,580	$ 10,620	0.0%
Grand Total		**$ 293,012,428**	**$ 605,966,200**	**$ 617,704,110**	**$ 11,732,910**	**1.9%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-GENERAL FUND

	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
10	SALARIES	$ 16,911,909	$ 19,851,550	$ 19,145,300	$ (706,250)	-3.6%
11	BENEFITS	$ 6,226,421	$ 9,665,740	$ 9,477,670	$ (188,070)	-1.9%
15	ORG DEVELOPMENT	$ 443,678	$ 756,310	$ 752,850	$ (8,460)	-1.1%
20	OPERATING EXP	$ 8,841,748	$ 9,811,510	$ 17,910,720	$ 8,099,210	82.5%
21	CONTRACT SERVICES	$ 13,731,349	$ 17,312,180	$ 18,149,470	$ 837,290	4.8%
22	SOFTWARE	$ 1,635	$ 2,100	$ 2,100		0.0%
23	CAPITAL OUTLAY	$ 103,468	$ 274,150	$ 311,650	$ 37,500	13.7%
24	COUNTY CONTRACTS	$ 17,256,289	$ 24,407,120	$ 24,444,120	$ 37,000	0.2%
25	UTILITIES	$ 2,318,811	$ 2,823,230	$ 2,926,940	$ 103,710	3.7%
40	CAPITAL	$ 1,702,571	$ 2,507,820	$ 4,133,330	$ 1,625,510	64.8%
50	DEBT SERVICE	$ 6,045,840	$ 6,351,720	$ 6,351,720		0.0%
59	TRANSFERS OUT	$ 9,740,003	$ 11,200,500	$ 11,211,120	$ 10,620	0.1%
Grand Total		**$ 83,323,720**	**$ 104,963,930**	**$ 114,816,990**	**$ 9,848,060**	**9.4%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
1. City Council						
CITY COUNCIL	SALARIES	$ 151,617	$ 328,390	$ 328,390		0.0%
	BENEFITS	$ 114,445	$ 266,390	$ 266,390		0.0%
	ORG DEVELOPMENT	$ 29,175	$ 30,750	$ 30,750		0.0%
	OPERATING EXP	$ 3,029	$ 77,700	$ 77,700	$ -	0.0%
	CAPITAL OUTLAY	$ -	$ 1,000	$ 1,000		0.0%
	UTILITIES	$ 3,510	$ 3,000	$ 3,000		0.0%
	TRANSFERS OUT	$ 54,450	$ 81,960	$ 81,960		0.0%
CITY COUNCIL Total		**$ 356,226**	**$ 789,190**	**$ 789,190**	**$ -**	**0.0%**
1. City Council Total		**$ 356,226**	**$ 789,190**	**$ 789,190**	**$ -**	**0.0%**
2. City Manager Department						
CITY CLERK	SALARIES	$ 563,624	$ 573,050	$ 573,050		0.0%
	BENEFITS	$ 223,629	$ 270,200	$ 270,200		0.0%
	ORG DEVELOPMENT	$ 17,093	$ 25,900	$ 25,900	$ -	0.0%
	OPERATING EXP	$ 13,324	$ 16,060	$ 21,060	$ 5,000	31.1%
	CONTRACT SERVICES	$ 271,576	$ 84,050	$ 84,050		0.0%
	CAPITAL OUTLAY	$ -	$ 1,500	$ 1,500		0.0%
	UTILITIES	$ 491	$ 500	$ 500		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
	DEBT SERVICE	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 119,830	$ 180,380	$ 180,380		0.0%
CITY CLERK Total		**$ 1,209,566**	**$ 1,151,640**	**$ 1,156,640**	**$ 5,000**	**0.4%**
CITY MANAGER	SALARIES	$ 1,090,338	$ 1,126,780	$ 1,175,900	$ 49,120	4.4%
	BENEFITS	$ 411,168	$ 802,360	$ 812,470	$ 10,110	1.3%
	ORG DEVELOPMENT	$ 34,661	$ 68,100	$ 68,100		0.0%
	OPERATING EXP	$ 1,323,327	$ 87,100	$ 87,100		0.0%
	CONTRACT SERVICES	$ -	$ 126,000	$ 101,000	$ (25,000)	-19.8%
	CAPITAL OUTLAY	$ 3,978	$ 5,000	$ 5,000		0.0%
	UTILITIES	$ 1,202	$ 2,000	$ 2,000		0.0%
	TRANSFERS OUT	$ 68,282	$ 103,660	$ 103,660		0.0%
CITY MANAGER Total		**$ 2,932,958**	**$ 2,321,000**	**$ 2,355,230**	**$ 34,230**	**1.5%**
COMMUNICATIONS	SALARIES	$ 500,989	$ 684,320	$ 375,730	$ (308,590)	-45.1%
	BENEFITS	$ 237,230	$ 345,900	$ 345,900		0.0%
	ORG DEVELOPMENT	$ 13,606	$ 25,980	$ 14,480	$ (11,500)	-44.3%
	OPERATING EXP	$ 4,726	$ 6,800	$ 5,750	$ (1,050)	-15.4%
	CONTRACT SERVICES	$ 312,768	$ 772,000	$ 1,172,000	$ 400,000	51.8%
	CAPITAL OUTLAY	$ -	$ 35,000	$ 70,000	$ 35,000	100.0%
	UTILITIES	$ 2,252	$ 2,200	$ 2,200		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
	DEBT SERVICE	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 65,359	$ 98,390	$ 98,390		0.0%
COMMUNICATIONS Total		**$ 1,136,929**	**$ 1,970,590**	**$ 2,084,450**	**$ 113,860**	**5.8%**
DIVERSITY, EQUITY & INCLUSION	SALARIES	$ 111,664	$ 123,130	$ 41,350	$ (81,780)	-66.4%
	BENEFITS	$ 45,022	$ 57,290	$ 17,710	$ (39,580)	-69.1%
	ORG DEVELOPMENT	$ 7,300	$ 8,410	$ 1,000	$ (7,410)	-88.1%
	OPERATING EXP	$ 2,780	$ 7,040	$ 600	$ (6,440)	-91.5%
DIVERSITY, EQUITY & INCLUSION Total		**$ 166,767**	**$ 195,870**	**$ 60,660**	**$ (135,210)**	**-69.0%**
LEGISLATIVE AFFAIRS	SALARIES	$ 466,601	$ 267,620	$ 267,620		0.0%
	BENEFITS	$ 122,098	$ 123,440	$ 123,440		0.0%
	ORG DEVELOPMENT	$ 10,375	$ 15,000	$ 16,000	$ 1,000	6.7%
	OPERATING EXP	$ 752	$ 1,500	$ 1,500		0.0%
	CONTRACT SERVICES	$ 346,300	$ 273,000	$ 273,000		0.0%
	CAPITAL OUTLAY	$ -	$ 1,000	$ 1,000		0.0%
	UTILITIES	$ -	$ 780	$ 500	$ (280)	-35.9%
LEGISLATIVE AFFAIRS Total		**$ 946,125**	**$ 682,340**	**$ 683,060**	**$ 720**	**0.1%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
RECORDS MANAGEMENT	SALARIES	$ 70,356	$ 72,910	$ 72,910		0.0%
	BENEFITS	$ 18,626	$ 38,250	$ 38,250		0.0%
	ORG DEVELOPMENT	$ -	$ -	$ -		0.0%
	OPERATING EXP	$ 2,435	$ 8,000	$ 8,000		0.0%
	CONTRACT SERVICES	$ 15,764	$ 24,600	$ 24,600		0.0%
	CAPITAL OUTLAY	$ -	$ 1,000	$ 1,000		0.0%
	UTILITIES	$ 12,093	$ 14,000	$ 14,290	$ 290	2.1%
	CAPITAL	$ -	$ -	$ -		0.0%
	DEBT SERVICE	$ -	$ -	$ -		0.0%
RECORDS MANAGEMENT Total		**$ 119,274**	**$ 158,760**	**$ 159,050**	**$ 290**	**0.2%**
2. City Manager Department Total		**$ 6,511,619**	**$ 6,480,200**	**$ 6,499,090**	**$ 18,890**	**0.3%**
3. City Attorney						
CITY ATTORNEY	SALARIES	$ 245,915	$ 384,090	$ 72,090	$ (312,000)	-81.2%
	BENEFITS	$ 119,182	$ 187,120	$ 35,620	$ (151,500)	-81.0%
	ORG DEVELOPMENT	$ 22,784	$ 29,000	$ 18,650	$ (10,350)	-35.7%
	OPERATING EXP	$ 2,652	$ 4,000	$ 4,000		0.0%
	CONTRACT SERVICES	$ 1,796,160	$ 1,632,000	$ 1,982,000	$ 350,000	21.4%
	CAPITAL OUTLAY	$ -	$ 1,000	$ 1,000		0.0%
	UTILITIES	$ 1,027	$ 2,500	$ 500	$ (2,000)	-80.0%
	TRANSFERS OUT	$ 65,359	$ 98,390	$ 98,390		0.0%
CITY ATTORNEY Total		**$ 2,253,078**	**$ 2,338,100**	**$ 2,212,250**	**$ (125,850)**	**-5.4%**
3. City Attorney Total		**$ 2,253,078**	**$ 2,338,100**	**$ 2,212,250**	**$ (125,850)**	**-5.4%**
4. Operations Department						
AMERICAN RESCUE PLAN ACT	SALARIES	$ 1,005,500	$ 75,000	$ 75,000	$ -	0.0%
	OPERATING EXP	$ 4,082,652	$ 5,958,780	$ 5,658,780	$ (300,000)	-5.0%
	CONTRACT SERVICES	$ 385,367	$ 1,086,600	$ 1,086,600	$ -	0.0%
	CAPITAL OUTLAY	$ 2,862	$ 47,000	$ 47,000		0.0%
	COUNTY CONTRACTS	$ 4,500,000	$ 2,000,000	$ 2,000,000		0.0%
	UTILITIES	$ 5,255	$ 10,800	$ 10,800		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
AMERICAN RESCUE PLAN ACT Total		**$ 9,981,636**	**$ 9,178,180**	**$ 8,878,180**	**$ (300,000)**	**-3.3%**
ASSESSMENT DIST / CFD	CONTRACT SERVICES	$ 747,524	$ 1,180,000	$ 1,071,000	$ (109,000)	-9.2%
	DEBT SERVICE	$ 2,354,682	$ 2,361,700	$ 2,361,700		0.0%
	TRANSFERS OUT	$ 122,700	$ 214,900	$ 214,900		0.0%
ASSESSMENT DIST / CFD Total		**$ 3,224,906**	**$ 3,756,600**	**$ 3,647,600**	**$ (109,000)**	**-2.9%**
FINANCE	SALARIES	$ 1,171,532	$ 1,566,380	$ 1,566,380		0.0%
	BENEFITS	$ 565,170	$ 843,290	$ 843,290		0.0%
	ORG DEVELOPMENT	$ 20,206	$ 51,900	$ 67,400	$ 15,500	29.9%
	OPERATING EXP	$ 22,421	$ 111,000	$ 112,500	$ 1,500	1.4%
	CONTRACT SERVICES	$ 652,462	$ 904,070	$ 890,960	$ (13,110)	-1.5%
	CAPITAL OUTLAY	$ 19,184	$ 32,000	$ 32,000		0.0%
	UTILITIES	$ 1,326	$ 2,000	$ 2,000		0.0%
	DEBT SERVICE	$ 197,519	$ -	$ -		0.0%
	TRANSFERS OUT	$ 5,953,879	$ 5,646,930	$ 5,657,550	$ 10,620	0.2%
	GN/LS-SALE OF ASSET	$ -	$ -	$ -		0.0%
FINANCE Total		**$ 8,603,698**	**$ 9,157,570**	**$ 9,172,080**	**$ 14,510**	**0.2%**
GENERAL CITY	SALARIES	$ 314,631	$ 268,990	$ 268,990		0.0%
	BENEFITS	$ 189,339	$ 260,000	$ 260,000		0.0%
	ORG DEVELOPMENT	$ 93,801	$ 193,500	$ 193,500		0.0%
	OPERATING EXP	$ 1,067,285	$ 2,651,840	$ 2,606,840	$ (45,000)	-1.7%
	CONTRACT SERVICES	$ 285,537	$ 680,500	$ 675,500	$ (5,000)	-0.7%
	CAPITAL OUTLAY	$ 2,178	$ -	$ -		0.0%
	UTILITIES	$ 91,366	$ 152,500	$ 152,500		0.0%
	CAPITAL	$ -	$ 217,860	$ 217,860		0.0%
	DEBT SERVICE	$ 9,749,615	$ 10,593,220	$ 10,593,220		0.0%
	CONTINGENCY	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 6,980,047	$ 6,911,100	$ 6,911,100		0.0%
GENERAL CITY Total		**$ 18,773,798**	**$ 21,929,510**	**$ 21,879,510**	**$ (50,000)**	**-0.2%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
HUMAN RESOURCES	SALARIES	$ 459,432	$ 536,680	$ 461,680	$ (75,000)	-14.0%
	BENEFITS	$ 186,387	$ 240,920	$ 240,920		0.0%
	ORG DEVELOPMENT	$ 8,843	$ 16,350	$ 16,350		0.0%
	OPERATING EXP	$ 1,903,844	$ 1,875,500	$ 1,875,500		0.0%
	CONTRACT SERVICES	$ 1,188,812	$ 1,423,820	$ 1,498,820	$ 75,000	5.3%
	CAPITAL OUTLAY	$ -	$ 8,500	$ 8,500		0.0%
	UTILITIES	$ -	$ -	$ -		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 76,255	$ 114,790	$ 114,790		0.0%
HUMAN RESOURCES Total		**$ 3,823,572**	**$ 4,216,560**	**$ 4,216,560**	**$ -**	**0.0%**
INFORMATION TECHNOLOGY	SALARIES	$ 894,645	$ 890,710	$ 890,710		0.0%
	BENEFITS	$ 436,970	$ 485,400	$ 485,400		0.0%
	ORG DEVELOPMENT	$ 11,684	$ 17,000	$ 17,000		0.0%
	OPERATING EXP	$ 989,776	$ 21,500	$ 21,500		0.0%
	CONTRACT SERVICES	$ 38,725	$ 40,200	$ 40,200		0.0%
	SOFTWARE	$ 1,210,212	$ 3,084,390	$ 3,084,390		0.0%
	CAPITAL OUTLAY	$ 416,537	$ 198,810	$ 198,810		0.0%
	UTILITIES	$ 76,628	$ 117,400	$ 117,400		0.0%
	CAPITAL	$ -	$ 1,253,800	$ 1,253,800		0.0%
INFORMATION TECHNOLOGY Total		**$ 4,075,177**	**$ 6,109,210**	**$ 6,109,210**		**0.0%**
PALMDALE COMMUNITY FOUNDATION	OPERATING EXP	$ 45,510	$ 160,540	$ 167,540	$ 7,000	4.4%
	CONTRACT SERVICES	$ -	$ -	$ -		0.0%
	CONTINGENCY	$ 117,289	$ -	$ -		0.0%
PALMDALE COMMUNITY FOUNDATION Total		**$ 162,799**	**$ 160,540**	**$ 167,540**	**$ 7,000**	**4.4%**
RISK MANAGEMENT	ORG DEVELOPMENT	$ 535	$ 1,100	$ 11,300	$ 5,200	472.7%
	OPERATING EXP	$ 4,929,155	$ 3,430,750	$ 11,480,750	$ 8,050,000	234.6%
	CONTRACT SERVICES	$ 1,011,062	$ 1,054,750	$ 1,054,750		0.0%
RISK MANAGEMENT Total		**$ 5,940,752**	**$ 4,486,600**	**$ 12,546,800**	**$ 8,055,200**	**179.5%**
SUCCESSOR AGENCY	SALARIES	$ -	$ 600	$ 600		0.0%
	BENEFITS	$ 15	$ 400	$ 400		0.0%
	OPERATING EXP	$ 61	$ 700,300	$ 700,300		0.0%
	CONTRACT SERVICES	$ 1,188,797	$ 1,224,270	$ 1,224,270		0.0%
	UTILITIES	$ 97,506	$ 107,100	$ 107,100		0.0%
	PROGRAM EXP	$ -	$ 365,000	$ 365,000		0.0%
	INTER-GOV SHARING	$ 61,704,794	$ 52,044,210	$ 52,044,210		0.0%
	DEBT SERVICE	$ 10,259,844	$ 10,481,190	$ 10,481,190		0.0%
	TRANSFERS OUT	$ 477,940	$ 36,000	$ 36,000		0.0%
SUCCESSOR AGENCY Total		**$ 73,728,957**	**$ 64,959,070**	**$ 64,959,070**		**0.0%**
4. Operations Department Total		**$ 128,315,295**	**$ 123,953,840**	**$ 131,576,550**	**$ 7,617,710**	**6.1%**
5. Economic and Community Development						
ADMIN - ECONOMIC DEVELOPMENT	SALARIES	$ 313,031	$ 602,650	$ 602,650		0.0%
	BENEFITS	$ 111,061	$ 298,630	$ 298,630		0.0%
	ORG DEVELOPMENT	$ 9,614	$ 14,500	$ 14,500		0.0%
	OPERATING EXP	$ 7,372	$ 7,500	$ 7,500		0.0%
	CONTRACT SERVICES	$ 44,107	$ 35,000	$ 35,000		0.0%
	UTILITIES	$ -	$ 1,300	$ 1,300		0.0%
	TRANSFERS OUT	$ 141,614	$ 213,170	$ 213,170		0.0%
ADMIN - ECONOMIC DEVELOPMENT Total		**$ 626,798**	**$ 1,172,750**	**$ 1,172,750**		**0.0%**
BUILDING AND SAFETY	SALARIES	$ 1,321,488	$ 1,492,710	$ 1,492,710		0.0%
	BENEFITS	$ 652,211	$ 826,010	$ 826,010		0.0%
	ORG DEVELOPMENT	$ 33,684	$ 34,700	$ 34,700		0.0%
	OPERATING EXP	$ 4,123	$ 4,500	$ 4,500		0.0%
	CONTRACT SERVICES	$ 702,975	$ 750,750	$ 750,750		0.0%
	CAPITAL OUTLAY	$ 822	$ 6,000	$ 6,000		0.0%
	UTILITIES	$ 5,923	$ 6,000	$ 6,000		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 209,309	$ 325,620	$ 325,620		0.0%
BUILDING AND SAFETY Total		**$ 2,930,535**	**$ 3,446,290**	**$ 3,446,290**		**0.0%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
ECONOMIC DEVELOPMENT	SALARIES	$ 268,036	$ 395,670	$ 395,670		0.0%
	BENEFITS	$ 139,568	$ 210,340	$ 210,340		0.0%
	ORG DEVELOPMENT	$ 39,911	$ 50,070	$ 50,070		0.0%
	OPERATING EXP	$ 589,166	$ 2,665,100	$ 2,665,100	$ -	0.0%
	CONTRACT SERVICES	$ 769,674	$ 672,110	$ 672,110		0.0%
	CAPITAL OUTLAY	$ -	$ 1,500	$ 1,500		0.0%
	UTILITIES	$ 632	$ 28,850	$ 28,850		0.0%
	TRANSFERS OUT	$ 65,359	$ 98,390	$ 98,390		0.0%
ECONOMIC DEVELOPMENT Total		**$ 1,872,346**	**$ 4,122,030**	**$ 4,122,030**	**$ -**	**0.0%**
PLANNING	SALARIES	$ 902,373	$ 962,770	$ 962,770		0.0%
	BENEFITS	$ 388,266	$ 520,060	$ 520,060		0.0%
	ORG DEVELOPMENT	$ 19,278	$ 23,610	$ 23,610		0.0%
	OPERATING EXP	$ 8,433	$ 12,300	$ 12,300		0.0%
	CONTRACT SERVICES	$ 87,501	$ 81,470	$ 81,470		0.0%
	CAPITAL OUTLAY	$ 2,233	$ 3,000	$ 3,000		0.0%
	UTILITIES	$ -	$ -	$ -		0.0%
	DEBT SERVICE	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 130,718	$ 196,770	$ 196,770		0.0%
PLANNING Total		**$ 1,538,802**	**$ 1,799,980**	**$ 1,799,980**		**0.0%**
5. Economic and Community Development Total		**$ 6,968,481**	**$ 10,541,050**	**$ 10,541,050**	**$ -**	**0.0%**
6. Public Safety						
COMMUNITY COMPLIANCE	SALARIES	$ 1,923,915	$ 2,877,240	$ 2,877,240		0.0%
	BENEFITS	$ 689,934	$ 1,185,540	$ 1,186,140	$ 600	0.1%
	ORG DEVELOPMENT	$ 11,275	$ 16,000	$ 16,000		0.0%
	OPERATING EXP	$ 27,892	$ 85,000	$ 85,000		0.0%
	CONTRACT SERVICES	$ 77,087	$ 116,200	$ 119,800	$ 3,600	3.1%
	CAPITAL OUTLAY	$ -	$ 2,000	$ 7,500	$ 5,500	275.0%
	COUNTY CONTRACTS	$ 1,488	$ -	$ 22,910	$ 22,910	0.0%
	UTILITIES	$ 14,274	$ 25,300	$ 25,850	$ 550	2.2%
	CAPITAL	$ 57,814	$ 164,500	$ 274,500	$ 110,000	66.9%
	TRANSFERS OUT	$ 95,418	$ 172,360	$ 172,360		0.0%
COMMUNITY COMPLIANCE Total		**$ 2,899,096**	**$ 4,644,140**	**$ 4,787,300**	**$ 143,160**	**3.1%**
PUBLIC SAFETY	SALARIES	$ 395,229	$ 676,600	$ 676,600		0.0%
	BENEFITS	$ 217,340	$ 324,640	$ 316,640	$ (8,000)	-2.5%
	ORG DEVELOPMENT	$ 612	$ 10,400	$ 7,900	$ (2,500)	-24.0%
	OPERATING EXP	$ 66,191	$ 44,000	$ 44,200	$ 200	0.5%
	CONTRACT SERVICES	$ 115,527	$ 650,050	$ 618,300	$ (31,750)	-4.9%
	CAPITAL OUTLAY	$ -	$ 5,500	$ 5,500		0.0%
	COUNTY CONTRACTS	$ 25,966,683	$ 32,048,230	$ 32,085,230	$ 37,000	0.1%
	UTILITIES	$ 19,522	$ 19,600	$ 20,100	$ 500	2.6%
	CAPITAL	$ -	$ -	$ -		0.0%
	TRANSFERS OUT	$ 424,842	$ 639,520	$ 639,520		0.0%
PUBLIC SAFETY Total		**$ 27,205,946**	**$ 34,418,540**	**$ 34,413,990**	**$ (4,550)**	**0.0%**
6. Public Safety Total		**$ 30,105,042**	**$ 39,062,680**	**$ 39,201,290**	**$ 138,610**	**0.4%**
7. Neighborhood Services						
ADMIN - ECONOMIC DEVELOPMENT	SALARIES	$ 6,717	$ -	$ -		0.0%
	BENEFITS	$ 451	$ -	$ -		0.0%
	OPERATING EXP	$ 1,485	$ -	$ -		0.0%
	PROGRAM EXP	$ -	$ -	$ -		0.0%
ADMIN - ECONOMIC DEVELOPMENT Total		**$ 8,653**	**$ -**	**$ -**		**0.0%**
	CAPITAL OUTLAY	$ 54,060	$ 29,000	$ 29,000		0.0%
	UTILITIES	$ 1,259,358	$ 1,491,370	$ 1,520,870	$ 29,500	2.0%
	PROGRAM EXP	$ 2,256,227	$ 12,186,650	$ 12,413,460	$ 226,810	1.9%
	CAPITAL	$ 364,018	$ 563,980	$ 489,980	$ (74,000)	-13.1%
	DEBT SERVICE	$ 636,580	$ 1,766,340	$ 1,766,340		0.0%
AFFORDABLE HOUSING Total		**$ 9,994,780**	**$ 25,122,270**	**$ 26,435,430**	**$ 1,313,160**	**5.2%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
CDBG	SALARIES	$ 163,541	$ 46,050	$ 189,050	$ 143,000	310.5%
	BENEFITS	$ 20,328	$ 21,140	$ 21,140		0.0%
	ORG DEVELOPMENT	$ 4,552	$ 5,500	$ 5,500		0.0%
	OPERATING EXP	$ 63,658	$ 1,177,780	$ 1,002,570	$ (175,210)	-14.9%
	CONTRACT SERVICES	$ 99,825	$ 153,120	$ 153,120		0.0%
	CAPITAL OUTLAY	$ -	$ 100	$ 100		0.0%
	UTILITIES	$ 4,704	$ -	$ 23,500	$ 23,500	0.0%
	PROGRAM EXP	$ -	$ 103,200	$ 337,030	$ 233,830	226.6%
	CAPITAL	$ 795,275	$ -	$ -		0.0%
	DEBT SERVICE	$ 579,095	$ 321,870	$ 321,870		0.0%
CDBG Total		**$ 1,730,978**	**$ 1,828,760**	**$ 2,053,880**	**$ 225,120**	**12.3%**
7. Neighborhood Services Total		**$ 11,734,411**	**$ 26,951,030**	**$ 28,489,310**	**$ 1,538,280**	**5.7%**
8. Parks & Recreation						
AQUATICS	BENEFITS	$ 165	$ -	$ -		0.0%
AQUATICS Total		**$ 165**	**$ -**	**$ -**		**0.0%**
COMMUNITY PROGRAMS	SALARIES	$ 323,016	$ 467,840	$ 467,840		0.0%
	BENEFITS	$ 84,876	$ 114,190	$ 114,190		0.0%
	ORG DEVELOPMENT	$ 2,190	$ 6,350	$ 6,350		0.0%
	OPERATING EXP	$ 136,932	$ 386,500	$ 380,990	$ (5,510)	-1.4%
	CONTRACT SERVICES	$ 5,921	$ 12,500	$ 12,500		0.0%
	CAPITAL OUTLAY	$ -	$ -	$ -		0.0%
	UTILITIES	$ 10,960	$ -	$ -		0.0%
COMMUNITY PROGRAMS Total		**$ 563,896**	**$ 987,380**	**$ 981,870**	**$ (5,510)**	**-0.6%**
EMERGENCY MANAGEMENT	SALARIES	$ 132,460	$ 153,880	$ 153,880		0.0%
	BENEFITS	$ 70,553	$ 86,040	$ 86,040		0.0%
	ORG DEVELOPMENT	$ 7,639	$ 10,200	$ 10,500	$ 300	2.9%
	OPERATING EXP	$ 19,233	$ 32,550	$ 32,550		0.0%
	CONTRACT SERVICES	$ 2,500	$ 10,800	$ 10,800		0.0%
	CAPITAL OUTLAY	$ 2,495	$ 4,000	$ 4,000		0.0%
	UTILITIES	$ 478	$ 2,400	$ 2,400		0.0%
	CAPITAL	$ (142,237)	$ -	$ -		0.0%
	TRANSFERS OUT	$ -	$ -	$ -		0.0%
EMERGENCY MANAGEMENT Total		**$ 93,121**	**$ 299,870**	**$ 300,170**	**$ 300**	**0.1%**
EVENTS & CULTURE	SALARIES	$ 1,032,806	$ 1,415,460	$ 1,439,460	$ 24,000	1.7%
	BENEFITS	$ 314,465	$ 421,660	$ 421,660		0.0%
	ORG DEVELOPMENT	$ 4,470	$ 12,100	$ 12,100		0.0%
	OPERATING EXP	$ 343,607	$ 964,450	$ 986,450	$ 22,000	2.3%
	CONTRACT SERVICES	$ 810,448	$ 1,458,250	$ 1,416,750	$ (41,500)	-2.8%
	SOFTWARE	$ 1,635	$ 2,100	$ 2,100		0.0%
	CAPITAL OUTLAY	$ 27,550	$ 45,800	$ 45,800		0.0%
	UTILITIES	$ 80,240	$ 58,400	$ 72,400	$ 14,000	24.0%
	CAPITAL	$ -	$ 38,000	$ 38,000		0.0%
	TRANSFERS OUT	$ -	$ -	$ -		0.0%
EVENTS & CULTURE Total		**$ 2,615,219**	**$ 4,416,220**	**$ 4,434,720**	**$ 18,500**	**0.4%**
LIBRARY	SALARIES	$ 41,478	$ 49,440	$ 49,440		0.0%
	BENEFITS	$ 2,510	$ 2,200	$ 2,200		0.0%
	ORG DEVELOPMENT	$ -	$ 500	$ 500		0.0%
	OPERATING EXP	$ 243,850	$ 523,180	$ 523,180		0.0%
	CONTRACT SERVICES	$ 1,061,350	$ 1,092,270	$ 1,092,270		0.0%
	CAPITAL OUTLAY	$ 789	$ 10,000	$ 10,000		0.0%
	UTILITIES	$ 55,964	$ 52,000	$ 52,000		0.0%
	TRANSFERS OUT	$ 130,718	$ 196,770	$ 196,770		0.0%
LIBRARY Total		**$ 1,536,659**	**$ 1,926,360**	**$ 1,926,360**		**0.0%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
PARKS & FACILITIES	SALARIES	$ 2,035,422	$ 2,035,660	$ 2,128,280	$ 92,620	4.5%
	BENEFITS	$ 499,478	$ 613,660	$ 613,660		0.0%
	ORG DEVELOPMENT	$ 13,794	$ 30,600	$ 30,600		0.0%
	OPERATING EXP	$ 260,602	$ 405,880	$ 420,880	$ 15,000	3.7%
	CONTRACT SERVICES	$ 147,051	$ 252,300	$ 255,300	$ 3,000	1.2%
	SOFTWARE	$ 10,701	$ 11,000	$ 11,000		0.0%
	CAPITAL OUTLAY	$ 28,558	$ 80,000	$ 120,000	$ 40,000	50.0%
	UTILITIES	$ 392,067	$ 458,100	$ 478,750	$ 20,650	4.5%
	CAPITAL	$ 75,603	$ 292,250	$ 262,250	$ (30,000)	-10.3%
	TRANSFERS OUT	$ 737,152	$ 1,163,160	$ 1,163,160		0.0%
PARKS & FACILITIES Total		**$ 4,200,428**	**$ 5,342,610**	**$ 5,483,880**	**$ 141,270**	**2.6%**
RECREATION SERVICES	SALARIES	$ 2,106,479	$ 2,361,940	$ 2,361,940		0.0%
	BENEFITS	$ 318,009	$ 427,330	$ 427,330		0.0%
	ORG DEVELOPMENT	$ 8,638	$ 16,040	$ 16,040		0.0%
	OPERATING EXP	$ 180,944	$ 197,450	$ 197,450		0.0%
	CONTRACT SERVICES	$ 171,405	$ 257,700	$ 227,700	$ (30,000)	-11.6%
	CAPITAL OUTLAY	$ 16,477	$ 78,350	$ 78,350		0.0%
	UTILITIES	$ 73,938	$ 75,500	$ 75,500		0.0%
	CAPITAL	$ 26,859	$ -	$ -		0.0%
RECREATION SERVICES Total		**$ 2,902,749**	**$ 3,414,310**	**$ 3,384,310**	**$ (30,000)**	**-0.9%**
8. Parks & Recreation Total		**$ 11,912,237**	**$ 16,386,750**	**$ 16,511,310**	**$ 124,560**	**0.8%**
9. Public Works						
CAPITAL IMPROVEMENT PROJECTS	SALARIES	$ 371,384	$ -	$ -		0.0%
	BENEFITS	$ 388,331	$ 1,186,600	$ 1,186,600		0.0%
	CAPITAL	$ 26,175,716	$ 260,433,870	$ 260,622,240	$ 188,370	0.1%
CAPITAL IMPROVEMENT PROJECTS Total		**$ 26,935,431**	**$ 261,620,470**	**$ 261,808,840**	**$ 188,370**	**0.1%**
ENGINEERING	SALARIES	$ 1,993,373	$ 2,209,900	$ 2,209,900		0.0%
	BENEFITS	$ 906,947	$ 1,369,420	$ 1,369,720	$ 300	0.0%
	ORG DEVELOPMENT	$ 29,103	$ 57,720	$ 59,720	$ 2,000	3.5%
	OPERATING EXP	$ 530,995	$ 984,760	$ 986,760	$ 2,000	0.2%
	CONTRACT SERVICES	$ 196,654	$ 987,100	$ 987,100		0.0%
	CAPITAL OUTLAY	$ 5,784	$ 31,200	$ 31,200		0.0%
	UTILITIES	$ 1,941,358	$ 2,244,900	$ 2,244,900		0.0%
	CAPITAL	$ -	$ -	$ -		0.0%
	DEBT SERVICE	$ 1,009,405	$ 1,037,460	$ 1,037,460		0.0%
	TRANSFERS OUT	$ 1,570,932	$ 2,417,510	$ 2,417,510		0.0%
ENGINEERING Total		**$ 8,184,552**	**$ 11,339,970**	**$ 11,344,270**	**$ 4,300**	**0.0%**
ENVIRONMENTAL	SALARIES	$ 322,612	$ 395,660	$ 395,660		0.0%
	BENEFITS	$ 147,956	$ 200,760	$ 200,760		0.0%
	ORG DEVELOPMENT	$ -	$ 14,180	$ 24,780	$ 10,600	74.8%
	OPERATING EXP	$ 4,788	$ 9,300	$ 9,300		0.0%
	CONTRACT SERVICES	$ 246,983	$ 788,390	$ 920,580	$ 132,190	16.8%
	UTILITIES	$ 53	$ -	$ -		0.0%
ENVIRONMENTAL Total		**$ 722,392**	**$ 1,408,290**	**$ 1,551,080**	**$ 142,790**	**10.1%**
MAINTENANCE	SALARIES	$ 6,976,902	$ 7,821,540	$ 7,821,540		0.0%
	BENEFITS	$ 4,001,177	$ 4,730,490	$ 4,730,490		0.0%
	ORG DEVELOPMENT	$ 83,322	$ 151,740	$ 156,740	$ 5,000	3.3%
	OPERATING EXP	$ 3,561,259	$ 3,973,680	$ 4,096,680	$ 123,000	3.1%
	CONTRACT SERVICES	$ 8,347,480	$ 12,356,000	$ 11,498,000	$ (858,000)	-6.9%
	CAPITAL OUTLAY	$ 48,615	$ 77,900	$ 83,900	$ 6,000	7.7%
	UTILITIES	$ 2,921,985	$ 3,789,000	$ 3,869,000	$ 80,000	2.1%
	CAPITAL	$ 142,237	$ 1,495,890	$ 1,615,890	$ 120,000	8.0%
	DEBT SERVICE	$ 26,092	$ 26,500	$ 26,500		0.0%
	TRANSFERS OUT	$ 2,386,162	$ 3,965,650	$ 3,965,650		0.0%
MAINTENANCE Total		**$ 28,495,230**	**$ 38,388,390**	**$ 37,864,390**	**$ (524,000)**	**-1.4%**

CITY OF PALMDALE
FY 2024 MID-YEAR BUDGET
EXPENDITURES-ALL BY DEPARTMENT/DIVISION

Department/Division	Category	2023 Actual	2024 Adopted	2024 Proposed	$ Chg	% Chg
PALMDALE CCA	SALARIES	$ 124,743	$ 199,520	$ 199,520		0.0%
	BENEFITS	$ 54,309	$ 104,440	$ 104,440		0.0%
	ORG DEVELOPMENT	$ 3,181	$ 25,000	$ 25,000		0.0%
	OPERATING EXP	$ 307	$ 692,730	$ 692,730		0.0%
	CONTRACT SERVICES	$ 29,267,614	$ 63,364,580	$ 65,973,830	$ 2,609,250	4.1%
	CAPITAL OUTLAY	$ -	$ 5,000	$ 5,000		0.0%
	TRANSFERS OUT	$ 10,893	$ -	$ -		0.0%
PALMDALE CCA Total		**$ 29,461,048**	**$ 64,391,270**	**$ 67,000,520**	**$ 2,609,250**	**4.1%**
PUBLIC WORKS - ADMINISTRATION	SALARIES	$ 1,133,393	$ 1,143,690	$ 1,143,690		0.0%
	BENEFITS	$ (235,092)	$ 532,290	$ 532,290		0.0%
	ORG DEVELOPMENT	$ 11,431	$ 20,050	$ 20,050		0.0%
	OPERATING EXP	$ 6,794	$ 9,600	$ 9,600		0.0%
	CONTRACT SERVICES	$ 123,742	$ 383,000	$ 383,000		0.0%
	CAPITAL OUTLAY	$ -	$ 4,000	$ 4,000		0.0%
	UTILITIES	$ 1,132	$ 4,500	$ 4,500		0.0%
	CAPITAL	$ -	$ 197,000	$ 197,000		0.0%
	DEBT SERVICE	$ 10,149	$ 10,300	$ 10,300		0.0%
	TRANSFERS OUT	$ 5,835	$ 10,540	$ 10,540		0.0%
PUBLIC WORKS - ADMINISTRATION Total		**$ 1,057,384**	**$ 2,314,970**	**$ 2,314,970**		**0.0%**
9. Public Works Total		**$ 94,856,037**	**$ 379,463,360**	**$ 381,884,070**	**$ 2,420,710**	**0.6%**
Grand Total		**$ 293,012,428**	**$ 605,966,200**	**$ 617,704,110**	**$ 11,732,910**	**1.9%**

MEASURE AV
FY 2024 MID-YEAR OPERATING & CIP BUDGET
REVENUES & EXPENDITURES BY PROGRAM

Measure AV Category	Project Description	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual YTD	FY 2024 Adopted	FY 2024 Proposed	$ Chg
REVENUES								
Revenue	General Sales Tax	5,188,745	22,685,307	22,675,911	9,199,528	22,923,000	22,307,000	(616,000)
Revenue Total		**5,188,745**	**22,685,307**	**22,675,911**	**9,199,528**	**22,923,000**	**22,307,000**	**(616,000)**
EXPENDITURES								
A. Public Safety	**Animal Services**							
	Independent Operation Feasibility	-	-	30,921	67,359	69,080	69,080	-
	Animal Health Services	-	-	183,073	76,975	362,930	362,930	-
	Emergency Management	-	131,009	60,776	92,141	239,320	239,320	-
	Community Compliance	-	380,784	859,321	744,610	2,358,400	2,358,400	-
	Public Safety Equipment	-	66,500	60,000	-	-	-	-
	Sheriff Contract							
	General Contract	-	7,595,700	2,819,060	612,823	1,838,470	1,838,470	-
	Infrastructure/Commercial	-	-	227,120	75,793	227,380	227,380	-
	Community Programs	-	-	4,461,080	1,364,217	4,092,650	4,092,650	-
	Economic Development	-	-	989,140	350,200	1,050,600	1,050,600	-
A. Public Safety Total		**-**	**8,173,993**	**9,690,491**	**3,384,118**	**10,238,830**	**10,238,830**	**-**
B. Infrastructure / CIP								
	Safe and Clean Parks							
	Sam Yellen Park	-	-	613	536,957	9,998,780	9,998,780	-
	Ecological Preservation Study	-	-	-	-	250,000	-	(250,000)
	McAdam Park Improvements - Schoolhouse	-	1,770	197	-	-	-	-
	McAdam Park Battery Storage	-	-	670,213	5,106	1,106,150	805,150	(301,000)
	McAdam Park Renovation - Design	-	-	53,361	2,772	508,100	508,100	-
	MK Park Pool Enclosure	-	-	-	-	550,000	550,000	-
	MK Park Swim Deck & Cover	-	350	57,670	13,275	905,890	200,000	(705,890)
	Parks Master Plan	-	70	161,708	73,345	126,530	126,530	-
	Courtney's Playground	-	61,613	5,852	-	-	-	-
	Roller Hockey Rink Renovation	-	512	-	-	-	-	-
	Rugby Goal Purch & Install	-	12,925	-	-	-	-	-
	General Park Improvements	-	53,600	455,737	821,609	3,454,270	3,192,270	(262,000)
	Sports Field Lighting	-	5,968	788,134	4,004	6,667,500	6,667,500	-
	Graffiti Abatement							-
	Graffiti Abatement Vehicles	-	-	142,237	145,077	158,780	158,780	-
	Abatement/Prevention/Maintenance Programs	-	-	310,980	73,117	639,650	639,650	-
	Street Sweeping/Signage/Enforcement	-	-	-	9,514	750,000	450,000	(300,000)
	CIP Multi-Year Projects							-
	Citywide Security	-	150,176	680,183	137,989	2,187,490	2,187,490	-
	Facility Improvements - Aero	-	-	213,392	112,020	200,000	450,000	250,000
	Chimbole	-	-	84,323	-	107,680	307,680	200,000
	Memorial Honor Wall	-	-	13,627	2,275	11,370	-	(11,370)
	Regional Recreation Complex	-	343,097	87,791	-	15,970	-	(15,970)
	Veteran Resource Center	3,636	-	-	-	-	-	-
	Avenue M Grade Separation	-	-	-	-	1,000,000	1,000,000	-
B. Infrastructure / CIP Total		**3,636**	**630,081**	**3,726,018**	**1,937,060**	**28,638,160**	**27,241,930**	**(1,396,230)**
C. Community Programs								
	SAVES	-	80,498	71,976	40,467	319,870	319,870	-
	Unhoused Programs	-	-	199,729	81,840	200,000	200,000	-
	Mental Health Programs	148,807	149,593	-	-	-	-	-
	Community Partnership Programs	-	-	29,975	-	50,000	25,000	(25,000)
	Senior Programs/Legacy Commons	-	-	300,994	161,688	405,440	412,440	7,000
	Community Grant Programs	-	179,000	1,087,458	-	-	-	-
	Veteran Support	-	-	-	1,900	25,000	25,000	-
	Recreation Scholarships	-	-	-	-	20,000	20,000	-
	Community Events							-
	Community Events	-	-	309,787	595,104	986,450	986,450	-
C. Community Programs Total		**148,807**	**409,091**	**1,999,919**	**880,999**	**2,006,760**	**1,988,760**	**(18,000)**
D. Economic Development								
	Economic Development							
	Business Retention	-	250,817	105,928	13,863	140,000	140,000	-
	Auto Mall Partnership	-	-	450,000		500,000	500,000	-
	Aerospace Incentive Program	-	-	-		250,000	250,000	-
	Property Acquisition & Entitlement	-	-	6,309		1,500,000	1,500,000	-
	Film & Tourism	-	-	22,718	26,915	150,000	150,000	-
	Holidays on Parade	-	150,000	-				-
D. Economic Development Total		**-**	**400,817**	**584,955**	**40,778**	**2,540,000**	**2,540,000**	**-**
Administrative Costs	Program Administration - 5% cap	-	84,783	121,694	44,801	83,270	83,270	-
	Independent Audit	-	-	10,000	10,000	10,000	10,000	-
Administrative Costs Total		**-**	**84,783**	**131,694**	**54,801**	**93,270**	**93,270**	**-**
Expenditure Total		**152,443**	**9,698,765**	**16,133,077**	**6,297,756**	**43,517,020**	**42,102,790**	**(1,414,230)**
Surplus/(Deficit)		**5,036,302**	**12,986,543**	**6,542,834**	**2,901,772**	**(20,594,020)**	**(19,795,790)**	
Beginning Fund Balance		**-**	**5,036,302**	**18,022,844**	**24,565,678**	**24,565,678**	**24,565,678**	
Change in Fund Balance		**5,036,302**	**12,986,543**	**6,542,834**	**2,901,772**	**(20,594,020)**	**(19,795,790)**	
Ending Fund Balance - Before Reserves		**5,036,302**	**18,022,844**	**24,565,678**	**27,467,451**	**3,971,658**	**4,769,888**	
Reserve Requirement - 10%					**629,776**	**4,351,702**	**4,210,279**	
Ending Fund Balance - After Reserves		**5,036,302**	**18,022,844**	**24,565,678**	**26,837,675**	**(380,044)**	**559,609**	

AMERICAN RESCUE PLAN ACT
FY 2024 MID-YEAR OPERATING & CIP BUDGET
REVENUES & EXPENDITURES BY PROGRAM

ARPA Reporting Category	Project Description	FY 2022 Actual	FY 2023 Actual	FY 2024 Adopted	FY 2024 Proposed	$ Chg
U.S. Treasury Allocation:	**$ 35,455,019**					
REVENUES						
Revenue	American Rescue Plan Act Allocation	$ 342,808	12,580,662	12,721,540	12,721,540	-
	Program Income - Interest	24,499	703,801	300,000	300,000	-
Revenue Total		**367,307**	**13,284,463**	**13,021,540**	**13,021,540**	**-**
EXPENDITURES						
1. Public Health and Safety	SAVES HVAC Replacement	-	-	80,000	-	(80,000)
	Public Facility Health & Safety, Energy Efficiency	-	-	4,966,600	4,966,600	-
	Mental Health Partnerships	-	-	2,175,000	2,175,000	-
	SAVES Facility Improvements	-	-	-	705,000	705,000
	Dump Stations / Illegal Dumping	-	-	300,000	-	(300,000)
	Mutual Aid Regional Response	40,333	-	-	-	-
	Oasis vaccine clinic vinyl floor covering	-	14,983	5,020	5,020	-
	Sheriff Contract	-	4,500,000	2,000,000	2,000,000	-
	Emergency Operations Center Relocation	-	-	2,000,000	2,000,000	-
	Well-Being Lab - Mental Health Services	-	146,300	453,700	453,700	-
1. Public Health Total		**40,333**	**4,661,283**	**11,980,320**	**12,305,320**	**325,000**
2. Negative Economic Impacts						
	Business Retention	212,142	195,000	600,000	600,000	-
	Film Incentive Programs	30,000	49,256	-	-	-
	Business Grants	-	54,966	45,040	45,040	-
	Tourism	-	68,993	160,740	160,740	-
2. Negative Economic Impacts Total		**242,142**	**368,215**	**805,780**	**805,780**	**-**
3.Services to Disproportionately Impacted Communities						
	Library Services	17,306	86,617	131,300	131,300	-
	SAVES	-	-	150,000	150,000	-
	Public Parks/Facilities Improvements	-		250,000	250,000	-
	Battery Storage Project	-	-	1,550,000	1,550,000	-
	Park Facility Energy Improvements	-	-	355,000	355,000	-
	Affordable Housing Programs		2,000,000	-	-	-
	Community Choice Aggregate Programs		1,754,220	745,780	745,780	-
	Recreation Sponsorship Program	-	-	75,000	75,000	-
3. Services to Disproportionately Impacted Communities Total		**17,306**	**3,840,837**	**3,257,080**	**3,257,080**	**-**
4. Premium Pay						
	Premium Pay	-	1,005,500	75,000	75,000	-
4. Premium Pay Total		**-**	**1,005,500**	**75,000**	**75,000**	**-**
5. Water, Sewer & Broadband Infrastructure						
	Storm Water Basin & Recycled Water Projects	-	-	400,000	400,000	-
5. Water, Sewer & Broadband Infrastructure Total		**-**	**-**	**400,000**	**400,000**	**-**
6. Revenue Replacement						
	Multiagency Regional Resiliency Center (MARRC)	-	2,500,000	-	-	-
	Technology Infrastructure	35,500	122,832	-	-	-
	Unhoused Programs	-	-	2,000,000	2,000,000	-
	Hammack Center Demolition	-	15,050	734,950	409,950	(325,000)
	Park Improvements	-		500,000	500,000	-
	Records Digitization	-	-	2,200,000	2,200,000	-
	Film Consultants	-	59,300	59,300	59,300	-
6. Revenue Replacement Total		**35,500**	**2,697,182**	**5,494,250**	**5,169,250**	**(325,000)**
7. Administrative & Other						
	AdministrativeCosts	7,527	7,645	307,320	307,320	-
7. Administrative & Other Total		**7,527**	**7,645**	**307,320**	**307,320**	**-**
Expenditure Total		**342,808**	**12,580,662**	**22,319,750**	**22,319,750**	**-**
Ending Available Fund Balance		**35,112,211**	**22,531,549**	**211,799**	**211,799**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
B0004	**ADA COMPLIANCE**	203	PROP A FUND	296,240	396,240	100,000
B0004	**ADA COMPLIANCE**	206	LOCAL TRANSP FUND ART 3	10,000	220,000	210,000
B0004	**ADA COMPLIANCE**	280	CDBG FUND	337,630	-	(337,630)
B0004 Total				**643,870**	**616,240**	**(27,630)**
B0013	**ADA COMP-AVE Q 12/10TH-12TH E**	280	CDBG FUND	175,730	175,730	
B0013	**ADA COMP-AVE Q 12/10TH-12TH E**	214	PROP C LOCAL RETURN	6,180	6,180	
B0013 Total				**181,910**	**181,910**	
D0001	**AMARGOSA DRAINAGE**	222	AMARGOSA DRAINAGE FUND	20,000	20,000	
D0001 Total				**20,000**	**20,000**	
D0002	**ANAVERDE DRAINAGE**	223	ANAVERDE DRAINAGE FUND	20,000	20,000	
D0002 Total				**20,000**	**20,000**	
D0003	**PORTAL RIDGE DRAINAGE**	224	PORTAL RIDGE DRAINAGE FUND	20,000	20,000	
D0003 Total				**20,000**	**20,000**	
D0004	**PEARLAND DRAINAGE**	225	PEARLAND DRAINAGE FUND	20,000	20,000	
D0004 Total				**20,000**	**20,000**	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	211	MEASURE A LA COUNTY PARKS	1,000,000	1,000,000	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	222	AMARGOSA DRAINAGE FUND	339,020	339,020	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	223	ANAVERDE DRAINAGE FUND	386,920	386,920	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	224	PORTAL RIDGE DRAINAGE FUND	448,700	448,700	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	225	PEARLAND DRAINAGE FUND	944,200	944,200	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	226	LITTLEROCK DRAINAGE FUND	50,000	50,000	
D0008	**AMARGOSA CRK UPPER RECHG PROJ**	230	BIG ROCK DRAINAGE FUND	73,400	73,400	
D0008 Total				**3,242,240**	**3,242,240**	
D0101	**DETENTION BASIN MAINT & REPAIR**	101	GENERAL FUND	160,000	160,000	
D0101 Total				**160,000**	**160,000**	
D0118	**PEARLAND DRAINAGE PLAN STUDY**	225	PEARLAND DRAINAGE FUND	530,000	530,000	
D0118 Total				**530,000**	**530,000**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
D0119	**OASIS PARK BASIN UPGRADE**	225	PEARLAND DRAINAGE FUND	1,160,000	1,160,000	
D0119 Total				**1,160,000**	**1,160,000**	
D0120	**40TH E/AVE R DRAINAGE IMPRV**	225	PEARLAND DRAINAGE FUND	300,000	300,000	
D0120 Total				**300,000**	**300,000**	
D0171	**DRNG IMPR 25 W OLIVE DR/AVE S**	225	PEARLAND DRAINAGE FUND	500,000	500,000	
D0171 Total				**500,000**	**500,000**	
D0173	**TS HILARY-BERNARDIN WALL RPR**	225	PEARLAND DRAINAGE FUND	100,000	200,000	100,000
D0173 Total				**100,000**	**200,000**	**100,000**
D0174	**TS HILARY STORM DR RPR**	225	PEARLAND DRAINAGE FUND	20,000	20,000	
D0174 Total				**20,000**	**20,000**	
F0010	**CITY FACILITIES**	101	GENERAL FUND	171,180	171,180	
F0010	**CITY FACILITIES**	229	PUBLIC FACILITIES FUND	-	120,470	120,470
F0010	**MAV CITY FACILITIES**	157	MEASURE AV	200,000	450,000	250,000
F0010	**CITY FACILITIES ARPA**	158	AMERICAN RESCUE PLAN FUND	2,000,000	2,000,000	
F0010 Total				**2,371,180**	**2,741,650**	**370,470**
F0028	**PTC WAYFINDING SIGNAGE**	203	PROP A FUND	58,200	58,200	
F0028 Total				**58,200**	**58,200**	
F0047	**LIBRARY IMPROVEMENTS**	241	STATE GRANTS FUND	698,000	698,000	
F0047 Total				**698,000**	**698,000**	
F0052	**PLAYHOUSE HVAC UPGRADE**	220	PARK DEVELOPMENT FUND	265,870	200,000	(65,870)
F0052	**PLAYHOUSE HVAC UPGRADE**	229	PUBLIC FACILITIES FUND	221,100	200,100	(21,000)
F0052 Total				**486,970**	**400,100**	**(86,870)**
F0056	**CIVIC CENTER WAYFINDING**	218	MEASURE R LOCAL RETURN	50,000	50,000	
F0056 Total				**50,000**	**50,000**	
F0059	**SAVES RELOCATION**	280	CDBG FUND	5,000,000	5,000,000	
F0059 Total				**5,000,000**	**5,000,000**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
F0060	**PTC TRANSIT INFRSTR IMPR**	209	MEASURE M FUND	1,662,790	1,662,790	
F0060 Total				**1,662,790**	**1,662,790**	
F0061	**PTC SECURITY UPGRADE**	203	PROP A FUND	-	60,000	60,000
F0061 Total				**-**	**60,000**	**60,000**
F0062	**SAVES/OASIS GENERATORS**	241	STATE GRANTS FUND	28,390	28,980	590
F0062 Total				**28,390**	**28,980**	**590**
F0082	**PALMDALE FILM STAGE**	101	GENERAL FUND	100,000	100,000	
F0082 Total				**100,000**	**100,000**	
F0083	**CITY WIDE SECURITY**	157	MEASURE AV	2,187,490	2,187,490	
F0083 Total				**2,187,490**	**2,187,490**	
F0121	**CITY DEV SVCS ELEVATOR REPAIR**	229	PUBLIC FACILITIES FUND	120,000	120,000	
F0121 Total				**120,000**	**120,000**	
F0122	**FIRE SUPRESSION RETROFITTING**	229	PUBLIC FACILITIES FUND	34,470	10,000	(24,470)
F0122 Total				**34,470**	**10,000**	**(24,470)**
F0136	**SAVES HVAC**	158	AMERICAN RESCUE PLAN FUND	80,000	-	(80,000)
F0136 Total				**80,000**	**-**	**(80,000)**
F0137	**OASIS GENERATOR**	158	AMERICAN RESCUE PLAN FUND	155,000	155,000	
F0137 Total				**155,000**	**155,000**	
F0148	**MK PARK REC CNTR ROOF**	101	GENERAL FUND	200,000	200,000	
F0148 Total				**200,000**	**200,000**	
F0149	**MK PARK REC CNTR CANOPY**	101	GENERAL FUND	57,288	132,288	75,000
F0149 Total				**57,288**	**132,288**	**75,000**
F0150	**DEV SVCS BLDG PAINT**	101	GENERAL FUND	100,000	100,000	
F0150 Total				**100,000**	**100,000**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
F0156	**HAMMACK CNT DEMO**	158	AMERICAN RESCUE PLAN FUND	734,950	409,950	(325,000)
F0156 Total				**734,950**	**409,950**	**(325,000)**
F0158	**OASIS VINYL FLOORS**	158	AMERICAN RESCUE PLAN FUND	5,020	5,020	
F0158 Total				**5,020**	**5,020**	
F0161	**CHIMBOLE EMERGENCY CLEANUP**	101	GENERAL FUND	10,090	10,090	
F0161	**CHIMBOLE EMERGENCY CLEANUP**	157	MEASURE AV	107,680	307,680	200,000
F0161 Total				**117,770**	**317,770**	**200,000**
F0164	**FACILITIES IT WALL DEMO**	229	PUBLIC FACILITIES FUND	75,000	75,000	
F0164 Total				**75,000**	**75,000**	
F0XXX	**SAVES BUILDING**	158	AMERICAN RESCUE PLAN FUND	-	705,000	705,000
F0XXX Total				**-**	**705,000**	**705,000**
G0007	**PAVEMENT MANAGEMENT PROGRAM**	214	PROP C LOCAL RETURN	300,620	300,620	
G0007 Total				**300,620**	**300,620**	
G0026	**PUBLIC WORKS SOFTWARE UPGRADE**	201	GAS TAX FUND	175,320	175,320	
G0026	**PUBLIC WORKS SOFTWARE UPGRADE**	254	SEWER MAINT ASSESSMENT DIST	92,810	92,810	
G0026	**PUBLIC WORKS SOFTWARE UPGRADE**	255	STREET LIGHT COUNTY DISTRICT	98,850	98,850	
G0026 Total				**366,980**	**366,980**	
G0028	**HIGH SPEED RAIL ADM REIMB AGMT**	241	STATE GRANTS FUND	570	570	
G0028 Total				**570**	**570**	
G0030	**GENERAL PLAN UPDATE**	101	GENERAL FUND	638,200	638,200	
G0030	**GENERAL PLAN UPDATE**	241	STATE GRANTS FUND	68,760	68,760	
G0030 Total				**706,960**	**706,960**	
G0087	**REGIONAL RECREATION CENTER**	157	MEASURE AV	15,970	-	(15,970)
G0087 Total				**15,970**	**-**	**(15,970)**

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
G0092	**SUST TRANSP PLN CITY MATCH**	101	GENERAL FUND	59,490	-	(59,490)
G0092	**SUSTAINABLE TRANSP PLN GRNT**	241	STATE GRANTS FUND	97,610	-	(97,610)
G0092 Total				**157,100**	**-**	**(157,100)**
G0093	**SCAG REAP GRANT-UTILITY INVEN**	241	STATE GRANTS FUND	276,000	-	(276,000)
G0093 Total				**276,000**	**-**	**(276,000)**
G0095	**PUB FAC ENERGY EFFICIENCY**	158	AMERICAN RESCUE PLAN FUND	4,966,600	4,966,600	
G0095 Total				**4,966,600**	**4,966,600**	
G0096	**BATTERY STORAGE MCADAM**	157	MEASURE AV	1,106,150	805,150	(301,000)
G0096	**BATTERY STORAGE MCADAM**	158	AMERICAN RESCUE PLAN FUND	1,550,000	1,550,000	-
G0096	**BATTERY STORAGE PROJECT**	205	AIR QUALITY IMPROVEMENT FUND	23,000	23,000	
G0096 Total				**2,679,150**	**2,378,150**	**(301,000)**
G0157	**DIGITAL EQUITY STUDY**	241	STATE GRANTS FUND	325,000	325,000	
G0157	**BROADBAND INFRASTRUCTURE**	158	AMERICAN RESCUE PLAN FUND	100,000	100,000	
G0157 Total				**425,000**	**425,000**	
G0162	**LOCAL ROADWAY SAFETY PLAN**	101	GENERAL FUND	8,000	8,000	
G0162	**LOCAL ROADWAY SAFETY PLAN**	241	STATE GRANTS FUND	72,000	72,000	
G0162 Total				**80,000**	**80,000**	
G0165	**EECBG GRANT**	241	STATE GRANTS FUND	197,390	197,390	
G0165 Total				**197,390**	**197,390**	
G0166	**SPORTSFIELD LIGHTING**	157	MEASURE AV	5,606,180	5,606,180	
G0166 Total				**5,606,180**	**5,606,180**	
G0167	**FACILITY ENERGY EFFICIENCY**	101	GENERAL FUND	592,712	592,712	
G0167 Total				**592,712**	**592,712**	
G0168	**RECORD DIGITIZATION**	158	AMERICAN RESCUE PLAN FUND	2,200,000	2,200,000	
G0168 Total				**2,200,000**	**2,200,000**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
G0171	**MULTIAGENCY REGIONAL RES CNTR**	101	GENERAL FUND	-	1,500,000	1,500,000
G0171 Total				**-**	**1,500,000**	**1,500,000**
L0011	**AUTO MALL LANDSCAPE PROJECT**	481	AD90-2 7TH ST WEST IMPROVEMENT	20,640	20,640	
L0011 Total				**20,640**	**20,640**	
L0012	**AVE S LMD LANDSCAPE ENHANCEMNT**	251	LANDSCAPE MAINTENANCE FUND	178,080	-	(178,080)
L0012	**ST GRT-AVE S LMD LANDSCAPE ENH**	241	STATE GRANTS FUND	394,750	-	(394,750)
L0012 Total				**572,830**	**-**	**(572,830)**
L0013	**LMD DESIGN AND RENOVATION**	251	LANDSCAPE MAINTENANCE FUND	817,240	817,240	
L0013 Total				**817,240**	**817,240**	
L0088	**PALM BLVD/47TH LNDSCP**	214	PROP C LOCAL RETURN	236,790	236,790	
L0088 Total				**236,790**	**236,790**	
P0009	**SAM YELLEN PARK**	157	MEASURE AV	9,998,780	9,998,780	
P0009	**SAM YELLEN PARK**	211	MEASURE A LA COUNTY PARKS	1,549,300	1,549,300	
P0009	**SAM YELLEN PARK**	220	PARK DEVELOPMENT FUND	8,393,100	8,393,100	
P0009 Total				**19,941,180**	**19,941,180**	
P0027	**DRY TOWN WP-REFURBISHMENT**	250	PARK ASSESSMENTS FUND	346,290	385,000	38,710
P0027 Total				**346,290**	**385,000**	**38,710**
P0042	**COMMUNITY PUBLIC ART PROJECTS**	156	PUBLIC ART FUND	60,000	60,000	
P0042	**COMMUNITY PUBLIC ART PROJECTS**	242	MISC GRANT/DEVELOPER CONTRIB	44,760	44,760	
P0042 Total				**104,760**	**104,760**	
P0052	**MARIE KERR PARK N RIDE**	203	PROP A FUND	2,023,000	2,023,000	
P0052	**MARIE KERR PARK N RIDE**	211	MEASURE A LA COUNTY PARKS	487,060	487,060	
P0052 Total				**2,510,060**	**2,510,060**	
P0054	**RANCHO VISTA PARK**	156	PUBLIC ART FUND	2,840	2,840	
P0054	**RANCHO VISTA PARK**	220	PARK DEVELOPMENT FUND	322,780	322,780	
P0054 Total				**325,620**	**325,620**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
P0105	**MK PARK SWIM DECK & COVER**	157	MEASURE AV	905,890	200,000	(705,890)
P0105	**MK PARK SWIM DECK & COVER**	211	MEASURE A LA COUNTY PARKS	1,000,000	1,000,000	
P0105 Total				**1,905,890**	**1,200,000**	**(705,890)**
P0107	**MEMORIAL & HONOR WALL**	157	MEASURE AV	11,370	-	(11,370)
P0107 Total				**11,370**	**-**	**(11,370)**
P0109	**SPORTS FIELD MAINTENANCE**	157	MEASURE AV	3,454,270	3,192,270	(262,000)
P0109	**SPORTS FIELD MAINTENANCE**	242	MISC GRANT/DEVELOPER CONTRIB	115,000	115,000	
P0109 Total				**3,569,270**	**3,307,270**	**(262,000)**
P0110	**PARK MASTER PLAN**	157	MEASURE AV	126,530	126,530	
P0110 Total				**126,530**	**126,530**	
P0111	**SPORTS FIELD LED LIGHT RETROFI**	157	MEASURE AV	1,061,320	1,061,320	
P0111 Total				**1,061,320**	**1,061,320**	
P0116	**MK PARK IMPROVEMENTS**	158	AMERICAN RESCUE PLAN FUND	100,000	100,000	
P0116 Total				**100,000**	**100,000**	
P0117	**BOTW SNACK BAR**	158	AMERICAN RESCUE PLAN FUND	500,000	500,000	
P0117 Total				**500,000**	**500,000**	
P0130	**MCADAM PARK RENO**	242	MISC GRANT/DEVELOPER CONTRIB	275,000	275,000	
P0130	**MCADAM PARK RENOV**	157	MEASURE AV	508,100	508,100	
P0130 Total				**783,100**	**783,100**	
P0131	**COURSON REVITALIZATION GRNT**	242	MISC GRANT/DEVELOPER CONTRIB	3,959,140	3,959,140	
P0131	**COURSON REVITALIZATION**	101	GENERAL FUND	150,000	150,000	
P0131	**COURSON REVITALIZATION**	158	AMERICAN RESCUE PLAN FUND	250,000	250,000	
P0131 Total				**4,359,140**	**4,359,140**	
P0140	**MK PARK POOL ENCLOSURE**	157	MEASURE AV	550,000	550,000	-
P0140 Total				**550,000**	**550,000**	**-**

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
P0144	**BARREL SPRINGS TRL IMPR**	220	PARK DEVELOPMENT FUND	42,000	42,000	
P0144	**BARREL SPRINGS TRL IMPR**	242	MISC GRANT/DEVELOPER CONTRIB	308,000	308,000	
P0144 Total				**350,000**	**350,000**	
P0151	**MCADAM CULTURAL ART**	156	PUBLIC ART FUND	75,000	75,000	
P0151	**MCADAM CULTURAL ART**	220	PARK DEVELOPMENT FUND	75,000	75,000	
P0151	**MCADAM CULTURAL ART**	242	MISC GRANT/DEVELOPER CONTRIB	150,000	150,000	
P0151 Total				**300,000**	**300,000**	
P0152	**ECOLOGICAL PRESERVATION STUDY**	157	MEASURE AV	250,000	-	(250,000)
P0152 Total				**250,000**	**-**	**(250,000)**
P0172	**PELONA VISTA P&R LIGHTING**	203	PROP A FUND	285,000	285,000	
P0172 Total				**285,000**	**285,000**	
PXXXX	**POCKET PARK**	241	STATE GRANTS FUND	-	260,000	260,000
PXXXX Total				**-**	**260,000**	**260,000**
S0025	**STREET RESURFACING PROGRAM**	201	GAS TAX FUND	11,811,100	9,329,950	(2,481,150)
S0025	**STREET RESURFACING PROGRAM**	207	LOCAL TRANSP FUND ART 8	-	2,481,150	2,481,150
S0025	**STREET RESURFACING PROGRAM**	210	ROAD MAINT & REHAB ACCT FUND	6,505,670	6,505,670	
S0025	**STREET RESURFACING PROGRAM**	214	PROP C LOCAL RETURN	5,246,610	5,246,610	
S0025 Total				**23,563,380**	**23,563,380**	**-**
S0044	**NO CO FORUM ITS EXPANSION**	203	PROP A FUND	385,650	385,650	
S0044	**NO CO FORUMITS EXPANSION**	204	PROP C FUND	4,106,110	4,106,110	
S0044 Total				**4,491,760**	**4,491,760**	
S0049	**SR 138 PALMDALE BLVD 5TH/10TH**	208	MEASURE R FUND	19,856,960	19,856,960	
S0049 Total				**19,856,960**	**19,856,960**	
S0050	**SR 138/10TH ST W INTERCHANGE**	208	MEASURE R FUND	24,151,430	24,151,430	
S0050 Total				**24,151,430**	**24,151,430**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
S0051	**SR 138/PLMDL BLVD SB 14 RAMP**	208	MEASURE R FUND	31,253,250	31,253,250	
S0051	**SR 138/PLMDL BLVD SB 14 RAMP**	209	MEASURE M FUND	3,351,220	3,351,220	
S0051 Total				**34,604,470**	**34,604,470**	
S0055	**SR 138 AVE N OVERCROSSING**	208	MEASURE R FUND	6,303,190	6,303,190	
S0055 Total				**6,303,190**	**6,303,190**	
S0058	**AVE R COMPLETE STRT & SAFE RTS**	201	GAS TAX FUND	500,000	500,000	
S0058	**AVE R COMPLETE STRT & SAFE RTS**	207	LOCAL TRANSP FUND ART 8	1,716,720	1,716,720	
S0058	**AVE R COMPLETE STRT & SAFE RTS**	209	MEASURE M FUND	1,636,720	1,636,720	
S0058	**AVE R COMPLETE STRT & SAFE RTS**	240	FEDERAL FUNDS FUND	9,786,900	9,786,900	
S0058 Total				**13,640,340**	**13,640,340**	
S0061	**AVENUE R ITS SIGNAL SYNC**	203	PROP A FUND	689,430	589,430	(100,000)
S0061	**AVENUE R ITS SIGNAL SYNC**	204	PROP C FUND	2,880,170	2,880,170	
S0061 Total				**3,569,600**	**3,469,600**	**(100,000)**
S0062	**COUNTY PAVEMENT PROJECT**	218	MEASURE R LOCAL RETURN	365,550	365,550	
S0062	**COUNTY PAVEMENT PROJECT**	219	MEASURE M LOCAL RETURN	575,090	575,090	
S0062	**COUNTY PAVEMENT PROJ CONTRIB**	201	GAS TAX FUND	491,310	491,310	
S0062	**COUNTY PAVEMENT PROJ**	207	LOCAL TRANSP FUND ART 8	268,300	268,300	
S0062	**COUNTY PAVEMENT PROJ**	210	ROAD MAINT & REHAB ACCT FUND	1,191,380	1,191,380	
S0062 Total				**2,891,630**	**2,891,630**	
S0066	**HSIP ROUNDABOUT @ S-8 & 40TH E**	208	MEASURE R FUND	60,360	60,360	
S0066	**HSIP ROUNDABOUT @ S-8 & 40TH E**	240	FEDERAL FUNDS FUND	2,115,600	2,585,180	469,580
S0066	**S8 & 40TH EST**	156	PUBLIC ART FUND	50,000	50,000	
S0066	**S8 & 40TH EAST**	218	MEASURE R LOCAL RETURN	1,636,570	1,636,570	
S0066 Total				**3,862,530**	**4,332,110**	**469,580**
S0067	**CIVIC CENTER COMPLETE STREETS**	201	GAS TAX FUND	604,080	604,080	
S0067	**CIVIC CENTER COMPLETE STREETS**	241	STATE GRANTS FUND	763,470	763,470	
S0067	**CIVIC CENTER COMPLETE STREETS**	218	MEASURE R LOCAL RETURN	119,000	119,000	
S0067	**CIVIC CENTER COMPLETE STREETS**	219	MEASURE M LOCAL RETURN	2,602,350	2,602,350	
S0067 Total				**4,088,900**	**4,088,900**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
S0069	**PTC PARCEL MERGE**	203	PROP A FUND	16,160	-	(16,160)
S0069 Total				**16,160**	**-**	**(16,160)**
S0072	**RV AND SIERRA AT GRADE SEP**	204	PROP C FUND	1,273,150	1,273,150	
S0072 Total				**1,273,150**	**1,273,150**	
S0075	**RV BLVD SH RR SAFETY CROSSING**	240	FEDERAL FUNDS FUND	3,862,380	3,862,380	
S0075 Total				**3,862,380**	**3,862,380**	
S0077	**20TH STREET WEST BRIDGE**	242	MISC GRANT/DEVELOPER CONTRIB	742,100	742,100	
S0077 Total				**742,100**	**742,100**	
S0094	**DOMENIC MASSARI BIKE LANE**	206	LOCAL TRANSP FUND ART 3	146,000	-	(146,000)
S0094	**DOMENIC MASSARI BIKE LANE**	241	STATE GRANTS FUND	97,410	64,720	(32,690)
S0094 Total				**243,410**	**64,720**	**(178,690)**
S0124	**AVE M RESURFACING**	214	PROP C LOCAL RETURN	300,000	300,000	
S0124 Total				**300,000**	**300,000**	
S0125	**AVE M SR14 TO 10TH PUB ART**	218	MEASURE R LOCAL RETURN	255,000	255,000	
S0125 Total				**255,000**	**255,000**	
S0126	**AVE M INTERCHG IMPRV**	208	MEASURE R FUND	6,615,380	6,615,380	
S0126 Total				**6,615,380**	**6,615,380**	
S0142	**AVE M GRADE SEPARATION EARMARK**	157	MEASURE AV	1,000,000	1,000,000	
S0142 Total				**1,000,000**	**1,000,000**	
S0143	**GUARDRAIL MAINTENANCE**	201	GAS TAX FUND	479,000	479,000	
S0143 Total				**479,000**	**479,000**	
S0145	**AVE R SH RR SAFETY CRS**	240	FEDERAL FUNDS FUND	1,000,000	1,000,000	
S0145 Total				**1,000,000**	**1,000,000**	
S0146	**SR138 PLMD BLVD SIDEWALK GAP C**	209	MEASURE M FUND	550,000	550,000	
S0146 Total				**550,000**	**550,000**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
S0147	**NEC AVE R & SH RT TURN LANE**	219	MEASURE M LOCAL RETURN	750,000	750,000	
S0147 Total				**750,000**	**750,000**	
S0155	**MUSICAL ROAD**	158	AMERICAN RESCUE PLAN FUND	100,000	100,000	-
S0155 Total				**100,000**	**100,000**	**-**
S0169	**PARKING ENF/SIGNAGE/SWEEPING**	157	MEASURE AV	750,000	450,000	(300,000)
S0169 Total				**750,000**	**450,000**	**(300,000)**
S0XXX	**AVTA BUS STOPS**	203	PROP A FUND	-	100,000	100,000
S0XXX Total				**-**	**100,000**	**100,000**
T0006	**TRAFFIC SIGNAL LEFT PHASING**	221	TRAFFIC IMPACT FUND	-	100,000	100,000
T0006 Total				**-**	**100,000**	**100,000**
T0027	**15 E/SR 138 INTRSCTN IMPRVMT**	204	PROP C FUND	247,220	247,220	
T0027 Total				**247,220**	**247,220**	
T0031	**AVE R 45TH ST E TRAFFIC SIGNAL**	221	TRAFFIC IMPACT FUND	706,760	606,760	(100,000)
T0031 Total				**706,760**	**606,760**	**(100,000)**
T0032	**RVB & DIVISION ST TRAFFIC**	210	ROAD MAINT & REHAB ACCT FUND	802,970	802,970	
T0032 Total				**802,970**	**802,970**	
T0033	**Traffic Signal - Auto Ctr & 5t**	201	GAS TAX FUND	93,350	93,350	
T0033 Total				**93,350**	**93,350**	
T0127	**TRAFFIC SIGNAL M & 20TH E**	219	MEASURE M LOCAL RETURN	1,588,830	1,588,830	
T0127 Total				**1,588,830**	**1,588,830**	
T0129	**RVB & ARMFIELD SIGNAL**	210	ROAD MAINT & REHAB ACCT FUND	691,180	691,180	
T0129 Total				**691,180**	**691,180**	
T0163	**CITYWIDE SIGNAL MOD**	240	FEDERAL FUNDS FUND	5,857,920	5,857,920	
T0163	**CITYWIDE SIGNAL MOD**	218	MEASURE R LOCAL RETURN	650,880	650,880	
T0163 Total				**6,508,800**	**6,508,800**	

CITY OF PALMDALE
FY 2024 PROPOSED BUDGET
CAPITAL IMPROVEMENT PROGRAM - BY PROJECT AND FUNDING SOURCE

CIP	Org Description	Fund	Fund Description	FY 2024 Adopted	FY 2024 Proposed	$ Chg
T0170	**TECHNOLOGY DR & 3 ST E**	210	ROAD MAINT & REHAB ACCT FUND	-	1,150,000	1,150,000
T0170	**TECHNOLOGY DR & 3 ST E**	221	TRAFFIC IMPACT FUND	1,150,000	-	(1,150,000)
T0170 Total				**1,150,000**	**1,150,000**	**-**
U0001	**STORM DRAIN @ 45TH/AVE R TO S**	225	PEARLAND DRAINAGE FUND	1,000,000	1,000,000	
U0001	**STORM DRAIN @ 45TH/AVE R TO S**	228	SEWER UPGRADE FUND	434,110	434,110	
U0001	**STORM DRAIN @ 45TH/AVE R TO S**	254	SEWER MAINT ASSESSMENT DIST	2,700,000	2,700,000	
U0001 Total				**4,134,110**	**4,134,110**	
U0002	**LIFT STATION ELIM SEWER REPAIR**	254	SEWER MAINT ASSESSMENT DIST	1,955,810	1,955,810	
U0002 Total				**1,955,810**	**1,955,810**	
U0004	**SEWER MANHOLE REPAIR AND RAISE**	254	SEWER MAINT ASSESSMENT DIST	1,087,670	1,087,670	
U0004 Total				**1,087,670**	**1,087,670**	
U0134	**FLEET MAINTENANCE BLDG**	254	SEWER MAINT ASSESSMENT DIST	4,000,000	4,000,000	
U0134 Total				**4,000,000**	**4,000,000**	
U0135	**PRWA ADV RCYCL WATER PRJ**	158	AMERICAN RESCUE PLAN FUND	400,000	400,000	
U0135 Total				**400,000**	**400,000**	
Grand Total				**261,166,270**	**261,354,640**	**188,370**

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **OPERATIONS DEPARTMENT**
FINANCE DIVISION

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-019, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE OF CONSIDERATION TO ALTER THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES)**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-019, a Resolution of the City Council of the City of Palmdale of consideration to alter the Rate and Method of Special Tax for the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities).

BACKGROUND

In connection with the proposed master planned development of an area known as Ritter Ranch ("Project"), the City formed the City of Palmdale Community Facilities District 93-1 ("CFD 93-1") to finance certain public facilities for the Project. The property in CFD 93-1 was purchased in 2020 by Preston Hollow Capital, LLC ("PHC"), who later transferred the land to RdR Development Holdings, LLC ("RdR"), a limited liability company for which PHC is the sole member. The City issued Special Tax Bonds for CFD 93-1 in 1995 to finance certain public facilities ("93-1 Bonds"). Collectively, PHC and RdR are referred to below as the RdR Parties.

In September 2022, the RdR Parties were prepared to proceed with the development of the first phase of the Project, expected to include up to 1,180 residential units ("Phase 1"). They requested, and the City formed, a new community facilities district for the Phase 1 property portion of the Project ("CFD 2022-3") to fund public infrastructure and

improvements necessary for the development of the Project. The RdR parties expect to cancel all the outstanding CFD 93-1 Bonds prior to proceeding with the issuance of special tax bonds for CFD 2022-3.

The RdR Parties have requested that the City proceed with the approval of the first series of Special Tax Bonds ("Bonds") for CFD 2022-3. The housing market has changed since CFD 2022-3 was formed in September 2022 and Tentative Tract Maps now have been filed with actual lot sizes. As a result, the City and the RdR Parties determined that reductions to the special tax rates originally approved in 2022 for property within CFD 2022-3 are now required before the City approves the issuance of the Bonds.

DISCUSSION

During the CFD 2022-3 formation process, special tax rates were established pursuant to a Rate and Method of Apportionment of Special Taxes ("RMA"), which is the document that governs how special taxes will be levied on property within CFD 2022-3 going forward. The special tax rates for CFD 2022-3 to pay for Bonds issued to fund public facilities were designed so that the total property tax burden on each dwelling unit will not exceed 2% of the projected/assumed assessed value of such property. This tax burden incorporates all ad valorem taxes – the 1% general levy and any school, college, or AVEK general obligation bond tax levy – as well as any special assessments or fees included on the property tax bill. These additional special assessments also include the special taxes for the City's Services CFD 2022-2, which is contiguous with the property in CFD 2022-3.

The 2022 RMA required that a new Price Point Study be completed within 180 days of the issuance of the Bonds, in case home prices had declined and the original special tax rates approved in 2022 caused the overall effective tax rate to exceed 2% of the current estimated home price when the Bonds are to be sold. In addition, since September 2022, the RdR Parties have filed Tentative Tract Maps and have a clear idea of the lot sizes in Phase 1.

To calculate any adjustments to the maximum CFD 2022-3 special tax rates, the City commissioned a new Price Point Study ("2023 PPS") to determine a reasonable sales price for each unit type proposed for Phase 1. As a result of the prices shown in the 2023 PPS, as well as adjustments needed resulting from better lot size information, special tax rates need to be reduced and lot size adjustments need to be made in the RMA. The City's Special Tax Consultant prepared an Amended and Restated Rate and Method of Apportionment ("Amended and Restated RMA") that includes the special tax rate adjustments.

The special tax rates in CFD 2022-3 are being reduced in the Amended and Restated RMA by approximately 15%-18% for smaller homes and approximately 9% to 12% for

larger homes. In addition, the RdR Parties requested an additional special tax reduction to be applied to the first three tracts they expect to sell to merchant builders.
The City Council can now consider adopting a resolution of consideration to amend the RMA for CFD 2022-3 to reduce the special tax rates in anticipation of the sale of Bonds later this spring.

Future Actions

The resolution sets a time and place for the public hearing on the alteration of the RMA for CFD 2022-3, which is proposed to be March 20, 2024, at 5 pm.

On that date, the City Council will conduct the public hearing and take related actions required to alter the RMA for CFD 2022-3.

FISCAL IMPACT

$0; there is no fiscal impact associated with the proposed action.

Special taxes levied on undeveloped property or developed homes within CFD 2022-3 will pay debt service on Bonds issued to finance public facilities necessary to proceed with the proposed residential development of up to 1,180 new dwelling units. The special taxes levied on property in CFD 2022-3 have no fiscal impact on the City. The issuance of any CFD 2022-3 Bonds will be the subject of a future City Council resolution.

The cost of the 2022 PPS and the 2023 PPS, as well as the cost of the preparation of the Amended and Restated RMA, are paid from funds deposited with the City by PHC for this purpose.

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

A. Seek innovative, cost-effective, customer-focused methods of service delivery.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Janelle Samson, Director of Operations
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS
Reso No. CC 2024-019

CITY OF PALMDALE
COUNTY OF LOS ANGELES, CALIFORNIA
RESOLUTION NO. CC 2024-019

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE OF CONSIDERATION TO ALTER THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE CITY OF PALMDALE COMMUNITY FACILITIES DISTRICT NO. 2022-3 (RITTER RANCH PHASE 1 PUBLIC FACILITIES)

WHEREAS, on October 24, 2022, this City Council adopted Resolution No. CC 2022-109 (the "Resolution of Formation") forming City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Improvements) (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"), for the purpose of financing certain public improvements (the "Facilities"), as further provided in the Resolution of Formation; and

WHEREAS, under proceedings pursuant to the Resolution of Formation and the Act, the City Council has authorized the levy of a special tax (the "Special Tax") on real property in the District, as specified in the Rate and Method of Apportionment for City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) (the "Original Rate and Method"), with the proceeds of the Special Tax to be used to pay debt service on bonds issued for the District to finance the Facilities and administrative expenses related to the District; and

WHEREAS, the owner of all of the property in the District, RdR Development Holdings, LLC, has requested that the City Council take the actions necessary to alter the Original Rate and Method; and

WHEREAS, the City Council now desires to undertake the proceedings required by the Act to authorize the District to alter the Original Rate and Method.

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines that public convenience and necessity require that the Original Rate and Method be changed.

SECTION 2. The name of the District is "City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," and the territory included in the District is as shown on the map of the District recorded on September 26, 2022 in Book 196 of Maps of Assessment and Community Facilities Districts at Page 37 (Instrument No. 20220937555), in the Office of the County Recorder for the County of Los Angeles, State of California.

SECTION 3. It is proposed that the Original Rate and Method be amended and restated as set forth in Exhibit A attached hereto and by this reference incorporated herein.

SECTION 4. Wednesday, March 20, 2024, at 5:00 p.m., in the regular meeting place of this City Council, Council Chambers, City Hall, 38300 Sierra Highway, Suite B, Palmdale, California, are hereby designated as the time and place when and where this City Council, as legislative body for the District, will conduct a public hearing on the proposed alteration of the rate and method of apportionment of the special tax to be as set forth in Exhibit A hereto, and consider and finally determine whether the public interest, convenience and necessity require the amendment and restatement of the Original Rate and Method, as described above.

SECTION 5. The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper of general circulation circulated within the District. The publication of the notice shall be completed at least seven (7) days before the date herein set for the public hearing. The notice shall be substantially in the form of Exhibit B hereto.

SECTION 6. This Resolution shall take effect upon its adoption.

PASSED, APPROVED and **ADOPTED** this 21st day of February 2024.

_____
Austin Bishop, Mayor

Approved as to form:

ATTEST:

_____
William P. Curley III
City Attorney

_____
Rochelle Scott, Acting City Clerk

I, Rochelle Scott, Acting City Clerk of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the 21st day of February 2024 by the following roll call vote:

AYES:_____

NOES:_____

ABSTAIN:_____ABSENT: _____

Date: _____ _____
Rochelle Scott, Acting City Clerk

EXHIBIT A

AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES
FOR CITY OF PALMDALE
COMMUNITY FACILITIES DISTRICT NO. 2022-3
(RITTER RANCH PHASE 1 PUBLIC FACILITIES)

A Special Tax, as hereinafter defined, shall be levied and collected in the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities) ("CFD No. 2022-3") each Fiscal Year commencing in Fiscal Year 2023/24, in an amount determined by the application of the procedures below. All Taxable Property, as hereinafter defined, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meaning:

"Accessory Dwelling Unit" or "ADU" means all Assessor's Parcels of Residential Property for which a building permit(s) has been issued for an "Accessory Dwelling Unit" as defined in California Government Code Section 65852.2(j)(1), as may be amended from time to time, that is accessory to a primary Unit. The ADU may be located on the same Assessor's Parcel as the primary Unit that is the primary Unit or on a separate Assessor's Parcel. For purposes of clarification, where an ADU and primary Unit are on the same Assessor's Parcel, the ADU located on such Assessor's Parcel is considered a separate Unit from the primary Unit on such Assessor's Parcel for purposes of the Special Tax. Should an Assessor's Parcel contain only an ADU, such Assessor's Parcel will be taxed as an ADU Unit only.

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. In the event that the Assessor's Parcel Map shows no acreage, the Acreage for any Assessor's Parcel may be determined by the CFD Administrator based upon, in the CFD Administrator's discretion, the applicable condominium plan, final map, parcel map, Assessor's Data or by using available spatial data and GIS.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State.

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 2022-3 including, but not limited to, the following: the costs of any paying agents/fiscal agents/trustees related to CFD No. 2022-3 Bond payments (including the fees and expenses of related counsel); the costs of computing the Annual Special Tax Requirement, the Special Taxes and of preparing the collection schedules for the Special Taxes; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, County Tax Collector's Office or County Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements associated with applicable federal and state securities laws, or otherwise related to CFD No. 2022-3 or CFD No. 2022-3 Bonds; the City's annual administration fees and third party expenses; costs of responding to public inquiries regarding the Special Taxes; the costs of the City or designee related to an appeal of the Special Tax or interpretation of this Rate and Method of Apportionment of Special Taxes; amounts needed to pay any required arbitrage rebate to the federal government related to CFD No. 2022-3 Bonds; the costs associated with the release of funds from any escrow account; and the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Taxes in CFD No. 2022-3.

Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2022-3 for any other administrative purposes of CFD No. 2022-3.

"Annual Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2022-3 to (1) pay Debt Service on all Outstanding CFD No. 2022-3 Bonds due in the Debt Year that commences in such Fiscal Year; (2) pay debt service on bonds expected to be issued by CFD No. 2022-3 due in the Debt Year that commences in such Fiscal Year; (3) Administrative Expenses; (4) provide any amount required to establish or replenish a reserve fund in connection with any CFD No. 2022-3 Bonds; (5) provide an amount equal to reasonably anticipated Special Tax delinquencies based on the delinquency rate for Special Taxes levied in the previous Fiscal Year as determined by the CFD Administrator, as limited by the Act, and without duplicating any amounts described in clauses (3) or (4). The amounts referred to in clauses (1) through (5) of the preceding sentence may be reduced in any Fiscal Year (in the City's sole discretion) by (i) surplus balances in funds and accounts for CFD No. 2022-3 Bonds to the extent that such balances are available to apply against Debt Service pursuant to the Indenture, (ii) proceeds from the collection of penalties associated with delinquent Special Tax, and (iii) any other revenues available to pay Debt Service on the Outstanding CFD No. 2022-3 Bonds or other indebtedness as determined by the CFD Administrator.

“Assessor’s Data” means the property characteristic data compiled and maintained by the County Assessor for each Assessor’s Parcel, including, but not limited to, Assessor’s Parcel Number, Acreage, Building Square Footage, Lot Square Footage and Units.

"Assessor’s Parcel" or “Parcel” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

"Assessor’s Parcel Map" means an official map of the County Assessor designating parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” or “APN” means, with respect to an Assessor’s Parcel, that number assigned to such Assessor’s Parcel by the County for purposes of identification.

“Assigned Special Tax” means the Assigned Special Tax determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

"Backup Special Tax" means the Backup Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with the applicable subsection of Section C below.

“Building Permit” means a permit issued by the City for new construction of a residential or non-residential building on an Assessor’s Parcel.

“Building Square Feet” or “BSF” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Building Square Feet shall be made by reference to the building permit(s) issued for such residential dwelling unit. In the event that the building permit does not show Building Square Feet, other records of the City or Assessor’s Data shall be used as determined by the CFD Administrator.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Annual Special Tax Requirement, and otherwise providing for the levy and collection of the Special Taxes.

"CFD No. 2022-3" means City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities), established by the City Council pursuant to the Act.

"CFD No. 2022-3 Bonds" means bonds or other Debt (as defined in section 53317 of the Act), whether in one or more series, issued or assumed by or on behalf of the City for CFD No. 2022-3 under the Act, and secured by pledge of the Special Taxes.

"City" means the City of Palmdale, California.

"City Council" means the City Council of the City, acting as the legislative body of CFD No. 2022-3.

"County" means the County of Los Angeles, California.

"Debt Service" means for each Debt Year, the total amount of principal and interest due on any Outstanding CFD No. 2022-3 Bonds.

"Debt Year" means the twelve (12) month period ending on the second debt service payment date of each calendar year.

"Developed Property" means, in any Fiscal Year, all Taxable Property in CFD No. 2022-3 for which a Building Permit for new construction was issued by the City prior to March 1 of the preceding Fiscal Year.

"Exempt Property" means all property located within the boundaries of CFD No. 2022-3 which is exempt from the Special Tax pursuant to Section E below.

"Final Map Property" means, in any Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a Final Subdivision Map has recorded prior to January 1 of the preceding Fiscal Year.

"Final Subdivision Map" means a final subdivision map, parcel map or lot line adjustment, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.)* or recordation of a condominium plan pursuant to California Civil Code 4285, that creates individual lots for which Building Permits may be issued without further subdivision of such property.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"GIS" or "Geographic Information System" means a system designed to capture, store, manipulate, analyze, manage, and present spatial or geographic data.

"Indenture" means the indenture, fiscal agent agreement, resolution, or other instrument pursuant to which CFD No. 2022-3 Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1 or Table 2.

"Lot Square Feet" or "LSF" means, for any Assessor's Parcel, the Acreage divided by 43,560.

"Maximum Special Tax" means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Non-Residential Property" means, in any Fiscal Year all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a structure intended for non-residential use.

"Open Space Property" means property within the boundaries of CFD No. 2022-3 which (i) has been designated with specific boundaries and Acreage on a final subdivision map as open space, (ii) has been irrevocably offered for dedication as open space to the federal government, the State, the County, the City, or any other public agency, or (iii) is encumbered by an easement or other restriction required by the City limiting the use of such property to open space.

“Outstanding CFD No. 2022-3 Bonds” means all CFD No. 2022-3 Bonds which are outstanding under and in accordance with the provisions of the Indenture.

“Property Owner’s Association” or “POA” means any duly constituted property owner’s association. As used in this definition, a Property Owner’s Association includes any home-owner’s association, condominium owner’s association, master or sub-association or non-residential owner’s association.

“Property Owner’s Association Property” means any property within the boundaries of CFD No. 2022-3 which is (a) owned by a Property Owner’s Association or (b) designated with specific boundaries and acreage on a final subdivision map as Property Owner Association Property.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax or the Backup Special Tax is equal. For Final Map Property, “Proportionately” means that the ratio of the actual Special Tax Levy to the Assigned Special Tax or the Backup Special Tax is equal. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal.

“Public Property” means any property within the boundaries of CFD No. 2022-3 which (i) is owned by a public agency, (ii) has been irrevocably offered for dedication to a public agency, or (iii) is designated with specific boundaries and Acreage on a final subdivision map as property which will be owned by a public agency. For purposes of this definition, a public agency includes the federal government, the State, the County, the City, school districts, or any other governmental agency.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment of Special Taxes for CFD No. 2022-3.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential Units.

“Ritter Ranch Specific Plan” means Specific Plan 89-02 approved by the City on March 3, 1992 by Ordinance No. 964, as amended on October 11, 1995 by Ordinance No. 1076 (Specific Plan Amendment 95-1-RR).

“Single Family Residential Attached Property” means all Assessor’s Parcels of Residential Property for which a building permit(s) has been issued for (i) an attached residential structure or (ii) property with a single family attached designation according to the Ritter Ranch Specific Plan including detached and paired townhomes.

“Single Family Residential Detached Property” means all Assessor’s Parcels of Residential Property for which a building permit(s) has been issued for a detached residential structure intended as a single primary Unit.

"Special Tax(es)" means the special tax or special taxes to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 2022-3 to fund the Annual Special Tax Requirement.

"State" means the State of California.

"Taxable Property" means all the Assessor’s Parcels within the boundaries of CFD No. 2022-3 that are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessors Parcels of Property Owner Association Property that are not exempt pursuant to Section E herein.

“Taxable Public Property” means all Assessors Parcels of Public Property that are not exempt pursuant to Section E herein.

"Trustee" means the trustee or fiscal agent or paying agent acting as such under the applicable Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, Taxable Property Owner Association Property, or Taxable Public Property.

"Unit" means (i) for Single Family Residential Attached Property, an individual single family attached residential unit or property with a single family attached designation according to the Ritter Ranch Specific Plan, (ii) for Single Family Residential Detached Property, an individual single family detached residential unit. The number of Units assigned to each Assessor's Parcel may be determined by (i) referencing Assessor's Data, (ii) site surveys and physical unit counts, and/or (iii) other research by the CFD Administrator.

"Welfare Exempt Property" means, in any Fiscal Year, all Parcels within the boundaries of CFD No. 2022-3 that (a) have been granted a welfare exemption by the County under subdivision (g) of Section 214 of the Revenue and Taxation Code indicated in the Assessor's Data finalized as of January 1 of the previous Fiscal Year, and (b) are exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of CFD No. 2022-3 Bonds, as applicable, any Assessor's Parcels that received a welfare exemption under subdivision (g) of Section 214 of the Revenue and Taxation Code shall not be classified as Welfare Exempt Property and will be subject to the Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, the CFD Administrator shall determine the Assessor's Parcel Numbers for all Taxable Property within CFD No. 2022-3 for the then-current Fiscal Year. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated, or otherwise reconfigured, the Maximum Special Tax shall be assigned to the new Assessor's Parcels Numbers pursuant to Section C. The CFD Administrator shall also determine: (i) which Parcels are Developed Property, Final Map Property, Undeveloped Property, Taxable Property Owner Association Property and Taxable Public Property; (ii) the number of Units or Acreage each Parcel contains; (iii) the property type, i.e., Single Family Residential Attached Property, Single Family Residential Detached Property, Accessory Dwelling Unit, Non-Residential Property, etc.; and (iv) the Annual Special Tax Requirement for the Fiscal Year. The Assigned Special Tax for Single Family Residential Attached Property shall be based on the number of Units on such Assessor's Parcel and the Building Square Feet of the Units located on such Assessor's Parcel. The Assigned Special Tax for Single Family Detached Property shall be based on the number of Units on such Assessor's Parcel, the Building Square Feet of the Units located on such Assessor's Parcel, and the Lot Square Feet of such Assessor's Parcel. The Assigned Special Tax for Non-Residential Property, Taxable Property Owner Association Property and Taxable Public Property shall be based on the Acreage of the Assessor's Parcel.

C. MAXIMUM SPECIAL TAX RATES

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

a. Assigned Special Tax

The Assigned Special Tax for each Assessor's Parcel of Developed Property is shown in Tables 1 and 2.

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
FINAL SUBDIVISION MAP FOR TRACTS: 51604, 51605, 51606
FISCAL YEAR 2023/24

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$2,112 per Unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$1,644 per Unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$3,025 per Unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$2,708 per Unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$2,580 per Unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$3,215 per Unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$2,950 per Unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$2,813 per Unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$3,332 per Unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$3,190 per Unit
1-E	Accessory Dwelling Unit	N/A	N/A	See below
2-E	Non-Residential Property	N/A	N/A	$22,531 per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

1. 800 BSF / 2,000 BSF = 0.40 or 40%
2. $2,112 Special Tax per Unit x 40% = $844.80 Assigned Special Tax for such ADU

TABLE 2
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
FINAL SUBDIVISION MAP FOR TRACTS: 52093, 51607, 52116, 63145-1, 63145-2, 5W-4/5X-3
FISCAL YEAR 2023/24

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$2,588 per Unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$2,057 per Unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$3,383 per Unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$3,049 per Unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$2,651 per Unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$4,088 per Unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$3,823 per Unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$3,425 per Unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$3,419 per Unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$3,881 per Unit
1-E	Accessory Dwelling Unit	N/A	N/A	See below
2-E	Non-Residential Property	N/A	N/A	$22,531 per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

1. 800 BSF / 2,000 BSF = 0.40 or 40%
   $2,588 Assigned Special Tax per Unit x 40% = $1,035.20 Assigned Special Tax for such ADU

b. <u>Backup Special Tax</u>

The Fiscal Year 2023/24 aggregate Backup Special Tax attributable to property within a Final Subdivision Map will equal $22,531 multiplied by the Acreage of all Taxable Property located within such Final Subdivision Map, excluding Acreage associated with current or expected Taxable Public Property and Taxable Property Owner Association Property.

The Backup Special Tax for each Assessor's Parcel of Residential Property in a Final Subdivision Map shall be computed by dividing the aggregate Backup Special Tax attributable to all Assessor's Parcels of Taxable Property for which building permits for residential construction have or may be issued, as determined in the preceding paragraph, by the number of such Assessor's Parcels (i.e., the number of residential lots).
Notwithstanding the foregoing, if all or any portion of a Final Subdivision Map is subsequently changed or modified, then the Backup Special Tax for each Assessor's Parcel of Residential Property in such Final Subdivision Map, or the portion thereof that is changed or modified, shall be a rate per Acre calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified portion of the Final Subdivision Map prior to the change or modification.
2. Divide the amount determined pursuant to paragraph 1 above by the total Acreage of Residential Property excluding Taxable Public Property and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Subdivision Map area, as reasonably determined by the CFD Administrator.

The result is the Backup Special Tax per Acre which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified Final Subdivision Map.

c. <u>Increase in the Assigned Special Tax and Backup Special Tax</u>

On each July 1, commencing on July 1, 2024 and ending on 2038/39, the Assigned Special Tax and the Backup Special Tax for Developed Property and Final Map Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

d. <u>Multiple Land Use Classes</u>

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Special Tax levied on an Assessor's Parcel shall be the sum of the Special Tax for all Land Use Classes located on that Assessor's Parcel.

2. Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property

a. <u>Maximum Special Tax</u>

The Maximum Special Tax for each Assessor's Parcel of Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be $22,531 per Acre in Fiscal Year 2023/24.

b. <u>Increase in the Maximum Special Tax</u>

On each July 1, commencing on July 1, 2024 and ending on 2038/39, the Maximum Special Tax for Final Map Property, Undeveloped Property, Taxable Property Owner Association Property, and Taxable Public Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. <u>METHOD OF APPORTIONMENT OF THE SPECIAL TAXES</u>

Commencing with Fiscal Year 2023/24 and for each following Fiscal Year, the CFD Administrator shall determine the Annual Special Tax Requirement and shall levy the Special Tax until the amount of the Special Tax levied equals the Annual Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at a rate up to 100% of the applicable Assigned Special Tax to satisfy the Annual Special Tax Requirement.

Second: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at a rate up to 100% of the Maximum Special Tax for Final Map Property to satisfy the Annual Special Tax Requirement.

Third: If additional monies are needed to satisfy the Annual Special Tax Requirement after the second step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at a rate up to 100% of the Maximum Special Tax for Undeveloped Property to satisfy the Annual Special Tax Requirement.

Fourth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the applicable Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor's Parcel to satisfy the Annual Special Tax Requirement.

Fifth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied on each Assessor's Parcel of Taxable Property Owner Association Property at a rate up to 100% of the Maximum Special Tax for Taxable Property Owner Association Property to satisfy the Annual Special Tax Requirement.

Sixth: If additional monies are needed to satisfy the Annual Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on all Taxable Public Property at a rate up to 100% of the Maximum Special Tax for Taxable Public Property to satisfy the Annual Special Tax Requirement.

E. <u>EXEMPTIONS</u>

1. No Special Tax shall be levied on up to 35.20 Acres of Property Owner Association Property, and up to 120.70 Acres of Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property, or Public Property.

2. Property Owner Association Property, that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Property Owner Association Property. Taxable Property Owner Association Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

3. Public Property, that is not exempt from the Special Tax under this section, or pursuant to the Act, shall be classified as Taxable Public Property. Taxable Public Property shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the sixth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property.

4. No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Welfare Exempt Property.

F. APPEAL OF SPECIAL TAX LEVY

Any property owner may file a written appeal of the Special Tax with the CFD Administrator claiming that the amount or application of the Special Tax is not correct with respect to one or more specific Assessor's Parcels. The appeal must be filed not later than one calendar year after having paid the Special Tax that is disputed, and the appellant must be current in all payments of the Special Taxes theretofore levied on the Assessor's Parcel(s). In addition, during the term of the appeal process, all Special Tax levied must be paid for the subject Assessor's Parcel(s) prior to delinquency.

The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the CFD Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the CFD Administrator or subsequent decision by the City requires the Special Tax to be modified or changed in favor of the property owner, then an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

G. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT

The City may, by resolution or ordinance, interpret, clarify and/or revise this Rate and Method of Apportionment to correct any inconsistency, vagueness, or ambiguity as it relates to the Special Taxes, method of apportionment, classification of Assessor's Parcels, or any definition used herein, as long as once CFD No. 2022-3 Bonds have been issued such correction does not materially adversely affect the levy and collection of Special Taxes on any Assessor's Parcel needed to repay the CFD No. 2022-3 Bonds. In addition, the interpretation and application of any section of this document shall be at the CFD Administrator's discretion.

H. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, that the CFD Administrator may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of CFD No. 2022-3. The City may covenant to foreclose and may actually foreclose or cause an action for foreclosure to be prosecuted in respect of Assessor's Parcels of Taxable Property that are delinquent in the payment of the Special Tax.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

"Authorized Facilities" means the public facilities authorized to be financed, in whole or in part, by CFD No. 2022-3.

"Buildout" means the state of maximum development of CFD No. 2022-3 and any property annexed thereto, based on plans and anticipated development.

"CFD Public Facilities Cost" means $66.1 million for CFD No. 2022-3, expressed in 2022 dollars, which shall increase by the annual percentage change in the Construction Inflation Index on July 1, 2023 and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2022-3 under the authorized bonding program for CFD No. 2022-3, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment as described in Section D.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year, but not less than zero percent. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means, as of the date of prepayment, the CFD Public Facilities Costs minus the proceeds of any Previously Issued CFD No. 2022-3 Bonds which were, at the time of issuance, available to the City for Authorized Facilities.

"Previously Issued CFD No. 2022-3 Bonds" means all Outstanding CFD No. 2022-3 Bonds that have been issued by CFD No. 2022-3 prior to the date of prepayment.

1. Prepayment in Full

The Special Tax obligation of an Assessor's Parcel of Developed Property, Taxable Public Property, Final Map Property, or Undeveloped Property for which a Building Permit has been issued, may be prepaid and permanently satisfied as described herein; provided that there are no delinquent installments of the Special Tax with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 45 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. Prepayment must be made not less than 75 days prior to the next occurring date that notice of redemption of Outstanding CFD No. 2022-3 Bonds, if any. Proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. If a prepayment is made prior to the issuance of CFD No. 2022-3 Bonds, the Redemption Premium, Interest Amount, Reserve Fund Credit and Capitalized Interest Credit as calculated below, shall be zero. The CFD Administrator may charge the property owner requesting a prepayment calculation a fee for providing this service.

The Special Tax Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount	
	Plus	Future Facilities Amount
	plus	Redemption Premium
	plus	Interest Amount
	plus	Administrative Fees and Expenses
	less	Reserve Fund Credit
	less	Capitalized Interest Credit
Total:	equals	Special Tax Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (defined below) shall be calculated by the CFD Administrator as follows:

Step Number:

1. Confirm that no Special Tax delinquency apply to such Assessor's Parcel, and if delinquencies are applicable compute all amounts due, including interest and penalties.

2. For Assessor's Parcels of Developed Property and Taxable Public Property compute the Assigned Special Tax and Backup Special Tax. For Assessor's Parcels of Final Map Property, and Undeveloped Property to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permits issued for that Assessor's Parcel.

3. a. Divide the Assigned Special Tax computed pursuant to Step 2 by the total estimated Assigned Special Tax for CFD No. 2022-3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2022-

   b. Divide the Backup Special Tax computed pursuant to Step 2 by the total estimated Backup Special Tax for CFD No. 2022-3 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2022-

   c. Determine which quotient computed pursuant to Step 3.a or 3.b is larger (the "Maximum Special Tax Percentage").

4. Multiply the Maximum Special Tax Percentage by the Outstanding CFD No. 2022-3 Bonds to compute the principal amount of Outstanding CFD No. 2022-3 Bonds to be redeemed (the *"Bond Redemption Amount"*).

5. Compute the Future Facilities Costs.

6. Multiply the Maximum Special Tax Percentage by the total Future Facilities Costs to compute the Future Facilities amount to be prepaid (the *"Future Facilities Amount"*).

7. Multiply the Bond Redemption Amount computed pursuant to Step 4 by the applicable redemption premium, if any, on the Outstanding CFD No. 2022-3 Bonds to be redeemed (the "*Redemption Premium*") determined by reference to the Indenture.

8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding CFD No. 2022-3 Bonds (the "*Interest Amount*").

9. Verify the administrative fees and expenses, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming the Outstanding CFD No. 2022-3 Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").

10. If reserve funds for the Outstanding CFD No. 2022-3 Bonds held under the Indenture, if any, are at or above 100% of the then reserve requirement (as required by the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve requirement for the Outstanding CFD No. 2022-3 Bonds to be redeemed pursuant to the prepayment (the "*Reserve Fund Credit*"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the applicable reserve requirement on the prepayment date or if the Reserve Fund is satisfied by a credit instrument rather than cash funded.

11. If any capitalized interest for the Outstanding CFD No. 2022-3 Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the Maximum Special Tax Percentage by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").

12. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to Steps 4, 6, 7, 8 and 9 less the amount computed pursuant to Steps 10 and 11 (the "*Prepayment Amount*").

13. From the Prepayment Amount, the amounts computed pursuant to Step 6 shall be used by the City to pay for Future Facilities Costs. The amounts computed pursuant to Steps 4, 6, 7 and 8 shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding CFD No. 2022-3 Bonds or make Debt Service payments. The amount computed pursuant to Step 9 shall be retained by the City for the payment of Administrative Fees and Expenses.

The Special Tax Prepayment Amount may be sufficient to redeem other than a $5,000 increment of Outstanding CFD No. 2022-3 Bonds. In such cases, the increment above $5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Outstanding CFD No. 2022-3 Bonds or to make Debt Service payments.

Current year Special Taxes that are not yet paid will remain outstanding and will be collected in the manner billed. With respect to any Assessor's Parcel that is prepaid, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax and the obligation of such Assessor's Parcel satisfied.

Notwithstanding the foregoing, no prepayment will be allowed unless the Maximum Special Tax that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual Debt Service on all Outstanding CFD No. 2022-3 Bonds plus annual Administrative Expenses, as reasonably estimated by the CFD Administrator.

2. Prepayment in Part

The Special Tax may be partially prepaid, provided that a partial prepayment may be made only after all authorized CFD No. 2022-3 Bonds have been issued and only for Assessor's Parcels of Developed Property, Final Map Property, Taxable Public Property and Undeveloped Property for which a Building Permit has been issued and only if there are no delinquent Annual Special Taxes with respect to such Assessor's Parcel at the time of partial prepayment. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated by the CFD Administrator according to the following formula:

$$PP = P_E \times F.$$

These terms have the following meaning:

PP = the partial prepayment
P_E = the Special Tax Prepayment Amount calculated according to Section I.1
F = the Maximum Special Tax Percentage

The Special Tax partial prepayment amount must be sufficient to redeem at least a $5,000 increment of Bonds.

The owner of any Assessor's Parcel who desires such partial prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of

the Special Tax for an Assessor's Parcel within 45 days of the request and may charge a fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute the

prepayment funds remitted according to Section I.1, and (ii) indicate in the records of CFD No. 2022-3 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

J. SPECIAL TAX REDUCTION

The following definitions apply to this Section J:

"Issuance Date" means the date a bond purchase contract related to the sale of the CFD No. 2022-3 Bonds is entered into between the purchaser of the CFD No. 2022-3 Bonds and CFD No. 2022-3.

"Plan Type" means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, condominium) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2022-3 as identified in the Price Point Study.

"Price Point Consultant" means any consultant or firm of such consultants selected by the City that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 2022-3 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD 2022-3, (ii) the City, (iii) any owner of real property in CFD No. 2022-3, or (iv) any real property in CFD No. 2022-3, and (e) is not connected with CFD No. 2022-3 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2022-3 or the City.

"Price Point Study" means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant which (a) sets forth the Plan Types constructed or expected to be constructed within CFD No. 2022-3, (b) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (c) sets forth such Price Point Consultant's estimate of the Price Point for each Plan Type and (d) uses a date for establishing such Price Points that is no earlier than 30 days and no later than 180 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section C herein.

"Total Effective Tax Rate" means, for a Plan Type, the quotient of (a) the Total Tax Burden for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

"Total Tax Burden" means, for any Unit of Single Family Residential Property, the sum of the Assigned Special Tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees and charges, and excluding services charges such as sewer and trash, which are collected by the County via property tax bills and which are payable from and secured by the property, assuming such Unit of Single Family Residential Property has been completed, sold and subject to such levies and impositions.

Special Tax Reduction Calculation

Prior to the issuance of the first series of CFD No. 2022-3 Bonds, the following steps shall be taken for each Land Use Class of Residential Property in CFD No. 2022-3:

1. At least 30 days prior to the expected Issuance Date of the first series of CFD No. 2022-3 Bonds, CFD No. 2022-3 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax Burden and Total Effective Tax Rate for each Plan Type.
3. Separately, for each Land Use Class of Residential Property, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.
    a. If the Total Effective Tax Rate for all Plan Types in a Lands Use Class is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class.
    b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class to exceed 2.00%.
    c. For each Land Use Class group (i.e., A, B, C or D) as shown in Table 1 or Table 2, if the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it for such Land Use Class (e.g., the Assigned Special Tax for Land Use Class 1-B is less than the Assigned Special Tax for Land Use Class 2-B), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2-B shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1-B).
4. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property. The revised Backup Special Tax per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre as set forth in Section C above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed and converted to a percentage.
5. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Attachment A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2022-3. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated

pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Table 1 or Table 2 in Section C for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in in Section C.1.(b) that was not revised as determined pursuant to step 4.

6. If the Issuance Date of the first series of CFD No. 2022-3 Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2022-3 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2022-3 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of CFD No. 2022-3 Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of CFD No. 2022-3 Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2022-3 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2022-3 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2022-3 reflecting the Assigned Special Taxes and the Backup Special Tax set forth in such Certificate of Reduction in Special Taxes.

8. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However, the CFD Administrator shall prepare and deliver to CFD No. 2022-3 a Certificate of No Reduction in Special Taxes substantially in the form of Attachment B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section J have been made and that no changes to the Maximum Special Tax are necessary.

CFD No. 2022-3 and the CFD Administrator shall take no further actions under this Section J upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2022-3 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

K. TERM

The Special Tax shall be levied and collected as needed to fund the Annual Special Tax Requirement for up to 60 years from the initial levy of the Special Tax. In any event no Special Tax shall be levied for CFD. No. 2022-3 after the 2083/84 Fiscal Year.

ATTACHMENT A

CERTIFICATE OF REDUCTION IN SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2022-3

1. Pursuant to Section J of the Rate and Method of Apportionment of Special Taxes attached to the Notice of Special Tax Lien recorded in the Official Records of the County of Los Angeles as Document No. _____ on the _____ day of ____, 20__, the CFD Administrator hereby reduces the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within CFD No. 2022-3.

2. The calculations made pursuant to Section J were based upon a Price Point Study that was received by the CFD Administrator on _____.

3. Table A-1 and A-2 below shows the Assigned Special Tax for each Land Use Class after such reduction:

Table A-1
Reduced Assigned Special Taxes for Developed Property

Fiscal Year _____

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$____ per unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$____ per unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$____ per unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$____ per unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$____ per unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$____ per unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$____ per unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$____ per unit
1-E	Accessory Dwelling Unit	N/A	N/A	See Below
2-E	Non-Residential Property	N/A	N/A	$____ per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

a. 800 BSF / 2,000 BSF = 0.40 or 40%
b. $_____Assigned Special Tax per Unit x 40% = $_____ Assigned Special Tax for such ADU

Table A-2
Reduced Assigned Special Taxes for Developed Property

Fiscal Year _____

Land Use Class	Description	Building Square Feet	Lot Square Feet	Assigned Special Tax
1-A	Single Family Attached Property	>= 1,900 BSF	N/A	$____ per unit
2-A	Single Family Attached Property	< 1,900 BSF	N/A	$____ per unit
1-B	Single Family Detached Property	>= 2,600 BSF	<= 5,999 LSF	$____ per unit
2-B	Single Family Detached Property	=2,300 - < 2,600 BSF	<= 5,999 LSF	$____ per unit
3-B	Single Family Detached Property	< 2,300 BSF	<= 5,999 LSF	$____ per unit
1-C	Single Family Detached Property	>= 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
2-C	Single Family Detached Property	=3,000 - < 3,300 BSF	> 5,999 - = 6,999 LSF	$____ per unit
3-C	Single Family Detached Property	< 3,000 BSF	> 5,999 - = 6,999 LSF	$____ per unit
1-D	Single Family Detached Property	>= 3,300 BSF	> 6,999 LSF	$____ per unit
2-D	Single Family Detached Property	< 3,300 BSF	> 6,999 LSF	$____ per unit
1-E	Accessory Dwelling Unit	N/A	N/A	See Below
2-E	Non-Residential Property	N/A	N/A	$____ per Acre

The Assigned Special Tax for an Accessory Dwelling Unit shall be calculated as a percentage of the Assigned Special Tax for the primary Unit the ADU is accessory to, based on Building Square Footage. For example, if a primary Unit in Land Use Class 1-A of 2,000 BSF has an ADU of 800 BSF, the Assigned Special Tax for the ADU shall be calculated by the following steps:

a. 800 BSF / 2,000 BSF = 0.40 or 40%
b. $_____ Assigned Special Tax per Unit x 40% = $_____ Assigned Special Tax for such ADU

4. The Backup Special Tax for each Assessor's Parcel of Developed Property in CFD No. 2022-3 shall be equal to $_____ after such reduction.

5. The Maximum Special Tax for each Assessor's Parcel of Final Map Property and Undeveloped Property in CFD No. 2022-3 shall be $____ per Acre.

6. Upon execution of the certificate by the City, the CFD Administrator shall cause an amended notice of special tax lien for CFD No. 2022-3 to be recorded reflecting the modifications set forth herein.

7. By execution hereof, the undersigned acknowledges, on behalf of the City and CFD No. 2022-3, receipt of this certificate and modification of the Rate and Method of Apportionment of Special Taxes as set forth in this certificate.

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

Community Facilities District No. 2022-3 of the City of Palmdale

By: _____ Date as of: _____
[closing date of Bonds]

ATTACHMENT B

CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES

COMMUNITY FACILITIES DISTRICT NO. 2022-3

1. All calculations required pursuant to Section J of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _____.

2. Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%.

3. The Maximum Special Tax for Developed Property within CFD No. 2022-3, including the Assigned Special Taxes set forth in Sections C.1.(a) and the Backup Special Tax set forth in Section C.1.(b) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: _____ Date as of: _____
[closing date of Bonds]

EXHIBIT B

NOTICE OF PUBLIC HEARING

City of Palmdale Community Facilities District No. 2022-3
(Ritter Ranch Phase 1 Public Facilities)

Notice is hereby given that on February 21, 2024, the City Council of the City of Palmdale adopted a Resolution entitled "A Resolution of the City Council of the City of Palmdale of Consideration to Alter the Rate and Method of Apportionment of Special Taxes for, the City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)." Pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the City Council of the City of Palmdale hereby gives notice as follows:

A. The text of said Resolution is as follows:

WHEREAS, on October 24, 2022, this City Council adopted Resolution No. CC 2022-109 (the "Resolution of Formation") forming City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Improvements) (the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"), for the purpose of financing certain public improvements (the "Facilities"), as further provided in the Resolution of Formation; and

WHEREAS, under proceedings pursuant to the Resolution of Formation and the Act, the City Council has authorized the levy of a special tax (the "Special Tax") on real property in the District, as specified in the Rate and Method of Apportionment for City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Improvements) (the "Original Rate and Method"), with the proceeds of the Special Tax to be used to pay debt service on bonds issued for the District to finance the Facilities and administrative expenses related to the District; and

WHEREAS, the owner of all of the property in the District, RdR Development Holdings, LLC, has requested that the City Council take the actions necessary to alter the Original Rate and Method; and

WHEREAS, the City Council now desires to undertake the proceedings required by the Act to authorize the District to alter the Original Rate and Method.

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines that public convenience and necessity require that the Original Rate and Method be altered.

SECTION 2. The name of the District is "City of Palmdale Community Facilities District No. 2022-3 (Ritter Ranch Phase 1 Public Facilities)," and the territory included in the District is as shown on the map of the District recorded on September 26, 2022 in Book 196 of Maps of Assessment and Community Facilities Districts at Page 37 (Instrument No. 20220937555), in the Office of the County Recorder for the County of Los Angeles, State of California.

SECTION 3. It is proposed that the Original Rate and Method be amended and restated as set forth in Exhibit A attached hereto and by this reference incorporated herein.

SECTION 4. Wednesday, March 20, 2024, at 5:00 p.m., in the regular meeting place of this City Council, Council Chambers, City Hall, 38300 Sierra Highway, Suite B, Palmdale, California, are hereby designated as the time and place when and where this City Council, as legislative body for the District, will conduct a public hearing on the proposed alteration of the rate and method of apportionment of the special tax to be as set forth in Exhibit A hereto, and consider and finally determine whether the public interest, convenience and necessity require the alteration of the Original Rate and Method, as described above.

SECTION 5. The City Clerk is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper of general circulation circulated within the District. The publication of the notice shall be completed at least seven (7) days before the date herein set for the public hearing. The notice shall be substantially in the form of Exhibit B hereto.

SECTION 6. This Resolution shall take effect upon its adoption.

B. The time and place established under said Resolution for the public hearing required under the Act are Wednesday, March 20, 2024, at the hour of 5:00 p.m., in the regular meeting place of the City Council of the City of Palmdale, Council Chambers, City Hall, 38300 Sierra Highway, Suite B, Palmdale, California.

C. At the public hearing, the testimony of all interested persons or taxpayers in the District for or against the alteration of the rate and method of apportionment of the special taxes for the District will be heard. Any person interested may file a protest in writing as provided in Section 53337 of the Act.

If 50 percent or more of the registered voters, or six registered voters, whichever is more, residing within the District, or the owners of one-half or more of the area of the land in the territory included in the District and not exempt from the Special Tax file written protests against the proposed alteration of the Original Rate and Method, those changes shall be eliminated from any resolution and the changes shall not be included in a resolution for a period of one year from the date of the decision of the City Council on the hearing.

D. The proposed voting procedure shall be by special mail or hand-delivered ballot of the sole owner of the real property located within the District.

Dated: _____, 2024

/s/ Rochelle Scott
Acting City Clerk,
City of Palmdale

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
ENGINEERING DIVISION

DISTRICT: **3**

SUBJECT: **NOTICE OF COMPLETION – ACCEPT PUBLIC LANDSCAPE IMPROVEMENTS FOR TRACT 60789 LOCATED ON THE WEST SIDE OF 40TH STREET EAST AND HOLLOWGLEN DRIVE**

RECOMMENDATION

Staff recommends that the City Council:

1. Accept the Notice of Completion for completed public landscape improvements for Tract 60789 located on the west side of 40th Street East and Hollowglen Drive; and,

2. Authorize the City Manager or her designee to file a Notice of Completion (NOC) and release the security for the completed public landscape improvements.

BACKGROUND

This project, located on the west side of 40th Street East and Hollowglen Drive, constructed public landscape improvements along 40th Street East within the City's right-of-way. Improvements included irrigation and landscaping. Said public improvements have been installed per the approved construction plan, inspected, and approved by City Public Works inspection staff.

DISCUSSION

The Notice of Completion is being brought forth in accordance with Section 16.110.060 of the City's Municipal Code. This Council action will accept the public landscape improvements as complete and initiate the City's release of applicable securities posted for this project per the City's subdivision regulation.

The required public landscape improvements for the project are listed in Exhibit "A" and located in Exhibit "B" and have been completed to the satisfaction of the City Engineer

as required in the Subdivision/Development Improvement Agreement between the developer and the City. After the developer fulfills a one-year maintenance period that began on September 12, 2023, the improvements along 40th Street East will be transferred from the developer to the City of Palmdale Landscape Division.

FISCAL IMPACT

$8,000; The estimated additional maintenance and administrative costs are $8,000 annually. These improvements comprise the entirety of Landscape Maintenance District No. 2006-294, and the maintenance and administrative costs are expected to be sustained by the annual levy and budgeted in account 25133003-723410-3610 (Landscape Assessment District).

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Exh A List of Completed Public Improvements
Exh B Site Map Location
NOC
Photo of Site

EXHIBIT A
LIST OF COMPLETED PUBLIC IMPROVEMENTS

Tract/Project	Plan #	Quantity	Security
Tract 60789	LMD 20-34 (planting & irrigation)	300 LF	$66,700

EXHIBIT B
SITE MAP

VICINITY AND KEY MAP
SCALE: N.T.S.

TRACT NO: 060789

RECORDING REQUESTED BY:

CITY OF PALMDALE

WHEN RECORDED MAIL TO:

CITY OF PALMDALE
OFFICE OF THE CITY CLERK
38300 SIERRA HIGHWAY, SUITE C
PALMDALE, CA 93550

Space above this line is for Recorder's Use

NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, is hereby given that:

1. The undersigned is owner or corporate officer of the interest or estate stated below in the property hereinafter described.
2. The full name of the owner is City of Palmdale, a Municipal Corporation.
3. The full address of the owner is 38300 Sierra Highway, Palmdale, CA 93550.
4. The nature of interest or estate of the owner is: **Landscape Maintenance District Improvements-Tract 60789.**
5. A work of improvement on the property hereinafter described was completed on **September 12, 2023.**
6. The work done was: "**Landscape Maintenance District Improvements-Tract 60789**",
7. The name of the Contractor for such work of improvement: **FH II, LLC**
8. The property on which said work of improvement was completed is in the City of Palmdale, County of Los Angeles, State of California, and is described as follows: **West of 40th Street East and Hollowglen Drive.**
9. The address of said property is: **Tract 60789.**

Dated: **February 21, 2024**

CITY OF PALMDALE

Guillermo I. Padilla, City Engineer

VERIFICATION

I, the undersigned, say: I am the City Engineer, the declarant of the foregoing notice of completion; I have read the said notice of completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on **February 21, 2024,** in the City of Palmdale, California.

Guillermo I. Padilla, City Engineer

Photo of Site – 40th Street East and Hollowglen Drive

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**
CAPITAL IMPROVEMENT PROGRAM DIVISION

DISTRICT: **ALL**

SUBJECT: **AWARD CONSTRUCTION AGREEMENT WITH SQUARE SIGNS, LLC., DBA FRONT SIGNS, FOR PN 888, STREET SWEEPING SIGNAGE, FOR $391,150 FOR A TERM OF 100 WORKING DAYS FROM THE DATE OF THE NOTICE TO PROCEED**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-8618 with Square Signs, LLC., dba Front Signs, for PN 888, Street Sweeping Signage, for $391,150 for a term of 100 working days from the date of the Notice to Proceed; and,

2. Authorize the City Manager or her designee to execute Agreement No. A-8618 with Square Signs, LLC., dba Front Signs, including minimal and/or non-substantial changes.

BACKGROUND

Palmdale Municipal Code 12.36, amended through Ordinance No. 1612, and adopted by City Council on November 15, 2023, requires “No Parking” signage associated with street sweeping days. Project No. 888 provides for the purchase and installation of “No Parking” signs within the residential streets of Palmdale. The City is following Waste Management’s trash collection schedule to maximize the benefits of street sweeping. There are 18 sweeping zones that are identified in Attachment 1 and 2, and street sweeping will be done twice a month on the first business day after a scheduled trash pickup. (For example, Zone A & Q have trash pickup on Friday, so their street sweeping days would be the first and third Monday of every month). The total number of “No Parking” signs to be installed is 4,900.

DISCUSSION

On December 18, 2023, the project was advertised electronically through PlanetBids. A total of thirteen (13) prospective bidders downloaded the bid documents.

On January 16, 2024, five (5) bids for this project were received, summarized, and listed below:

Bidder	Location	Amount
1. Square Signs, LLC., dba Front Signs	Burbank, CA	$391,150.00
2. Cal-Stripe, Inc.	Colton, CA	$469,485.00
3. BC Traffic Specialist	Garden Grove, CA	$545,975.00
4. PCI	Azusa, CA	$618,630.00
5. Sterndahl Enterprises, LLC.	Sun Valley, CA	$708,756.00

The City received one bid protest from Cal-Stripe, Inc. The bid protest asserts, in part, the following: Square Signs, LLC., dba Front Signs, is in possession of a C-45 license and did not list subcontractors to perform the traffic control that this project may require, and Cal-Stripe, Inc. stated that Square Signs, LLC., dba Front Signs, had discrepancies noted in the reference form. Upon review of the bid documents and checking references, the City has determined that the bid protest from Cal-Stripe, Inc. lacks merit and has informed the contractor of this decision. Square Signs, LLC., dba Front Signs, was found to be the lowest responsible, responsive bidder, and staff recommends awarding PN 888 to Square Signs, LLC., dba Front Signs, for $391,150.

Once the signs are in place, enforcement will be handled by the City's Code Enforcement Division. A plan to educate the public through various channels, like social media, newspapers, and community events, will be implemented before they start enforcement.

FISCAL IMPACT

$446,765; The project is funded in Account No. S0169157-724525, with an available balance of $450,000. The fiscal impact and remaining account balance can be seen in the following table:

Scope of Work			Cost
Agreement No. A-8618			$391,150
Construction Contingency (10%)			$39,115
Administration, Permit Fees, and Inspection			$10,500
Labor Compliance			$6,000
Total Cost:			$446,765
Account Number	**Starting Balance**	**Total Project Costs**	**Remaining Balance**
S0169157-724525	$450,000	$446,765	$3,235

STRATEGIC PLAN

Goal III: Invest in infrastructure to improve community livability.

C. Plan and maintain safe and attractive neighborhoods, streets, facilities, and public spaces with exciting programming that promotes active fun for everyone.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Agrmt No. A-8618 with Square Signs LLC., dba Front Signs
Atch 1 Street Sweeping Zones
Atch 2 Street Sweeping Days
Atch 3 Sign Standards
Atch 4 Sign Map-Partial

AGREEMENT NO. A- 8618
CONSTRUCTION CONTRACT
BETWEEN THE CITY OF PALMDALE AND SQUARE SIGNS LLC dba FRONT SIGNS

THIS CONTRACT ("Contract") is made and entered into by and between City of Palmdale, a public entity ("City"), and SQUARE SIGNS LLC dba FRONT SIGNS, a CONTRACTOR ("Contractor"). Contractor and City are collectively referred to herein as the "parties." This Contract shall become effective on the date of the last signatory.

1 Scope of Work

Contractor shall complete the Project in accordance with this Contract. Contractor shall furnish all materials and perform all work required for the completion of the following Project:

Fabrication of "No Parking" signs, installation of signs on existing streetlight poles in designated street sweeping zones, and installation of Telespar poles and signage in designated street sweeping zones. All print signage produced must be of aluminum and shall have reflective sheeting. The "No Parking" signs shall conform to California Manual of Uniform Traffic Control Devices (MUTCD) and Federal Highway Administration (FHWA). Locate the City owned streetlights by using the map provided by the City. Install all signs using brackets that are used in conjunction with banding to mount the signs on streetlights. See note on map page 1942-E for locations of Telespar posts installation of "No Parking" signs. Install signs using Telespar anchors and sleeves in conjunction with drive rivets to mount the signs on Telespar posts.

2 Standard Specifications

Standard Specifications for City projects are those contained in the 2021 Greenbook edition of the "Standard Specifications for Public Works Construction" (the "Greenbook"). Except as otherwise expressly provided herein, the Standard Specifications shall control the general provisions, construction materials, and construction methods for this Contract (except as amended by the Plans for the Project), the General Specifications for the Project, the Special Provisions for the Project, any technical specifications for the Project, and any other contract documents.

3 Compensation

City shall pay Contractor the total, all-inclusive, NOT-TO-EXCEED amount of THREE HUNDRED NINETY-ONE THOUSAND ONE HUNDRED FIFTY Dollars ($391150) for the construction of the Project. This amount shall cover all expenses for labor, materials, and any and all other costs incurred by Contractor to satisfactorily construct the Project. Unless otherwise provided in the bid documents or agreed

upon by the parties, Contractor shall submit detailed, monthly invoices for work actually performed.

4 Completion Date

The construction of the Project shall commence upon Contractor being given a written notice to proceed, and shall be completed within 100 working days of said notice.

5 Payment and Performance Bonds; Guaranty

Unless otherwise expressly provided in the bid documents, prior to commencing work, Contractor shall provide a payment bond and performance bond, each in an amount equal to 100% of the Contract price. The bond forms required to be executed are attached hereto and incorporated by reference herein. Pursuant to the bid documents for this Project, the Contractor is required to provide a written guaranty of Contractor's work. In furtherance thereof, Contractor shall execute the written form of Guaranty attached hereto and incorporated by reference herein.

6 Licenses

At all times during the term of this Contract, Contractor shall possess a valid and current Class A or C-45 or D-42 Contractor's License **[or Specialty Contractor License consisting of Class A or C-45 or D-42 license]** to perform the required work ("Work"). Contractor's DIR registration number is 1000732634. Contractor hereby certifies that it holds the required license(s).

7 Subcontracting

Subject to any self-performance requirements herein, Contractor may subcontract any portion of the work required by this Contract to other persons or firms, and Contractor submitted with its bid a list of those subcontractors who will perform work in an amount in excess of one-half of one percent (1%) of the Contractor's total bid, in compliance with the Subletting and Subcontracting Fair Practices Act, California Public Contract Code § 4100, et seq. Only such listed subcontractors may perform on this Project.

8 Non-Assignability

Neither this Contract nor any rights, title, interest, duties or obligations under this Contract may be assigned, transferred, conveyed or otherwise disposed of by Contractor without the prior written consent of City.

9 Administration

This Contract will be administered by the Public Works Department of the City. The Director of Public Work or his or her designee shall be considered the Project Administrator and shall have the authority to act for the City under this Contract.

10 Indemnification

To the maximum extent permitted by law, Contractor shall indemnify, protect, defend and hold harmless the City, its Board of Director, the City's officers, employees, agents, volunteers, and representatives ("Indemnitees") with respect to any and all claims, suits, actions, stop notices, liabilities and/or damages, including related expenses, attorney's fees and costs, based on, arising out of, or in any way related to the work undertaken by Contractor pursuant to this Contract, and in connection with the Project.

11 Liability Insurance

11.1 Without limiting Contractor's indemnification of City, as described in paragraph 10, and unless modified by City, Contractor shall obtain, provide and maintain, at its own expense, during the term of this Contract, a policy or policies of insurance, satisfactory to the City, from insurance carriers admitted to do business in the State of California and rated in A.M. Best's Insurance Guide with a rating of A:VII or better, which contain the coverage described below.

11.1.1 <u>Commercial General Liability</u>
- $1,000,000.00 limit on a per occurrence basis
- $2,000,000.00 general aggregate limit

11.1.2 <u>Commercial Automobile Liability</u>
- $1,000,000.00 combined single limit including owned, non-owned and hired automobile coverage

11.1.3 <u>Workers' Compensation and Employer's Liability</u>
- Workers' Compensation -- coverage as required by the State of California
- Employer's Liability --
  $1,000,000.00 each accident
  $1,000,000.00 policy limit bodily injury
  $1,000,000.00 each employee bodily injury by disease

11.1.4 Professional Liability/Errors & Omissions*
- $1,000,000.00 limit on a per occurrence basis

11.2 Policies providing for bodily injury and property damage coverage shall contain the following:

A. An endorsement extending coverage to the City as an additional insured, as respects liability arising out of the performance of any work under the Contract.

Such insurance shall be primary insurance, as respects the interest of the City, and any other insurance maintained by the City shall be considered excess coverage and not contributing insurance with the insurance required hereunder. The certificates shall state: “The City of Palmdale, Successor Agency to the Community Redevelopment Agency of the City of Palmdale, Palmdale Civic Authority, Housing Authority, Industrial Development Authority, Airport Authority, their officers, agents, employees and volunteers are named as additional insured”.

B. “Severability of Interest” Clause.

11.3 Promptly upon execution of this Contract, and prior to commencement of any work, CONTRACTOR shall deliver to CITY certificates of insurance and endorsements to all required policies demonstrating that CONTRACTOR has the required coverage and showing the required named insured. Within five (5) days of written request from CITY, CONTRACTOR shall deliver to CITY full and complete copies of all insurance policies required by this Contract.

11.4 Said Certificates of Insurance shall provide that thirty (30) days’ prior written notice of cancellation shall be given to the City in the event of cancellation and/or reduction in coverage of any nature.

11.5 The required policies of insurance shall be endorsed to waive all rights of subrogation. Contractors waives all rights of subrogation.

11.6 Acceptable Proof of Insurance:

A. ACORD Certificate of Insurance listing all coverage, limits, deductibles and insured; and endorsements for all applicable coverage if agent has authority to issue it; or additional insured Form CG20100704 and CG20370704 or equivalent must be provided for general liability coverage. Additional insured form CA0001 must be provided for automobile liability coverage.

B. Binders of insurance for all coverage. Agents must confirm that policy endorsements have been ordered from the respective insurance companies. Upon issuance, policy endorsements and a corresponding Certificate of Insurance listing all insurers and coverage must be submitted to the City Attorney.

C. *When pollution/environmental liability coverage is provided on a “claims made basis”, CONTRACTOR will continue to renew the insurance for a period of five (5) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONTRACTOR, or its officers, employees, or agents during the time this Agreement was in effect.

11.7 The requirements as to the types and limits of insurance to be maintained by CONTRACTOR are not intended to and shall not in any manner limit or qualify CONTRACTOR's liabilities and obligations under this Contract.

11.8 Any policy or policies of insurance that CONTRACTOR elects to carry as insurance against loss or damage to its equipment and tools or other personal property used in the performance of this Contract shall include a provision waiving the insurer's right of subrogation against CITY.

11.9 Notwithstanding any other provision of this Contract, CITY may immediately terminate this Contract if, at any time CONTRACTOR fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements listed above.

11.10 CONTRACTOR shall require any and all subcontractors working on its behalf to provide insurance coverages and limits that are based on the scope of work and nature of risk being performed by the subcontractor. Any and all subcontractors working on behalf of CONTRACTOR shall be subject to all other insurance requirements that are stated herein.

Any deviation in this requirement will be CONTRACTOR's sole risk. CONTRACTOR's insurance requirements in Section 11 will not be impacted and/or limited by such deviation.

12 State Labor Code

12.1 This Contract calls for work to be performed constituting public works. Contractor and all subcontractors shall pay the general prevailing rate of per diem wages as determined and as published by the State Director of the Department of Industrial Relations pursuant to Article 2 of Chapter 1 of Part 7, of Division 2 of the State Labor Code, including, but not limited to, Sections 1770, 1771, 1773, 1773.2 and 1774.

12.2 This is a public work and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by any subcontractor pursuant to Section 1771 of the Labor Code. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the City has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with the City or may be obtained at http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm.

Contractor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of Sections 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor

Code. Pursuant to the provisions of 1775 of the Labor Code, Contractor shall forfeit to the City, as a penalty, not more than $200.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this Contract, by him or by any subcontractor under him, in violation of the provisions of this Agreement.

12.3 Contractors and subcontractors who are ineligible to bid for work on, or be awarded, a public works project pursuant to Labor Code Sections 1777.1 and 1777.7 are prohibited from bidding on, being awarded, or performing work as a subcontractor, on this Project pursuant to Public Contract Code Section 6109.

12.4 Contractor's attention is directed to the provisions in Sections 1774, 1775, 1776, 1777.5 and 1777.6 of the Labor Code. Contractor shall comply with the provisions in these Sections. The statutory provisions for penalties for failure to comply with the State's wage and hours laws will be enforced. Pursuant to Section 1775 of the Labor Code, the Contractor and any subcontractors, shall, as a penalty to the City forfeit the prescribed amounts per calendar day, or portion thereof, for each worker paid less than the prevailing wage rates.

12.5 Pursuant to Labor Code Section 1771.4, the Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

12.6 Each Contractor and subcontractor shall furnish the records specified in Labor Code Section 1776 directly to the State Labor Commissioner at least monthly in the format prescribed by the State Labor Commissioner.

12.7 Sections 1774 and 1775 require the Contractor and all subcontractors to pay not less than the prevailing wage rates to all workmen employed in the execution of the Contract and specify forfeitures and penalties for failure to do so. The minimum wages to be paid are those determined by the State Director of the Department of Industrial Relations. Section 1776 requires the Contractor and all subcontractors to keep accurate payroll records, specifies the contents thereof, their inspection and duplication procedures and certain notices required of the Contractor pertaining to their location.

12.8 Section 1777.5 of the Labor Code requires Contractor or subcontractor employing workers in any apprenticeable occupation to apply to the Joint Apprenticeship Committee nearest the site of the public works project, which administers the apprenticeship program in that trade for a certificate of approval. The certificate will also fix the ratio of apprentices to journeymen to be used in the performance of the Contract. The Contractor is required to make contributions to funds established for the administration of apprenticeship programs if he employs registered apprentices or journeymen in any apprenticeable trade and if other contractors on the public works site are making such contributions. Information

relative to apprenticeship standards, contributions, wage schedules and other requirements may be obtained from the State Director of Industrial Relations or from the Division of Apprenticeship Standards. Section 1777.6 of the Labor Code provides that it shall be unlawful to refuse to accept otherwise qualified employees as registered apprentices solely on the grounds of race, religious creed, color, national origin, ancestry, sex, or age.

12.9 Eight hours labor constitutes a legal day's work, as set forth in Labor Code

Section 1810. The statutory provisions for penalties for failure to comply with the State's wage and hour laws will be enforced as set forth in Labor Code Section 1813.

13 Antitrust Claims

In entering into this Agreement, Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the California Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time the City tenders final payment to Contractor without further acknowledgment by the parties.

14 Trenching and Excavations

Pursuant to Public Contract Code Section 7104, if the Project involves trenching more than four (4) feet deep, Contractor shall promptly and before the following conditions are disturbed notify the City in writing of any:

14.1 Material that Contractor believes may be material that is hazardous waste, as defined in California Health and Safety Code Section 25117, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law; and/or

14.2 Subsurface or latent physical conditions at the site differing from those indicated; and/or

14.3 Unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract.

14.4 As required by Labor Code Section 6705 and in addition thereto, whenever work under the Contract that involves an estimated expenditure in excess of twenty-five thousand dollars ($25,000) for the excavation of any trench or trenches five (5) feet or more in depth, Contractor shall submit for acceptance by City in advance of excavation, a detailed plan showing the design of shoring, bracing, sloping, or other

provisions to be made for worker protection from the hazard of caving ground during the excavation, of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety, the plan shall be prepared by a registered civil or structural engineer employed by Contractor, and all costs therefor shall be included in the price of the Contract. Nothing in this provision shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this provision shall be construed to impose tort liability on the City or on any City officer, agent, consultant, representative, or employee. All plans, processing and shoring costs are Contractor's responsibility and must be included in Contractor's bid.

15 Location of Existing Elements

Pursuant to Government Code Sections 4216 to 4216.9, the methods used and costs involved to locate existing elements, points of connection and all construction methods are Contractor's sole responsibility. Accuracy of information furnished, as to existing conditions, is not guaranteed. Contractor, at its sole expense, must make all investigations necessary to determine locations of existing elements, which may include, without limitation, contacting U.S.A. alert and other private underground locating firm(s), and/or utilizing potholes, specialized locating equipment and/or hand trenching.

16 Third Party Claims

Pursuant to Public Contract Code Section 9201, the City has full authority to compromise or otherwise settle any claim relating to this Contract at any time. The City shall timely notify Contractor of the receipt of any third-party claim relating to the Contract. The City shall be entitled to recover its reasonable costs incurred in providing the notification required by Public Contract Code Section 9201(b).

17 Non-Collusion

Contractor hereby certifies that this bid is genuine and not a sham or collusive, or made in the interest or on behalf of any person or business not herein named. Contractor further certifies that Contractor has not directly or indirectly induced or solicited any other bidder to furnish a sham bid, or any other person or business to refrain from bidding, and Contractor has not in any manner sought by collusion to secure itself an advantage over any other bidder. Contractor also affirms that it has signed and submitted with its bid to the City a Non-collusion Declaration as required by Public Contract Code Section 7106.

18 Conflicts of Interest

Contractor agrees not to accept any employment or representation during the term of this Contract or within twelve (12) months after completion of the work under this

Contract which is or may likely make Contractor “financially interested,” as provided in Government Code Section 1090 and 87100, in any decisions made by City on any matter in connection with which Contractor has been retained pursuant to this Contract.

19 Audit

The City or its representative shall have the option of inspecting and/or auditing all records and other written materials used by Contractor in preparing its billings to the City as a condition precedent to any payment to Contractor. Contractor will promptly furnish documents requested by the City. Additionally, pursuant to Government Code Section 8546.7, if this Contract involves the expenditure of public funds in excess of ten thousand dollars ($10,000), Contractor shall be subject to State Auditor examination and audit at the request of the City or as part of any audit of the City, for a period of three (3) years after final payment under this Contract.

20 Substitute Security

Pursuant to Public Contract Code Section 22300, the substitution of securities for any moneys withheld by the City to ensure performance under a contract is permitted, except where financing will be provided by the Farmers Home Administration of the United States Department of Agriculture pursuant to the Consolidated Farm and Rural Development Act (7 U.S.C. Sec. 1921 *et seq.*) or where federal regulations or policies, or both, do not allow the substitution of securities. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the City, or with a state or federally chartered bank in the State of California as the escrow agent, that shall then pay those moneys to Contractor. Upon satisfactory completion of the Contract, the securities shall be returned to Contractor.

Alternatively, Contractor may request and the City shall make payment of retentions earned directly to the escrow agent at the expense of Contractor. At the expense of Contractor, Contractor may direct the investment of the payments into securities, and Contractor shall receive the interest earned on the investments upon the same terms provided for securities deposited by Contractor. Upon satisfactory completion of the Contract, Contractor shall receive from the escrow agent all securities, interest, and payments received by the escrow agent from the City, pursuant to the terms of this section.

Securities eligible for investment shall include those listed in California Government Code Section 16430, bank or savings and loan certificates of deposit, interest-bearing demand deposit accounts, standby letters of credit, or any other security to which Contractor and the City agree in writing. Contractor shall be the beneficial owner of any securities substituted for moneys withheld and shall receive any interest thereon.

If Contractor elects to receive interest on moneys withheld in retention by the City, it

shall, at the request of any subcontractor performing more than five percent (5%) of Contractor's total bid, make that option available to the subcontractor regarding any moneys withheld in retention by Contractor from the subcontractor. If Contractor elects to receive interest on any moneys withheld in retention by the City, then the subcontractor shall receive the identical rate of interest received by Contractor on any retention moneys withheld from the subcontractor by Contractor, less any actual pro rata costs associated with administering and calculating that interest. In the event that the interest rate is a fluctuating rate, the rate for the subcontractor shall be determined by calculating the interest rate paid during the time that retentions were withheld from the subcontractor. If Contractor elects to substitute securities in lieu of retention, then, by mutual consent of Contractor and its subcontractor, the subcontractor may substitute securities in exchange for the release of moneys held in retention by Contractor. No Contractor shall require any subcontractor to waive any provision of this paragraph.

The escrow agreement for security deposits in lieu of retention shall be substantially similar to the form provided in Public Contract Code Section 22300(f).

21 Claims Dispute Resolution

In the event of any dispute or controversy with the City over any matter whatsoever, the Contractor shall not cause any delay or cessation in or of Work, but shall proceed with the performance of the Work in dispute. The Contractor shall retain any and all rights provided that pertain to the resolution of disputes and protests between the parties. The Disputed Work will be categorized as an "unresolved dispute" and payment, if any, shall be as later determined by mutual agreement or a court of law. The Contractor shall keep accurate, detailed records of all Disputed Work, claims and other disputed matters.

All claims arising out of or related to the Contract documents or this Project, and the consideration and payment of such claims, are subject to the Government Claims Act (Government Code Section 810 et seq.) with regard to filing claims. All such claims are also subject to Public Contract Code Section 9204 and Public Contract Code Section 20104 et seq. (Article 1.5), where applicable. This Contract hereby incorporates those provisions as though fully set forth herein. Thus, the Contractor or any Subcontractor must file a claim in accordance with the Government Claims Act as a prerequisite to filing a construction claim in compliance with Section 9204 and Article 1.5 (if applicable), and must then adhere to Section 9204 and Article 1.5 (as applicable), pursuant to the definition of "claim" as individually defined therein.

22 Non-discrimination and Equal Employment Opportunity

22.1 In performance of this Contract, CONTRACTOR shall not discriminate against any employee, subcontractor, or applicant for employment because of sex, color, race, religion, ancestry, national origin, disability, medical condition including the

medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status. CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their sex, color, race, religion, ancestry, national origin, disability, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sexual orientation, age, gender, gender identity, gender expression, genetic information, or military and veteran status . Affirmative action relating to employment shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

22.2 The provisions of subsection 16.1 above shall be included in all solicitations or advertisements placed by or on behalf of CONTRACTOR for personnel to perform any services under this Contract. CITY shall have access to all documents, data and records of CONTRACTOR and its subcontractors for purposes of determining compliance with the equal employment opportunity and non-discrimination provisions of this Section, and all applicable provisions of Executive Order No. 11246 which is incorporated herein by this reference. A copy of Executive Order No. 11246 is available for inspection at, and on file with, the Palmdale City Clerk's Office.

23 Integration

This Contract supersedes any and all agreements, either oral or written, between the parties hereto with respect to the construction of the Project by Contractor for City and contains all of the covenants and agreements between the parties with respect to the construction of the Project. Each party to this Contract acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made with regard to the construction of the Project by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise regarding work not contained in this Contract shall be valid or binding. Any modification or amendment of this Contract will be effective only if it is in writing and signed by the parties to this Contract. Any changes to the work required by this Contract will be by change order signed by the parties.

24 Governing Law

This Contract will be governed by and construed in accordance with the laws of the State of California without reference to change of venue laws. Any legal action in which enforcement of the terms and conditions of this Contract is requested, or in which it is alleged that a breach of this Contract has taken place, shall be filed and prosecuted in the County of Los Angeles, California.

25 Successors and Assigns

The terms and conditions of this Contract shall be binding on the successors and assigns of the parties to this Contract.

26 Exhibits

The exhibits and attachments referenced in this Contract are attached hereto and incorporated herein by this reference as though set forth in full in the Contract.

27 Authority to Sign

The person or persons executing this Contract on behalf of the Contractor warrant and represent that they have the authority to execute this Contract on behalf of the Contractor and have the authority to bind Contractor to the construction of the Project.

28 Time is of the Essence

Time is of the essence in every provision of this Agreement in which time to perform is a factor.

In Witness Whereof, the parties hereto have caused this Contract to be executed and attested by their respective officers thereunto duly authorized.

CITY OF PALMDALE

SIGNATURE AREA

Ronda Perez Date
City Manager

SIGNATURE AREA

ADDRESS FOR NOTICE:
CITY OF PALMDALE
38300 Sierra Hwy, Suite A
Palmdale, CA 93550

APPROVE AS TO FORM:

SIGNATURE AREA

William P. Curley, III
City Attorney

ATTEST:

SIGNATURE AREA

Roxanne Faber
Acting City Clerk

SQUARE SIGNS LLC dba FRONT SIGNS

SIGNATURE AREA

Gevorg Hambardzumyan Date
CEO

ADDRESS FOR NOTICE:
SQUARE SIGNS LLC dba FRONT SIGNS
3520 Valhalla Drive
Burbank, California 91505

ATTEST: If Corporation

SIGNATURE AREA

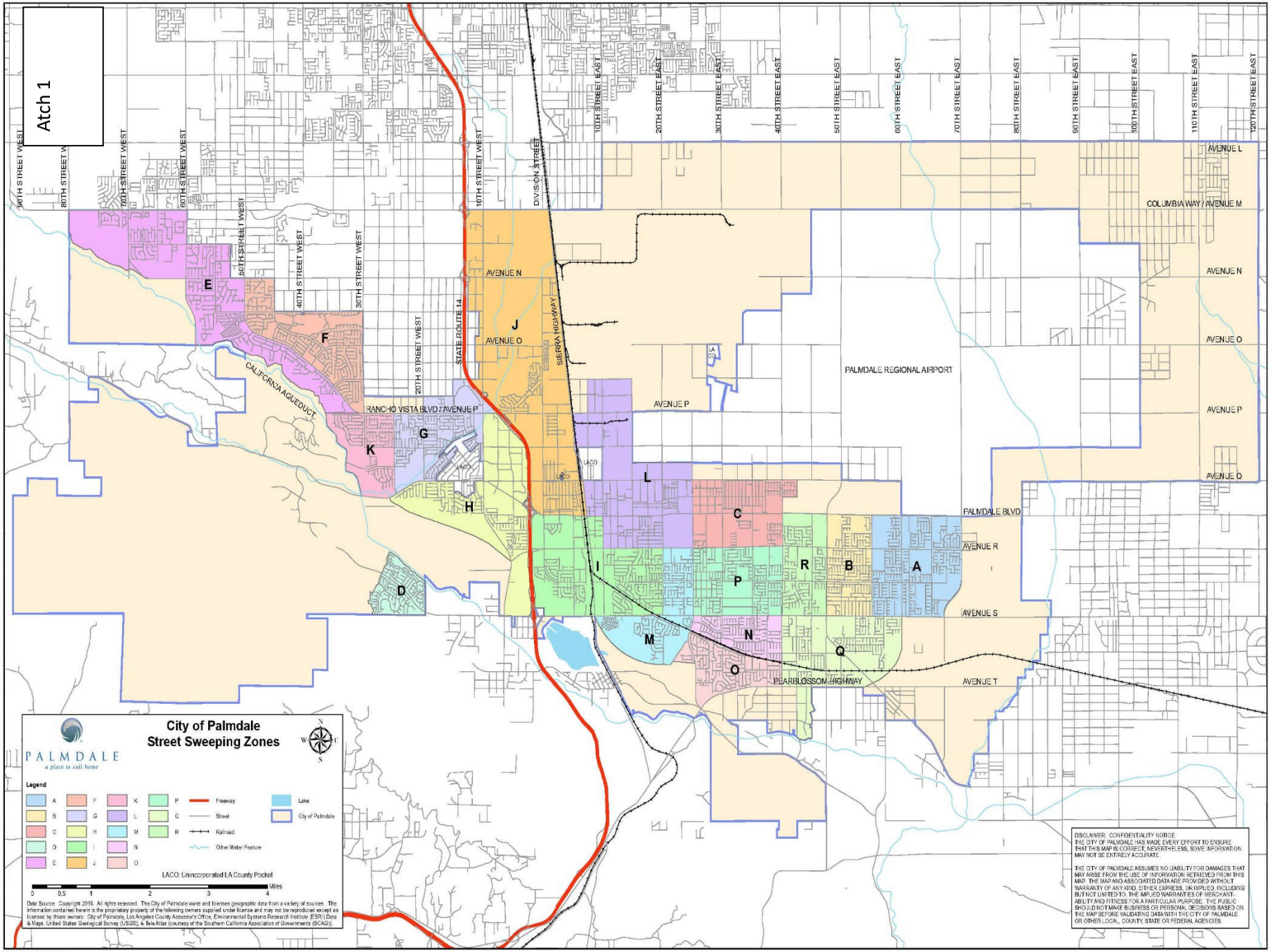
Secretary

[Signatures of contractor on bond(s) must be notarized. Obtain two corporate signatures if contractor is a corporation.]

---------- INTERNAL USE ONLY ----------

□Certificate(s) and Endorsement(s) attached
□Confirmed business name on contract with certificate(s)
□Attached notarized bond(s), Worker's Compensation Certificate, and Guaranty
□Attached Agreement Checklist and met all requirements

Atch 1

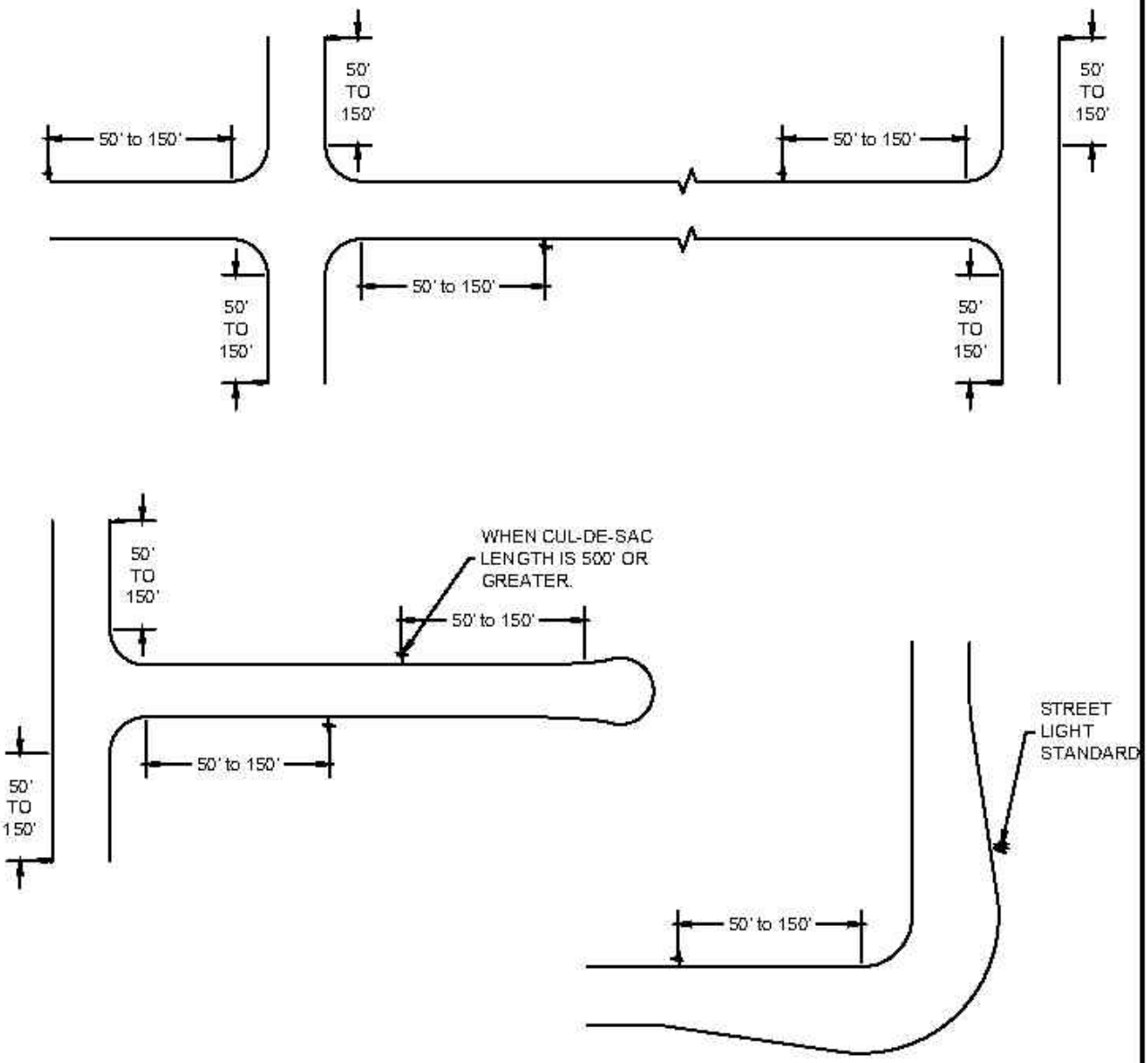


09-26-2016_GIS_00011-23

STREET SWEEPING DAYS Atch 2

ZONE	TRASH PICK UP DAY	STREET SWEEPING DAY
A & Q	FRIDAY	1ST & 3RD MONDAY
B & Z	FRIDAY	2ND & 4TH MONDAY
E	MONDAY	1ST AND 3RD TUESDAY
F	MONDAY	2ND AND 4TH TUESDAY
G & K	TUESDAY	1ST AND 3RD WEDNESDAY
D & H	TUESDAY	2ND AND 4TH WEDNESDAY
J & l	WEDNESDAY	1ST AND 3RD THURSDAY
I & M	WEDNESDAY	2ND & 4TH THURSDAY
N & O	THURSDAY	1ST AND 3RD FRIDAY
C & P	THURSDAY	2ND AND 4TH FRIDAY

Atch 3



STREET SWEEPING SIGNS TO BE INSTALLED ON A STREET LIGHT STANDARD WITHIN THE SPECIFIED DIMENSIONS. IF NO LIGHT STANDARD IS WITHIN THE SPECIFIED DIMENSIONS THE SIGN IS TO BE INSTALLED ON A UNISTRUT POST (OR APPROVED EQUAL) AT PROPERTY LINE BETWEEN DRIVEWAYS.

CITY OF PALMDALE

TYPICAL STREET SWEEPING SIGN PLACEMENT

Std. No. T-1

Approved Gma I Padilla — City Engineer — 12/12/2023 — Date

COLOR
BOARDER & LEGEND - RED (REFLECTIVE)
BACKGROUND - WHITE (REFLECTIVE)

1. DAYS AND TIMES TO BE SET BY CITY STREET SWEEPING CONTRACTOR.

CITY OF PALMDALE	
STREET SWEEPING SIGN	Std. No. T-2
Approved Gmw I Padilla (City Engineer) 12/12/2023 (Date)	

Atch 4

1996-D
Joshua Hills Elementary
Joshua Hills Park
See Grid 1996-B
See Grid 1996-F
See Grid 1996-C
See Grid 2049-C
City Locator Map
Grid Locator Map
Legend
Install NP 7am - Noon Sign on Pole
Install NP Noon - 5pm Sign on Pole
No Street Light
Install NP Noon - 5pm on Telespar
Map Grid
City Boundary
Park
School
1/32 1/16 1/8 3/16 1/4 Mile
0 165 330 660 990 1,320 Feet
No Parking Signage for Street Sweeping
(City Project No. 888)
PALMDALE
a place to call home
Map Revision Date: 11/27/2023

1996-D

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC WORKS DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **APPROVE THE MASTER POWER PURCHASE AND SALE AGREEMENT AND CONFIRMATION LETTER BETWEEN ENERGY FOR PALMDALE'S INDEPENDENT CHOICE (EPIC) AND SOUTHERN CALIFORNIA EDISON (SCE) FOR THE PURCHASE OF RESOURCE ADEQUACY CAPACITY**

RECOMMENDATION

Staff recommends that the City Council:

1. Approve Agreement No. A-8712 between EPIC and SCE for the Master Power Purchase and Sale Agreement, including Paragraph 10 (Attachment 1) and Confirmation Letter (Attachment 2) for the purchase of resource adequacy capacity; and,

2. Authorize the City Manager or her designee to execute Agreement No. A-8712, in a form substantially as attached, and subject to the City Attorney's approval.

BACKGROUND

California Public Utilities Commission (CPUC) Decision 22-05-015 (D. 22-05-015) adopted a Modified Cost Allocation Mechanism (MCAM), Attachment 2, cost recovery process for each investor-owned utility (IOU) that conducted procurement on behalf of load-serving entities (LSEs) that opted out of their specific procurement obligations under CPUC D.19-11-016. Unlike the traditional cost allocation mechanism, where all customers in an IOU's service territory cover procurement costs, under the MCAM, the resource costs are recovered only from customers whose LSEs opted out of procurement.

D. 22-05-015 also adopted a one-time provision allowing non-IOU LSEs to negotiate purchasing the portion of D.19-11-016 capacity that the IOU had procured on behalf of customers who, after 2019, departed IOU service for purchasing LSE's service.

Initially, EPIC was ineligible for the MCAM resource adequacy (RA) or electrical grid reliability allocation under D. 22-05-015 due to the timing of its commencement of service to customers.

However, in December of 2023, CPUC D. 23-12-014 granted San Diego Community Power and Clean Energy Alliance's Petition for Modification of the D. 22-05-015 on the MCAM for Opt-Out and Backstop Procurement Obligations. This action afforded eligibility to additional load-serving entities, including EPIC, to purchase resource adequacy capacity through the MCAM.

Based on EPIC's 2023 year-ahead load forecast and the 2023 year-ahead forecast for SCE's 2019 vintage departing load customers, SCE has calculated that EPIC's share eligible for purchase of the RA procured per D. 19-011-016 is 9.78 MW.

The opportunity for Palmdale to procure additional resource adequacy capacity under the MCAM approach is financially advantageous to EPIC and its customers. To secure resource adequacy capacity under the MCAM approach, EPIC must enter into a Master Power Purchase and Sale Agreement with SCE by March 15, 2024, for inclusion in an SCE advice letter filed to the CPUC on or before April 1, 2024.

DISCUSSION

The opportunity to participate in SCE's MCAM offering aligns with State mandates and EPIC's resource adequacy procurement obligations to support overall grid resiliency in a financially advantageous manner to EPIC and its customers.

FISCAL IMPACT

Sufficient revenues will be generated to cover the costs associated with the proposed action.

The annual cost associated with EPIC's MCAM allocation is estimated to be $1,787,393 beginning in 2025. This contract will displace the need to purchase the same amount of resource adequacy from other sellers in the wholesale power market. The net fiscal impact is expected to be beneficial in the near term and neutral in the longer term. The price paid under this contract will be equivalent to the resource adequacy market price benchmark adopted annually by the CPUC during the term of this agreement, which runs through 2041.

This benchmark price for 2025 will initially be set by the CPUC in October of 2024 and trued up in October of 2025 based on prevailing market conditions. This annual process of updating the market price benchmark and contract price will continue and will be based

on then-current market conditions. While this results in variable costs associated with MCAM capacity deliveries, the prices are expected to approximate the prevailing market value of the product over time.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

B. Manage resources, costs, and liabilities to ensure the City's long-term fiscal health.

Prepared by:	Lynn Glidden, P.E., Director of Public Works
Certified as to the availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Agrmt No. A-8712 with Southern California Edison
Atch 1 Paragraph 10 to the Collateral Annex SCE Version 2020.10.08
Atch 2 MCAM Resource Adequacy Capacity Confirmation Letter 2022.08.26 Redacted

[THIS MASTER AGREEMENT IS SUBJECT TO SCE MANAGEMENT REVIEW AND APPROVAL[1]]

MASTER POWER PURCHASE AND SALE AGREEMENT

COVER SHEET

This *Master Power Purchase and Sale Agreement* (Version 2.1; modified 4/25/00) ("*Master Agreement*") is made as of the following date: _____ ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support, margin agreement, or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement". The Parties to this *Master Agreement* are the following:

Name: *{Counterparty Legal Name}* ("Party A")

All Notices:

Street:

City: Zip:

Attn:
Phone:
Email:
Duns:
Federal Tax ID Number:

Invoices:
Attn:
Phone:
Email:

Scheduling:
Attn:
Phone:
Email:

Payments:
Attn:
Phone:
Email:

Wire Transfer:
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Email:

Name: Southern California Edison Company ("Party B")

All Notices:

Street: 2244 Walnut Grove Ave., G.O.1, Quad 1C

City: Rosemead, CA Zip: 91770

Attn: Director, Energy Contracts Management
Phone: (626) 302-3126
Facsimile: (626) 302-1103
Email: Energycontracts@sce.com
Duns: 006908818
Federal Tax ID Number: 95-1240335

Invoices:
Attn: EPM & Contract Settlements
Phone: (626) 302-8908
Email: PPFDPowerSettle@sce.com

Scheduling:
Attn: Manager or Day Ahead Operations
Phone: (626) 307-4425 or (626) 307-4420
Facsimile: (626) 307-4413
E-mail: presched@sce.com

Payments:
Attn: EPM & Contract Settlements
Phone: 626-302-8908
E-mail: PPFDPowerSettle@sce.com

Wire Transfer:
BNK: JP Morgan Chase Bank
ABA: 021000021
ACCT: 323-394434

Credit:
Attn: Manager of Credit Risk
Phone: (626) 302-3672

[1] [SCE Comment: Green highlights are comments or instructions to be deleted prior to final execution.]

Confirmations:
Attn:
Phone:
Email:

Confirmations:
Attn: Confirmation Coordinator
Phone: (626) 302-3383
Facsimile: (626) 302-3410
Email: SCERiskControl@sce.com

Collateral:
Southern California Edison Company
Attn: Manager of Risk Operations & Collateral Management
2244 Walnut Grove Avenue, GO1 Quad 2A
Rosemead, CA 91770
Phone: (626) 302-3383
Email: SCECollateral@sce.com

With additional Notices of an Event of Default or Potential Event of Default to:
Attn:
Phone:
Email:

With additional Notices of an Event of Default or Potential Event of Default to:
Southern California Edison Company
2244 Walnut Grove Ave., G.O.1, Quad 1C
Rosemead, CA 91770
Attn: Director, Contracts Management and Administration
Phone: (626) 302-3126
Facsimile: (626) 302-8168
Email: Energycontracts@sce.com, and

Attention: Director and Managing Attorney Power Procurement Section
E-mail: PPLegalNotice@sce.com

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff	Tariff	Dated		Docket Number	
Party B Tariff	Tariff Original Vol. No. 8	Dated	09/01/2002	Docket Number	ER 02-2263-000

Article Two

Transaction Terms and Conditions

☒ Optional provision in Section 2.4. If not checked, inapplicable.

Article Four

Remedies for Failure to Deliver or Receive

☒ Accelerated Payment of Damages. If not checked, inapplicable.

Article Five

Events of Default; Remedies

5.1(g) Cross Default for Party A:

☒ Party A: Cross Default Amount $_____ [*Amount and/or Methodology To Be Negotiated*]

☐ Other Entity:[Guarantor, if applicable] Cross Default Amount $_____ [*Amount and/or Methodology To Be Negotiated*]

5.1(g) Cross Default for Party B:

☒ Party B: Southern California Edison Company. Cross Default Amount $200,000,000

☐ Other Entity: Not Applicable. Cross Default Amount $_____

5.6 Closeout Setoff

☒ Option A, as amended.

☐ Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: _____

☐ Option C (No Setoff).

Article Eight

Credit and Collateral Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

☒ Option A, as amended.
☐ Option B Specify: _____
☐ Option C Specify: _____

(b) Credit Assurances:

☒ Not Applicable.
☐ Applicable.

(c) Collateral Threshold:

☐ Not Applicable.
☒ Applicable, as specified in **Paragraph 10 to the EEI Collateral Annex**.

(d) Downgrade Event:

☒ Not Applicable.
☐ Applicable.

If applicable, complete the following:

☐ It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below _____ from S&P or _____ from Moody's or if Party B is not rated by any Ratings Agency.

☐ Other:
Specify:

(e) Guarantor for Party B: Not Applicable.

Guarantee Amount: Not Applicable.

8.2 Party B Credit Protection:

(a) Financial Information:

☒ Option A, as amended.
☐ Option B, as amended. Specify: [Guarantor or other party specified, if applicable]_____
☐ Option C Specify: _____

(b) Credit Assurances:

☒ Not Applicable.
☐ Applicable.

(c) Collateral Threshold:

☐ Not Applicable.
☒ Applicable, as specified in **Paragraph 10 to the EEI Collateral Annex**.

(d) Downgrade Event:

☒ Not Applicable.
☐ Applicable.

If applicable, complete the following:

☐ It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below ___ from S&P or ___ from Moody's or if Party A is not rated by any Ratings Agency.

☐ Other:
Specify:

(e) Guarantor for Party A:

Guarantee Amount: $_____

Article Ten

Confidentiality ☒ Confidentiality Applicable. If not checked, inapplicable.

Schedule M

☐ Party A is a Governmental Entity or Public Power System.

☐ Party B is a Governmental Entity or Public Power System.

☐ Add Section 3.6. If not checked, inapplicable.

☐ Add Section 8.4. If not checked, inapplicable.

Other Changes The following changes shall be applicable.

ARTICLE ONE: GENERAL DEFINITIONS. Amend Article One as follows:

Section 1.4 is amended by (i) deleting the word "or" in the first line, and (ii) inserting the words ", or the Friday immediately following the U.S. Thanksgiving holiday" immediately after "Bank holiday".

Section 1.11 is amended by (i) deleting the words "attorneys' fees and" and (ii) inserting the words "(excluding attorneys' fees)" after the word "expenses" in the fifth line.

Section 1.12 is amended to read as follows:

> "1.12 'Credit Rating' means with respect to any entity, the rating then assigned to such entity's unsecured, senior long-term debt or deposit obligations (not supported by third party credit enhancements) by the Ratings Agencies. If no rating is assigned to such entity's unsecured, senior long-term debt or deposit obligations the Ratings Agencies, then 'Credit Rating' shall mean the general corporate credit rating or long-term issuer rating assigned to such entity by the Ratings Agencies. If any entity is rated by more than one Ratings Agency and the ratings are at different levels, then 'Credit Rating' means the lowest such rating."

Section 1.24 is amended by inserting the words "in accordance with Section 5.2(b)" immediately after "reasonable manner".

Section 1.27 is amended to read as follows:

> "1.27 'Letter of Credit' means an irrevocable, nontransferable standby letter of credit, substantially in the form of Schedule 1 and acceptable to Secured Party, issued by a major U.S. commercial bank, U.S. financial institution, or the U.S. branch office of a foreign bank with, in either case, a Credit Rating of at least A- by S&P or A3 by Moody's. If such financial institution or bank is rated by more than one Ratings Agency and the ratings are at different levels, the lowest rating shall be the Credit Rating for this purpose. Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit."

Section 1.28 is amended by inserting the words "in accordance with Section 5.2(b)" immediately after "reasonable manner".

Section 1.50 is amended by replacing the term "Section 2.4" with the term "Section 2.5".

Section 1.51 is amended by (i) deleting the phrase "at the Delivery Point" and replacing it with ", from an entity that is not an Affiliate of either Party,"; (ii) in clause (ii) inserting after the phrase "at Buyer's option," the phrase "absent a purchase from an entity that is not an Affiliate of either Party,"; and (iii) in the last sentence thereof deleting the phrase "at the Delivery Point" and replacing it with "that is not an Affiliate of either Party".

Section 1.53 is amended by (i) deleting the phrase "at the Delivery Point" and replacing it with ", to an entity that is not an Affiliate of either Party,"; (ii) in clause (ii) inserting after the phrase "at Seller's option," the phrase "absent a sale to an entity that is not an Affiliate of either Party,"; and (iii) in the last sentence thereof deleting the phrase "at the Delivery Point" and replacing it with "that is not an Affiliate of either Party".

New Sections 1.62, 1.63, 1.64, 1.65, 1.66, 1.67, and 1.68 are added to read as follows:

> "1.62 'Forward Price Assessments' means quotations solicited or obtained in good faith from regularly published and widely-distributed forward price assessments from

a broker that is not an Affiliate of either Party and who is actively participating in markets for the relevant Products."

"1.63 'Market Quotation Average Price' means the arithmetic mean of the quotations solicited in good faith from not less than three (3) Reference Market-Makers (as hereinafter defined); provided, however, that the Party obtaining the quotes shall use reasonable efforts to obtain good faith quotations from at least five (5) Reference Market-Makers and, if at least five (5) such quotations are obtained, the Market Quotation Average Price shall be determined by disregarding the highest and lowest quotations and taking the arithmetic mean of the remaining quotations. The quotations shall be based on the offers to sell or bids to buy, as applicable, obtained for transactions substantially similar to each Terminated Transaction. The quote must be obtained assuming that the Party obtaining the quote will provide sufficient credit support for the proposed transaction. Each quotation shall be obtained in good faith by such Party, to the extent reasonably practicable, as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date, such day and time as of which those quotations will be selected shall be specified in accordance with Section 5.2. If fewer than three (3) quotations are obtained, it will be deemed that the Market Quotation Average Price in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined."

"1.64 'Merger Event' means, with respect to a Party or its Guarantor, that such Party or its Guarantor consolidates or amalgamates with, merges into or with, or transfers substantially all its assets to another entity and (i) the resulting entity fails to assume all the obligations of such Party hereunder or of such Party's Guarantor under its guaranty, or (ii) the benefits of any credit support provided by such Party pursuant to Article Eight, or any guaranty provided by such Party's Guarantor, fail to extend to the performance of such resulting, surviving or transferee entity's obligations hereunder, or (iii) the resulting entity's creditworthiness is materially weaker than that of such Party or its Guarantor immediately prior to such action. The creditworthiness of the resulting entity shall not be deemed to be 'materially weaker' so long as the resulting entity maintains a Credit Rating of at least that of the applicable Party or its Guarantor, as the case may be, immediately prior to the consolidation, merger or transfer."

"1.65 'Ratings Agency' means any of S&P and Moody's, and any other ratings agency agreed by the Parties (collectively the 'Ratings Agencies')."

"1.66 'Reference Market-Maker' means a leading dealer in the relevant market that is not an Affiliate of either Party and that is selected by a Party in good faith among dealers of the highest credit standing which satisfy all the criteria that such Party applies generally at the time in deciding whether to offer or to make an extension of credit. Such dealer may be represented by a broker."

"1.67 'Specified Energy Transaction' means any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between Party A and Party B (or any Guarantor of such Party) which is not a Transaction under this Agreement, which is a transaction under the International Swaps and Derivatives Association Master Agreement, the North American Energy Standards Board Base Contract for Purchase and Sale of Natural Gas, the WSPP Agreement, or under any other agreement with respect to the purchase, sale, or transfer of (a) wholesale physical electric energy, capacity, ancillary services or resource adequacy benefits; (b) wholesale physical natural gas; (c) transmission services or capacity, (d)

emissions (including greenhouse gas emissions) related credits, allowances or offsets, or (e) financial derivative products related to any of the foregoing."

ARTICLE TWO: TRANSACTION TERMS AND CONDITIONS. Amend Article Two as follows:

Section 2.1 is amended by adding the following sentence to the end thereof "Any Transaction formed and effectuated pursuant to the foregoing shall be considered a 'writing' or 'in writing' and to have been 'signed' by each Party or otherwise binding on the Parties."

Section 2.2 is amended to delete the second comma after the words "supplements hereto)," and before "the Party" in the second sentence.

Section 2.4 is amended by (i) deleting the words "either orally or" after the phrase "Section 2.3 unless agreed to" in the second to last line thereof.

Section 2.5 is amended (i) to delete the phrase "Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation,"; (ii) by capitalizing the word "each" in the first sentence; and (iii) replacing the words "Parties to this Master Agreement" with "Parties' trading and marketing personnel".

A new Section 2.6 is added to read as follows:

"2.6 Imaged Agreement. Any original executed Master Agreement, Confirmation or other related document may be photocopied and stored on computer tapes and disks (the 'Imaged Agreement'). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in automated facsimile form, the Recording, if introduced as evidence in its original form and as transcribed onto paper or into other written format, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the Recording, the Confirmation, or the Imaged Agreement (or photocopies of the transcription of the Recording, the Confirmation, or the Imaged Agreement) on the basis that such were not originated or maintained in documentary or written form under either the hearsay rule or the best evidence rule. However, nothing in this Section 2.6 shall preclude a Party from challenging the admissibility of such evidence on some other grounds, including, without limitation, the basis that such evidence has been materially or substantially altered from the original."

ARTICLE THREE: OBLIGATIONS AND DELIVERIES. Amend Article Three as follows:

A new Section 3.4 is added to read as follows:

"3.4 Index Transactions. If the Contract Price for a Transaction is determined by reference to an index, then the following provisions shall be applicable to such Transaction.

(a) Market Disruption. If a Market Disruption Event occurs during a Determination Period, the Floating Price for the affected Trading Day(s) shall be determined by reference to the Floating Price specified in the Transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, if the Floating Price is not so determined within three (3) Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then

the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by taking the average of the price quotations for the relevant commodity and relevant Business Days that are obtained from no more than two (2) Reference Market-Makers selected by each Party.

(b) For purposes of this Section 3.4, the following definitions shall apply:

(i) 'Determination Period' means each calendar month a part or all of which is within the Delivery Period of a Transaction.

(ii) 'Exchange' means, in respect of a Transaction, the exchange or principal trading market specified in the relevant Transaction.

(iii) 'Floating Price' means a price per unit in $U.S. specified in a Transaction that is based upon a Price Source.

(iv) 'Market Disruption Event' means, with respect to any Price Source, any of the following events: (a) the failure of the Price Source to announce or publish the specified Floating Price or information necessary for determining the Floating price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange or in the market specified for determining a Floating Price; (c) the temporary or permanent discontinuance or unavailability of the Price Source; (d) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (e) a material change in the formula for or the method of determining the Floating Price.

(v) 'Price Source' means, in respect of a Transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) specified in the relevant Transaction.

(vi) 'Trading Day' means a day in respect of which the relevant Price Source published the Floating Price.

(c) Corrections to Published Prices. For purposes of determining a Floating Price for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within twelve (12) months of the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If, not later than thirty (30) days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than ten (10) Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at the Interest Rate for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

(d) Calculation of Floating Price. For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three (3) decimal places. If the fourth (4th)

decimal number is five (5) or greater, then the third (3rd) decimal number shall be increased by one (1), and if the fourth (4th) decimal number is less than five (5), then the third (3rd) decimal number shall remain unchanged."

ARTICLE FIVE: EVENTS OF DEFAULT; REMEDIES. Amend Article Five as follows:

Section 5.1(e) is amended by adding after the word "hereof" the phrase "or any other credit arrangement, including, but not limited to, the Collateral Annex (or any similar agreement) related to this Agreement".

Section 5.1(f) is amended to read as follows:

"(f) a Merger Event occurs with respect to such Party or its Guarantor, if applicable;"

Section 5.1(h)(iv) is amended by inserting the words "made in connection with this Agreement" after the first instance of the word "guaranty".

Section 5.1(h)(v) is amended by inserting the words "made in connection with this Agreement" after the word "guaranty".

Section 5.1 is amended by adding the following Sections 5.1(i) and 5.1(j) at the end thereof:

"(i) an event of default occurs (howsoever determined) under a Specified Energy Transaction with respect to such Party and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of that Specified Energy Transaction; or

(j) the Party disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that Party, or any Transaction evidenced by such a Confirmation.

Section 5.2 is amended by (i) inserting "(a)" at the beginning thereof; (ii) reversing the placement of "(i)" and "to"; (iii) inserting after the words "designate a day" the words "and time of day" in clause (i) thereof; (iv) replacing the phrase "as soon thereafter as is reasonably practicable)" with ", then each such Transaction — individually, an 'Excluded Transaction' and collectively, the 'Excluded Transactions'— shall be terminated as soon thereafter as is reasonably practicable, and upon termination shall be deemed to be a Terminated Transaction) and the Termination Payment payable in connection with all Terminated Transactions shall be calculated in accordance with this Section 5.2 and with Section 5.3 below"; and (v) adding the following paragraph at the end thereof:

"(b) The Non-Defaulting Party shall determine its Gains and Losses by determining the Market Quotation Average Price for each Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts, to obtain the Market Quotation Average Price with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by calculating the arithmetic mean of at least three (3) Forward Price Assessments for transactions substantially similar to each Terminated Transaction. In the event the Non-Defaulting Party is not able, after commercially reasonable efforts to obtain at least three (3) Forward Price Assessments with respect to any Terminated Transaction, then the Non-Defaulting Party shall calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner by reference to information supplied to it by one or more third parties including, without limitation, index prices, quotations (either firm or indicative) of relevant rates, prices, yields, yield curves, volatilities, spreads, or other relevant market data in the relevant

markets; provided, however, that the provider of such information shall not be an Affiliate of either Party. Only in the event the Non-Defaulting Party is not able, after using commercially reasonable efforts, to obtain such third party information, then the Non-Defaulting Party may calculate its Gains and Losses for such Terminated Transaction in a commercially reasonable manner using relevant market data it has available to it internally."

Section 5.3 is amended by (i) deleting the ":" in the second line thereof; (ii) replacing the words "Agreement against" with "Agreement, against" immediately before "(b)"; and (iii) inserting the phrase "any cash then available to the Defaulting Party pursuant to Article Eight," between the words "Non-Defaulting Party," and "plus any" in the sixth line thereof.

Section 5.4 is amended by inserting the phrase "but in no event more than fifteen (15) Business Days following the Early Termination Date," after the phrase "liquidation," in the second line thereof.

Section 5.6 Option A is amended by (i) inserting the following phrase "with respect to the Specified Energy Transactions," before the words "and/or (ii)" and (ii) adding the following at the end thereof :

"Notwithstanding anything to the contrary contained in this Master Agreement, or in any other agreement, instrument, or undertaking between the Parties with respect to a Specified Energy Transaction, if an Early Termination Date has been designated pursuant to Section 5.2, then, in addition to the other remedies provided in this Master Agreement, the Non-Defaulting Party may accelerate, liquidate and terminate all, but not less than all, Specified Energy Transactions between the Parties."

Section 5.7 is amended to capitalize the word "early" in line 6 to read "Early".

ARTICLE SIX: PAYMENT AND NETTING. Amend Article Six as follows:

Section 6.3 is amended to read as follows:

"6.3 Disputes and Adjustments of Invoices. A Party may adjust any invoice rendered by it under this Agreement to correct any arithmetic or computational error or to include additional charges or claims within twenty-four (24) months after the close of the month in which the obligations being invoiced arose. A receiving Party may, in good faith, dispute the correctness of any invoice or of any adjustment to any invoice previously rendered to it by providing notice to the other Party on or before the later of (i) twelve (12) months of the date of receipt of such invoice or adjusted invoice, or (ii) twenty-four (24) months after the close of the month in which the obligation being invoiced arose. Failure to provide such notice within the time frame set forth in the preceding sentence waives the dispute with respect to such invoice. A Party disputing all or any part of an invoice or an adjustment to an invoice previously rendered to it may pay only the undisputed portion of the invoice when due, provided such Party provides notice to the other Party of the basis for and amount of the disputed portion of the invoice that has not been paid. The disputed portion of the invoice must be paid within two (2) Business Days of resolution of the dispute, along with interest accrued at the Interest Rate from and including the original due date of the invoice to but excluding the date the disputed portion of the invoice is actually paid. Inadvertent overpayments shall be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment but excluding the date repaid or deducted by the Party receiving such overpayment. An invoice can only be adjusted or amended after it was originally rendered within the time frames

set forth in this Section 6.3. If an invoice is not rendered within twenty-four (24) months after the close of the month in which the payment obligations arose, the right to payment for that month under this Agreement is waived."

Section 6.7 is amended to replace the phrase "Section 6.1" with the phrase "Section 6.2".

ARTICLE SEVEN: LIMITATIONS. Amend Article Seven as follows:

Section 7.1 is amended to (i) delete the phrase "EXCEPT AS SET FORTH HEREIN" in the first sentence; and (ii) in the fifth sentence (a) replace in its entirety the phrase "UNLESS EXPRESSLY HEREIN PROVIDED" with "NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY"; (b) add the following phrase "SET FORTH IN THIS AGREEMENT" after the words "INDEMNITY PROVISION"; and (c) add the following phrase "; PROVIDED, HOWEVER, THAT NOTHING IN THIS PROVISION SHALL AFFECT THE ENFORCEABILITY OF SECTIONS 5.2 AND 5.3 OF THIS AGREEMENT" after the words "OR OTHERWISE".

ARTICLE EIGHT: CREDIT AND COLLATERAL REQUIREMENTS. Amend Article Eight as follows:

Section 8.1(a) Option A is amended to add (i) the following phrase "(income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes) after the words "consolidated financial statements" in the third line; (ii) the phrase "setting forth in each case in comparative form the figures for the previous year" after the words "for such fiscal year," in the third line; and (iii) the phrase "and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year certified in accordance with all applicable laws and regulations, including without limitation all applicable Securities and Exchange Commission rules and regulations, provided however, for the purposes of this (i) and (ii), if Party B's financial statements are publicly available electronically on the Securities and Exchange Commission's website or Party B's website, then Party B shall be deemed to have met this requirement" after the words "for such fiscal quarter" in the fifth line.

Section 8.2(a) Option A is amended to add (i) the following phrase "(income statement, balance sheet, statement of cash flows and statement of retained earnings and all accompanying notes)" after the words "consolidated financial statements" in the third line; (ii) the phrase "setting forth in each case in comparative form the figures for the previous year" after the words "for such fiscal year," in the third line; and (iii) the phrase "and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year end audit adjustments)], provided however, for the purposes of this (i) and (ii), if Party A's financial statements are publicly available electronically on the Securities and Exchange Commission's website or Party A's website, then Party A shall be deemed to have met this requirement" after the words "for such fiscal quarter" in the fifth line; and (v) at the end thereof the phrase "For purposes of this Section, 'Responsible Officer' shall mean the Chief Financial Officer, Treasurer or any Assistant Treasurer of Party A or any employee of Party A designated by any of the foregoing.".

A new Section 8.4 is added to read as follows:

"8.4 California Commercial Code Waiver. This Agreement and the Collateral Annex set forth the entirety of the agreement of the Parties regarding credit, collateral and adequate assurances. Except as expressly set forth in the options elected by the Parties

in respect of Sections 8.1 and 8.2, in Section 8.3, and in the relevant portions of the Collateral Annex, neither Party:

(a) has or will have any obligation to post margin, provide letters of credit, pay deposits, make any other prepayments or provide any other financial assurances, in any form whatsoever, nor

(b) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the relevant provisions of Section 8 of this Master Agreement and of the relevant provisions of the Collateral Annex;

and all implied rights relating to financial assurances arising from Section 2609 of the California Commercial Code or case law applying similar doctrines, are hereby waived."

ARTICLE NINE: GOVERNMENTAL CHARGES. Amend Article Nine as follows:

Section 9.2, is amended to add the words ", charges, or fees" after the word "taxes" in the first line thereof.

ARTICLE TEN: MISCELLANEOUS. Amend Article Ten as follows:

Section 10.2(vi) is amended to add the phrase "(for purposes of this Section 10.2(vi), Party B shall be deemed to have no Affiliates)" after the word "Affiliates".

Section 10.2(xii) is amended to read as follows:

"(xii) each Transaction that is not executed or traded on a 'trading facility', as defined in the Commodity Exchange Act, as otherwise amended, updated or modified from time to time, is subject to individual negotiation by the Parties."

Section 10.4 is amended by adding the following sentence at the end thereof:

"Neither Party shall be liable with respect to any Claim to the extent that such Claim resulted from the negligence, willful misconduct, or bad faith of the indemnified Party."

Section 10.5 is amended as follows:

(a) add the following phrase to the end of clause (i) immediately after the word "arrangements" the phrase "to any person or entity whose creditworthiness is equal to or higher than that of such Party"; (b) in clause (ii) replace the words "affiliate" and "affiliate's" with, respectively "Affiliate" and "Affiliate's"; and (c) in clause (iii) immediately after the words "substantially all of the assets" insert the words "of such Party and".

Section 10.6 is amended to read as follows:

"10.6 Governing Law; Venue; Dispute Resolution.

(a) Governing Law and Venue: THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY WAIVES ITS RESPECTIVE RIGHT TO ANY JURY TRIAL WITH RESPECT TO ANY DISPUTE ARISING UNDER OR IN CONNECTION WITH THIS

AGREEMENT. The Parties hereby consent to conduct all dispute resolution, judicial actions or proceedings arising directly, indirectly or otherwise in conjunction with, out of, related to, or arising from this Agreement in Los Angeles County, California.

(b) Dispute Resolution:

(i) Mediation. The Parties agree that any and all disputes, claims or controversies arising out of, relating to, concerning or pertaining to this Agreement, or to either Party's performance or failure of performance under this Agreement, which disputes, claims, or controversies the Parties have been unable to resolve by informal methods after undertaking a good faith effort to do so, shall first be submitted to Judicial Arbitration and Mediation Services, Inc. ('JAMS'), its successor, or any other mutually agreeable neutral (the 'Mediator') for mediation, and if the matter is not resolved through mediation, then it shall be submitted as provided below for final and binding arbitration.

The Parties agree that there will be no interlocutory appellate relief (such as writs) available. Any dispute resolution process pursuant to this Section 10.6(b) shall be commenced within one (1) year of the date of the occurrence of the facts giving rise to the dispute, without regard to the date such facts are discovered; *provided*, if the facts giving rise to the dispute were not reasonably capable of being discovered at the time of their occurrence, then such one (1) year period shall commence on the earliest date that such facts were reasonably capable of being discovered, and in no event more than four (4) years after the occurrence of the facts giving rise to the dispute. If any dispute resolution process pursuant to this Section 10.06(b) with respect to a dispute is not commenced within such one (1) year time period, such dispute shall be waived and forever barred, without regard to any other limitations period set forth by law or statute.

Either Party may initiate the mediation by providing to the other Party a written request for mediation setting forth the subject of the dispute and the relief requested.

The Parties will cooperate with one another in selecting the Mediator from the JAMS' panel of neutrals, or in selecting a mutually acceptable non-JAMS Mediator, and in scheduling the time and place of the mediation.

Such selection and scheduling will be completed within forty-five (45) days after a Party provides a written request for mediation.

Unless otherwise agreed to by the Parties, the mediation will not be scheduled for a date that is greater than one hundred twenty (120) days after a Party provides a written request for mediation.

The Parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs (other than each Party's individual attorneys' fees and costs related to the Party's participation in the mediation, which fees and costs will be borne by such Party).

All offers, promises, conduct and statements, whether oral or written, made in connection with or during the mediation by either of the Parties, their agents, representatives, employees, experts and attorneys, and by the Mediator or any of the Mediator's agents, representatives and employees, will not be subject to discovery and will be confidential, privileged and inadmissible for any purpose,

including impeachment, in any arbitration or other proceeding between or involving the Parties, or either of them, *provided*, evidence that is otherwise admissible or discoverable will not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

(ii) Arbitration. Either Party may initiate binding arbitration with respect to the matters first submitted to mediation by making a written demand for binding arbitration before a single, neutral arbitrator (the 'Arbitrator') within sixty (60) days following the unsuccessful conclusion of the mediation provided for in Section 10.06(b)(i). If a written demand for arbitration is not provided by either Party within sixty (60) days following the unsuccessful conclusion of the mediation provided for in Section 10.06(b)(i), the dispute resolution process shall be deemed complete and further resolution of such dispute shall be barred, without regard to any other limitations period set forth by law or statute.

The Parties will cooperate with one another in promptly selecting the Arbitrator and shall further cooperate in scheduling the arbitration to commence no later than 180 days from the date of the initial written demand for binding arbitration.

If, notwithstanding their good faith efforts, the Parties are unable to agree upon a mutually acceptable Arbitrator, the Arbitrator shall be appointed as provided for in California Code of Civil Procedure Section 1281.6.

Unless otherwise agreed to by the Parties, the individual acting as the Mediator shall be disqualified from serving as the Arbitrator in the dispute, although the Arbitrator may be another member of the JAMS panel of neutrals or such other panel of neutrals from which the Parties have agreed to select the Mediator.

Upon a Party's written demand for binding arbitration, such dispute, claim or controversy submitted to arbitration, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration before the Arbitrator, in accordance with the laws of the State of California, without regards to principles of conflicts of laws.

Except as provided for herein, the arbitration shall be conducted by the Arbitrator in accordance with the rules and procedures for arbitration of complex business disputes for the organization with which the Arbitrator is associated.

Absent the existence of such rules and procedures, the arbitration shall be conducted in accordance with the California Arbitration Act, California Code of Civil Procedure Section 1280 et seq and California procedural law (including the Code of Civil Procedure, Civil Code, Evidence Code and Rules of Court, but excluding local rules).

Notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, the place of the arbitration shall be in Los Angeles County, California.

Also, notwithstanding the rules and procedures that would otherwise apply to the arbitration, and unless the Parties agree to a different arrangement, discovery will be limited as follows:

(1) Before discovery commences, the Parties shall exchange an initial disclosure of all documents and percipient witnesses which they intend to rely upon or use at any arbitration proceeding (except for documents and witnesses to be used solely for impeachment);

(2) The initial disclosure will occur within thirty (30) days after the initial conference with the Arbitrator or at such time as the Arbitrator may order;

(3) Discovery may commence at any time after the Parties' initial disclosure;

(4) The Parties will not be permitted to propound any interrogatories or requests for admissions;

(5) Discovery will be limited to twenty-five (25) document requests (with no subparts), three (3) lay witness depositions, and three (3) expert witness depositions (unless the Arbitrator holds otherwise following a showing by the Party seeking the additional documents or depositions that the documents or depositions are critical for a fair resolution of the Dispute or that a Party has improperly withheld documents);

(6) Each Party is allowed a maximum of three (3) expert witnesses, excluding rebuttal experts;

(7) Within sixty (60) days after the initial disclosure, or at such other time as the Arbitrator may order, the Parties shall exchange a list of all experts upon which they intend to rely at the arbitration proceeding;

(8) Within thirty (30) days after the initial expert disclosure, the Parties may designate a maximum of two (2) rebuttal experts;

(9) Unless the Parties agree otherwise, all direct testimony will be in form of affidavits or declarations under penalty of perjury; and

(10) Each Party shall make available for cross examination at the arbitration hearing its witnesses whose direct testimony has been so submitted.

Subject to Section 7.1, the Arbitrator will have the authority to grant any form of equitable or legal relief a Party might recover in a court action. The Parties acknowledge and agree that irreparable damage would occur if certain provisions of this Agreement are not performed in accordance with the terms of the Agreement, that money damages would not be a sufficient remedy for any breach of these provisions of this Agreement, and that the Parties shall be entitled, without the requirement of posting a bond or other security, to specific performance and injunctive or other equitable relief as a remedy for a breach of Section 10.11 of this Agreement.

Judgment on the award may be entered in any court having jurisdiction.

The Arbitrator shall, in any award, allocate all of the costs of the binding arbitration (other than each Party's individual attorneys' fees and costs related to the Party's participation in the arbitration, which fees and costs shall be borne by such Party), including the fees of the Arbitrator, against the Party who did not prevail.

Until such award is made, however, the Parties shall share equally in paying the costs of the arbitration.

At the conclusion of the arbitration hearing, the Arbitrator shall prepare in writing and provide to each Party a decision setting forth factual findings, legal analysis, and the reasons on which the Arbitrator's decision is based. The Arbitrator shall also have the authority to resolve claims or issues in advance of the arbitration hearing that would be appropriate for a California superior court

judge to resolve in advance of trial. The Arbitrator shall not have the power to commit errors of law or fact, or to commit any abuse of discretion, that would constitute reversible error had the decision been rendered by a California superior court. The Arbitrator's decision may be vacated or corrected on appeal to a California court of competent jurisdiction for such error. Unless otherwise agreed to by the Parties, all proceedings before the Arbitrator shall be reported and transcribed by a certified court reporter, with each Party bearing one-half of the court reporter's fees."

Section 10.8 is amended to replace in the penultimate sentence thereof the phrase "twelve (12) months" with the phrase "two (2) years".

Section 10.10 is amended to read as follows:

"10.10 Bankruptcy Issues. The Parties intend that (i) all Transactions constitute a 'forward contract' within the meaning of the United States Bankruptcy Code (the 'Bankruptcy Code') or a 'swap agreement' within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute 'settlement payments' within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by one Party to the other Party under this Agreement constitute 'margin payments' within the meaning of the Bankruptcy Code; (iv) this Agreement constitutes a 'master netting agreement' within the meaning of the Bankruptcy Code; and (v) each of Party A and Party B are "forward contract merchants" within the meaning of the Bankruptcy Code.

Each Party further agrees that, for purposes of this Agreement, the other Party is not a 'utility' as such term is used in 11 U.S.C. Section 366, each Party waives and agrees not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding wherein such Party is a debtor. In any such proceeding, each Party further waives the right to assert that the other Party is a provider of last resort to the extent such term relates to 11 U.S.C. Section 366 or another provision of 11 U.S.C. Section 101-1532."

Section 10.11 is amended to read as follows:

"10.11 Confidentiality. If the Parties have elected on the Cover Sheet to make this Section 10.11 applicable to this Master Agreement, neither Party shall disclose the terms or conditions of this Agreement to a third party (other than the Party's or the Party's Affiliates' officers, directors, employees, lenders, counsel, accountants, advisors, or rating agencies who have a need to know such information and have agreed to keep such terms strictly confidential and to take reasonable precautions to protect against disclosure of such terms) except (i) in order to comply with any applicable law, order, regulation, ruling, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable governmental authority; (ii) to the extent necessary for the enforcement of this Agreement or to implement any Transaction; (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the non-disclosing Party or its Guarantor in making such disclosure; (iv) to the extent such disclosure to a third party is for the sole purpose of calculating a published index, so long as such third party (1) has agreed prior to the disclosure to protect the specific information disclosed from public disclosure and (2) is a party engaged in the business of collecting such information for the purpose of establishing, creating, or formulating a published index; (v) to the extent such information is or becomes generally available to the public prior to such disclosure by a Party; (vi) when required to be released in connection with any regulatory proceeding (provided that the releasing Party makes reasonable efforts to obtain confidential treatment of

the information being released); or (vii) with respect to Party B, as may be furnished to its duly authorized regulatory and governmental agencies or entities, including without limitation the California Public Utilities Commission (the "CPUC") and all divisions thereof, and to Party B's Procurement Review Group (the "PRG"), a group of participants including members of the CPUC and other governmental agencies and consumer groups established by the CPUC in D.02-08-071 and D.03-06-071; provided, Party B shall have no liability to Party A in the event of any unauthorized use or disclosure by such entities. The existence of this Agreement is not subject to this confidentiality obligation; provided that neither Party shall make any public announcement relating to this Agreement unless required pursuant to subsection (i) or (vi) of the foregoing sentence of this Section 10.11. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation. With respect to information provided in connection with a Transaction, this obligation shall survive for a period of three (3) years following the expiration or termination of such Transaction. With respect to information provided under this Agreement, this obligation shall survive for a period of three (3) years following the expiration or termination of this Agreement. For the purposes of this Section 10.11, "Affiliate" for Party A shall mean _____ and "Affiliate" for Party B shall mean Edison International."

New Sections 10.12, 10.13, 10.14, 10.15, 10.16, and 10.17 shall be added as follows:

"10.12 No Agency. Except as otherwise provided explicitly herein, in performing their respective obligations under this Agreement, neither Party is acting, or is authorized to act, as the other Party's agent."

"10.13 Mobile Sierra Doctrine.

(a) Absent the agreement of all Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in subsection (b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting *sua sponte*, shall be the 'public interest' standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish*, 554 U.S. 527 (2008), and *NRG Power Marketing LLC v. Maine Public Utility Commission*, 558 U.S. 527 (2010) (the 'Mobile Sierra' doctrine).

(b) Notwithstanding any provision of Agreement, and absent the prior written agreement of the Parties, each Party, to the fullest extent permitted by applicable laws, for itself and its respective successors and assigns, hereby also expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Sections 205, 206, or 306 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation, supporting a third party seeking to obtain or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any Section of this Agreement specifying any rate or other material economic terms and conditions agreed to by the Parties."

"10.14 Multiple Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages

by facsimile transmission, Portable Document Format (i.e., PDF) or by other electronic means constitutes effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes."

"10.15 Independent Contractors. The Parties are independent contractors. Nothing contained herein shall be deemed to create an association, joint venture, or partnership relationship between the Parties or to impose any partnership obligations or liability on either Party in any way."

"10.16 Severability. If any term, section, provision or other part of this Agreement, or the application of any term, section, provision or other part of this Agreement, is held to be invalid, illegal or void by a court or regulatory agency of proper jurisdiction, all other terms, sections, provisions or other parts of this Agreement shall not be affected thereby but shall remain in force and effect unless a court or regulatory agency holds that the provisions are not separable from all other provisions of this Agreement."

"10.17 Rules of Construction.

(a) The word "or" when used in this Agreement includes the meaning "and/or" unless the context unambiguously dictates otherwise.

(b) Where days are not specifically designated as Business Days, they will be considered as calendar days.

(c) All references to time shall be in PPT unless stated otherwise."

SCHEDULE P: PRODUCTS AND DEFINITIONS. Amend Schedule P as follows:

The following definitions are added:

" 'CAISO Energy' means with respect to a Transaction, a Product under which the Seller shall sell and the Buyer shall purchase a quantity of energy equal to the hourly quantity without Ancillary Services (as defined in the Tariff) that is or will be scheduled as a schedule coordinator to schedule coordinator transaction pursuant to the applicable tariff and protocol provisions of the CAISO (as amended from time to time, the 'Tariff') for which the only excuse for failure to deliver or receive is an Uncontrollable Force (as defined in the Tariff)."

The following products are added:

"Other Products and Service Levels.

If the Parties agree to a service level or product defined by a different agreement, set of rules, tariff, or protocol (herein, the 'agreement') (i.e., the WSPP Agreement) for a particular Transaction, then, unless the Parties expressly state and agree that all the terms and conditions of such other agreement will apply, such reference to a service level or product defined by such other agreement means that the service level or product for that Transaction is subject to the applicable regional independent system operator and/or utility reliability requirements and guidelines as well as the permitted excuses for performance, Force Majeure, Uncontrollable Forces, or other such excuses applicable to performance under such other agreement, to the extent inconsistent with the terms of this Agreement, provided, however, that all other terms and conditions of this Agreement shall and do remain applicable including, without limitation, Section 2.2; and provided, further that with respect to any Transaction for a product or service level defined by such other agreement, the methodology for calculating the payments for failure to deliver or receive shall be in accordance with

Sections 4.1 and 4.2 of the Master Agreement; provided, further that the 'Accelerated Payment of Damages' addressed in Article Four and agreed to in the Cover Sheet of the Master Agreement shall continue to apply."

"Into _____ (the 'Receiving Transmission Provider'), Seller's Daily Choice" is deleted in its entirety.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Party A:	*{Counterparty Legal Name}*	Party B:	**SOUTHERN CALIFORNIA EDISON COMPANY**
By:		By:	
Name:	*{Name of Authorized Signer}*	Name:	*{Name of SCE Signer}*
Title:	*{Title of Authorized Signer}*	Title:	*{Title of SCE Signer}*

DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute ("EEI") and National Energy Marketers Association ("NEM") member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting there from. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.

SCHEDULE 1 – Form of Letter of Credit

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT

Bank Reference Number:_____

Issuance Date:

Issuing Bank:
[insert bank name and address]

Applicant:
[insert applicant name and address]

Beneficiary:
[insert beneficiary name and address]

Available Amount: [insert amount and spell out]

Expiration Date: [insert date]

Ladies and Gentlemen:
_____ (the "Bank") hereby establishes this Irrevocable Nontransferable Standby Letter of Credit ("Letter of Credit") in favor of Southern California Edison Company, a California corporation (the "Beneficiary"), for the account of , a _____ corporation, also known as ID# ____ (the "Applicant"), for the amount stated above (the "Available Amount"), effective immediately.

This Letter of Credit shall be of no further force or effect at 5:00 p.m., California time on the expiration date stated above or, if such day is not a Business Day (as hereinafter defined), on the next Business Day (as may be extended pursuant to the terms of this Letter of Credit) (the "Expiration Date").

For the purpose hereof, "Business Day" shall mean any day other than:

1. A Saturday or a Sunday,
2. A day on which banking institutions in the city of Los Angeles, California, are required or authorized by Law to remain closed, or
3. A day on which the payment system of the Federal Reserve System is not operational.

It is a condition of this Letter of Credit that the Expiration Date shall be automatically extended without amendment for one (1) year from the Expiration Date hereof or any future Expiration Date unless at least sixty (60) days prior to such Expiration Date, we send notice to you by certified mail or hand delivered courier, at the address stated below, that we elect not to extend this Letter of Credit for any such additional period.

Subject to the terms and conditions herein, funds under this Letter of Credit are available to Beneficiary by complying presentation on or before 5:00 p.m. California time, on or before the Expiration Date of the following:

1. A copy of this Letter of Credit and all amendments;

2. A copy of the Drawing Certificate in the form of Attachment "A" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary signing as such; and

3. A copy of the Sight Draft in the form of Attachment "B" attached hereto and which forms an integral part hereof, duly completed and bearing the signature of an authorized representative of the Beneficiary.

Drawings may also be presented by telecopy ("Fax") to fax number [insert number] under telephone pre-advice to [insert number] or alternatively to [insert number]; provided that such Fax presentation is received on or before the Expiration Date on this instrument in accordance with the terms and conditions of this Letter of Credit. It being understood that any such fax presentation shall be considered the sole operative instrument of drawing. In the event of presentation by fax, the original documents should not also be presented.

Partial drawing of funds shall be permitted under this Letter of Credit, and this Letter of Credit shall remain in full force and effect with respect to any continuing balance; provided, the Available Amount shall be reduced by the amount of each such drawing.

This Letter of Credit is not transferable or assignable. Any purported transfer or assignment shall be void and of no force or effect.

All correspondence and any drawings (other than those made by facsimile) hereunder are to be directed to [Bank address/contact].

All notices to Beneficiary shall be in writing and are required to be sent by certified letter, overnight courier, or delivered in person to: [insert Beneficiary name and address]. Only notices to Beneficiary meeting the requirements of this paragraph shall be considered valid. Any notice to Beneficiary which is not in accordance with this paragraph shall be void and of no force or effect.

Banking charges shall be the sole responsibility of the Applicant.

This Letter of Credit sets forth in full our obligations and such obligations shall not in any way be modified, amended, amplified or limited by reference to any documents, instruments or agreements referred to herein, except only the attachment referred to herein; and any such reference shall not be deemed to incorporate by reference any document, instrument or agreement except for such attachment. Except in the case of an increase in the Available Amount or extension of the Expiration Date, this Letter of Credit may not be amended or modified without the Beneficiary's prior written consent.

The Bank engages with the Beneficiary that Beneficiary's drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the Bank on or before the Expiration Date.

Except so far as otherwise stated, this Letter of Credit is subject to the International Standby Practices ISP98 (also known as ICC Publication No. 590), or revision currently in effect (the "ISP"). As to matters not covered by the ISP, the laws of the State of California, without regard to the principles of conflicts of laws thereunder, shall govern all matters with respect to this Letter of Credit.

AUTHORIZED SIGNATURE for Bank

By

Name: [print name]_____

Title: [print title]_____

ATTACHMENT A
Drawing Certificate

TO [ISSUING BANK NAME & ADDRESS]

IRREVOCABLE NONTRANSFERABLE STANDBY LETTER OF CREDIT
REFERENCE NUMBER: _____

DATE: _____

[insert Beneficiary name] (the "Beneficiary"), demands *[Issuing Bank Name]* (the "Bank") payment to the order of the Beneficiary the amount of U.S. $_____ (_____ U.S. Dollars), drawn under the Letter of Credit referenced above (the "Letter of Credit"), for the following reason(s) [check applicable provision]:

[ ] A. An Event of Default (as defined in the Edison Electric Institute Master Power Purchase & Sale Agreement Version 2.1 (modified on 4/25/00) between *[insert Counterparty name]* or its successor (the "Counterparty") and Beneficiary, dated as of *[Date of Execution]*, as may be amended from time to time, (the "EEI Agreement"), with respect to the Counterparty has occurred and is continuing.

[ ] B. The Letter of Credit will expire in fewer than twenty (20) Business Days (as defined in the EEI Agreement) from the date hereof, and the Counterparty or its successor has not provided Beneficiary alternative Performance Assurance (as defined in the EEI Agreement) acceptable to Beneficiary.

Unless otherwise provided herein, capitalized terms which are used and not defined herein shall have the meaning given each such term in the Letter of Credit.

Authorized Signature for Beneficiary:

[insert Beneficiary name]

By:

Name: [print name]

Title: [print title]

ATTACHMENT B

SIGHT DRAFT

[Insert Date]

TO:
[ISSUING BANK NAME & ADDRESS]

PAY AT SIGHT TO THE ORDER OF [INSERT BENEFICIARY NAME] (THE "BENEFICIARY") THE AMOUNT OF USD [INSERT AMOUNT] DRAWN UNDER [ISSUING BANK NAME] IRREVOCABLE NONTRANSFERABLE STANDY LETTER OF CREDIT NUMBER [INSERT NUMBER] ISSUED ON [INSERT DATE].

FUNDS PAID PURSUANT TO THE PROVISIONS OF THE LETTER OF CREDIT SHALL BE WIRE TRANSFERRED TO THE BENEFICIARY IN ACCORDANCE WITH THE FOLLOWING INSTRUCTIONS:

[INSERT WIRING INSTRUCTION]

_____
AUTHORIZED SIGNATURE
[INSERT BENEFICIARY NAME]

NAME: [PRINT NAME]

TITLE: [PRINT TITLE]

PARAGRAPH 10
to the
COLLATERAL ANNEX
to the
EEI MASTER POWER PURCHASE AND SALE AGREEMENT

Between *{Counterparty Legal Name}* ("Party A") and
Southern California Edison Company ("SCE" or "Party B")

CREDIT ELECTIONS COVER SHEET

Paragraph 10. Elections and Variables

I. Collateral Threshold.

A. Party A Collateral Threshold.

☒ $ **0** (the "Threshold Amount"); provided, however, that the Collateral Threshold for Party A shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party A; and provided further that, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

☐ (a) The amount (the "Threshold Amount") set forth below under the heading "Party A Collateral Threshold" opposite the Credit Rating for [Party A][Party A's Guarantor] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party A][its Guarantor] does not have a Credit Rating from the Ratings Agency specified below or an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing; provided, however, in the event that, and on the date that, Party A cures the Potential Event of Default on or prior to the date that Party A is required to post Performance Assurance to Party B pursuant to a demand made by Party B pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party A shall automatically increase from zero to the Threshold Amount and (ii) Party A shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

Party A Collateral Threshold	Credit Rating
$	(or above)
$	
$	
$	
$	
$	Below

☐ The amount ("Threshold Amount") which is the lowest of:

(1) the amount set forth below under the heading "Party A Collateral Threshold" opposite the lower of the Credit Ratings for Party A or, if applicable, Party A's Guarantor on the relevant date of determination. If Party A or, if applicable, its Guarantor does not have a Credit Rating on the relevant date of determination from at least one of the Ratings Agencies specified below, the Collateral Threshold shall be $0 (zero);

(2) 80% of the amount of the guaranty agreement, as amended from time to time, provided by Party A's Guarantor, if any, for the benefit of Party B; or

(3) $0 (zero) if an Event of Default or a Potential Event of Default with respect to Party A has occurred and is continuing:

Party A Collateral Threshold	**Moody's Credit Rating**	**S&P Credit Rating**
	Aa3 or above	AA- or above
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-
$ 0 (zero)	Ba1 or below	BB+ or below

☐ The amount of the Guaranty Agreement dated _____ from _____, as amended from time to time but in no event shall Party A's Collateral Threshold be greater than $ _____.

☐ Other – see attached threshold terms

B. <u>Party B Collateral Threshold.</u>

☐ $ _____ (the "Threshold Amount"); <u>provided, however</u>, that the Collateral Threshold for Party B shall be zero upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default with respect to Party B; <u>and provided further that</u>, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand.

☐ (a) The amount (the "Threshold Amount") set forth below under the heading "Party B Collateral Threshold" opposite the Credit Rating for [Party B][Party B's Guarantor] on the relevant date of determination, or (b) zero if on the relevant date of determination [Party B][its Guarantor] does not have a Credit Rating from the Ratings Agency specified below or an Event of Default or a Potential Event of

Default with respect to Party B has occurred and is continuing; provided, however, in the event that, and on the date that, Party B cures the Potential Event of Default on or prior to the date that Party B is required to post Performance Assurance to Party A pursuant to a demand made by Party A pursuant to the provisions of the Collateral Annex on or after the occurrence of such Potential Event of Default, (i) the Collateral Threshold for Party B shall automatically increase from zero to the Threshold Amount and (ii) Party B shall be relieved of its obligation to post Performance Assurance pursuant to such demand:

Party B Collateral Threshold	**Credit Rating**
$	(or above)
$	
$	
$	
$	
$	Below

☒ The amount (the "Threshold Amount") which is the lower of:

(1) the amount set forth below under the heading "Party B Collateral Threshold" opposite the lower of the Credit Ratings for Party B on the relevant date of determination. If Party B does not have a Credit Rating on the relevant date of determination from at least one of the Ratings Agencies specified below, the Collateral Threshold shall be $0 (zero);

(2) $0 (zero) if an Event of Default or a Potential Event of Default with respect to Party B has occurred and is continuing:

Party B Collateral Threshold	**Moody's Credit Rating**	**S&P Credit Rating**
$100,000,000	Aa3 or above	AA- or above
$80,000,000	A1	A+
$80,000,000	A2	A
$70,000,000	A3	A-
$60,000,000	Baa1	BBB+
$50,000,000	Baa2	BBB
$30,000,000	Baa3	BBB-
$5,000,000	Ba1	BB+
$0	Ba2 or below	BB or below

☐ The amount of the Guaranty Agreement dated _____ from _____, as amended from time to time but in no event shall Party B's Collateral Threshold be greater than $ _____.

☐ Other – see attached threshold terms

II. Eligible Collateral and Valuation Percentage.

The following items will qualify as "Eligible Collateral" for the Party specified:

		Party A	Party B	Valuation Percentage
(A)	Cash	[X]	[X]	100%
(B)	Letters of Credit	[X]	[X]	100% unless either (i) a Letter of Credit Default shall have occurred and be continuing with respect to such Letter of Credit, or (ii) twenty (20) or fewer Business Days remain prior to the expiration of such Letter of Credit, in which cases the Valuation Percentage shall be zero (0%).

III. Independent Amount.

A. Party A Independent Amount.

☐ Party A shall have a Fixed Independent Amount of $ _____. If the Fixed Independent Amount option is selected for Party A, then Party A (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party B (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Fixed IA Performance Assurance"). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party A's Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

☒ Party A shall have a Full Floating Independent Amount of (i) the amount specified in a Transaction or Confirmation, if any; and (ii) if Party A's Credit Rating is lower than BBB- by S&P or Baa3 by Moody's, the amount equal to ten percent (10%) of the market value of all outstanding Transactions (except those for which an alternative Independent Amount is specified in the Confirmation), adjusted by the netting of the market value of purchases with the market value of sales within the same billing cycles. If the Full Floating Independent Amount option is selected for Party A, then for purposes of calculating the Collateral Requirements pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party A shall be added to the Exposure Amount for Party B and subtracted from the Exposure Amount for Party A.

☐ Party A shall have a Partial Floating Independent Amount of $ _____. If the Partial Floating Independent Amount option is selected for Party A, then Party A will be required to Transfer or cause to be Transferred to Party B Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Partial Floating IA Performance Assurance") if at any time Party A otherwise has a Collateral Requirement (not taking into consideration the Partial Floating

Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced so long as Party A has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party's Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

☐ Not Applicable.

B. <u>Party B Independent Amount.</u>

☐ Party B shall have a Fixed Independent Amount of $ _____. If the Fixed Independent Amount Option is selected for Party B, then Party B (which shall be a Pledging Party with respect to the Fixed IA Performance Assurance) will be required to Transfer or cause to be Transferred to Party A (which shall be a Secured Party with respect to the Fixed IA Performance Assurance) Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Fixed IA Performance Assurance"). The Fixed IA Performance Assurance shall not be reduced for so long as there are any outstanding obligations between the Parties as a result of the Agreement, and shall not be taken into account when calculating Party B's Collateral Requirement pursuant to the Collateral Annex. Except as expressly set forth above, the Fixed IA Performance Assurance shall be held and maintained in accordance with, and otherwise be subject to, Paragraphs 2, 5(b), 5(c), 6, 7 and 9 of the Collateral Annex.

☐ Party B shall have a Full Floating Independent Amount of $ _____. If the Full Floating Independent Amount Option is selected for Party B then for purposes of calculating Party B's Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, such Full Floating Independent Amount for Party B shall be added by Party A to its Exposure Amount for purposes of determining Net Exposure pursuant to Paragraph 3(a) of the Collateral Annex.

☐ Party B shall have a Partial Floating Independent Amount of $ _____. If the Partial Floating Independent Amount option is selected for Party B, then Party B will be required to Transfer or cause to be Transferred to Party A Performance Assurance with a Collateral Value equal to the amount of such Independent Amount (the "Partial Floating IA Performance Assurance") if at any time Party B otherwise has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount) pursuant to Paragraph 3 of the Collateral Annex. The Partial Floating IA Performance Assurance shall not be reduced for so long as Party B has a Collateral Requirement (not taking into consideration the Partial Floating Independent Amount). The Partial Floating Independent Amount shall not be taken into account when calculating a Party's Collateral Requirements pursuant to the Collateral Annex. Except as expressly set forth above, the Partial Floating Independent Amount shall be held and maintained in accordance with, and otherwise be subject to, the Collateral Annex.

☒ Not Applicable.

IV. Minimum Transfer Amount.

A. Party A Minimum Transfer Amount: **$1**

B. Party B Minimum Transfer Amount: **$1**

V. Rounding Amount.

A. Party A Rounding Amount: **$100,000**

B. Party B Rounding Amount: **$100,000**

VI. Administration of Cash Collateral.

A. Party A Eligibility to Hold Cash.

☐ Party A shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party A shall pay to Party B in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party B.

☒ Party A shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party A or, if applicable, Party A's Guarantor has a Credit Rating of at least BBB- from S&P or Baa3 from Moody's; provided, if Party A, or, if applicable, Party A's Guarantor has a Credit Rating of BBB- by S&P or Baa3 by Moody's, such entity, in each case, has a "Stable" outlook or above; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party A is entitled to hold Cash, the Interest Rate payable to Party B on Cash shall be as selected below:

Party A Interest Rate.

☒ Federal Funds Effective Rate – for any given month, the average of the annual interest rates reported for all weekdays in the month opposite the caption "Federal funds (effective)" as set forth in the H.15 release, or any successor publication, published by the Board of Governors of the Federal Reserve System.

☐ Other -

To the extent that Party A is not entitled to hold Cash, Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party A shall pay to Party B in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party B.

B. Party B Eligibility to Hold Cash.

☐ Party B shall not be entitled to hold Performance Assurance in the form of Cash. Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party B shall pay to Party A in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party A.

☒ Party B shall be entitled to hold Performance Assurance in the form of Cash provided that the following conditions are satisfied: (1) it is not a Defaulting Party; (2) Party B has a Credit Rating of at least BBB- from S&P or Baa3 from Moody's; provided, if Party B has a Credit Rating of BBB- by S&P or Baa3 by Moody's, such entity, in each case, has a "Stable" outlook or above; and (3) Cash shall be held only in any jurisdiction within the United States. To the extent Party B is entitled to hold Cash, the Interest Rate payable to Party A on Cash shall be as selected below:

Party B Interest Rate.

☒ Federal Funds Effective Rate – for any given month, the average of the annual interest rates reported for all weekdays in the month opposite the caption "Federal funds (effective)" as set forth in the H.15 release, or any successor publication, published by the Board of Governors of the Federal Reserve System.

☐ Other -

To the extent that Party B is not entitled to hold Cash, Performance Assurance in the form of Cash shall be held in a Qualified Institution in accordance with the provisions of Paragraph 6(a)(ii)(B) of the Collateral Annex. Party B shall pay to Party A in accordance with the terms of the Collateral Annex the amount of interest it receives from the Qualified Institution on any Performance Assurance in the form of Cash posted by Party A.

VII. Notification Time.

10:00 a.m. Pacific Prevailing Time on a Local Business Day.

VIII. General.

With respect to the Collateral Threshold, Independent Amount, Minimum Transfer Amount and Rounding Amount, if no selection is made in this Cover Sheet with respect to a Party, then the applicable amount in each case for such Party shall be zero (0). In addition, with respect to the "Administration of Cash Collateral" section of this Paragraph 10, if no selection is made with respect to a Party, then such Party shall not be entitled to hold Performance Assurance in the form of Cash and such Cash, if any, shall be held in a Qualified Institution pursuant to Paragraph 6(a)(ii)(B) of the Collateral Annex. If a Party is eligible to hold Cash pursuant to a selection in this Paragraph 10 but no Interest Rate is selected, then the Interest Rate for such Party shall be the Federal Funds Effective Rate as defined in Section VI of this Paragraph 10.

IX. Other Changes.

The following changes to the Collateral Annex shall be applicable.

A. Introduction. The first paragraph of the introduction is amended to read as follows:

> "This Collateral Annex, together with the Paragraph 10 Cover Sheet, (the "Collateral Annex") supplements, forms a part of, and is subject to the EEI Master Power Purchase and Sale Agreement dated as of _____ between *{Counterparty Legal Name}* ("Party A") and Southern California Edison Company ("Party B"), including the Cover Sheet and any other annexes thereto (as amended and supplemented from time to time, the "Agreement"). Capitalized terms used in this Collateral Annex but not defined herein shall have the meanings given such terms in the Agreement."

B. Paragraph 1. Definitions. Amend Paragraph 1 as follows:

i. The definition of "Credit Rating" is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.12 of the Master Agreement as modified in the Cover Sheet.

ii. The definition of "Credit Rating Event" is amended by replacing "6(a)(iii)" with "6(a)(ii)".

iii. The definition of "Downgraded Party" is amended by replacing "6(a)(i)" with "6(a)(ii)".

iv. The definition of "Interest Amount" is deleted in its entirety and replaced as follows:

"Interest Amount" means the product of the following three factors: (a) the dollar amount of Cash on which an interest payment is based; (b) Interest Rate; and (c) the number of days in the calculation period divided by 360.

v. The definition of "Interest Period" is deleted in its entirety.

vi. The definition of "Letter of Credit" is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.27 of the Master Agreement as modified in the Cover Sheet.

vii. The definition of "Letter of Credit Default" is amended by replacing the word "or" in the third line with the word "and".

viii. The definition of "Local Business Day" is amended by replacing the word "day" with "Business Day".

ix. The definition of "Notification Time" is amended by replacing "11:00, New York" with "10:00 a.m. Pacific Prevailing."

x. The definition of "Performance Assurance" is amended by replacing "6(a)(iv)" with "6(a)(iii)".

xi. The definition of "Qualified Institution" is amended to read as follows:

" "Qualified Institution" means either (A) a commercial bank or financial institution (that is not an Affiliate or a Guarantor of any party to this Agreement) organized under the laws of the United States or a political subdivision thereof or (B) a U.S. branch office of a foreign bank, and, with respect to both entities identified in clause (A) and (B), having (i) Credit Ratings of at least "A-" by S&P or "A3" by Moody's, and (ii) shareholder equity (determined in accordance with generally accepted accounting principles) of at least $1,000,000,000.00 (ONE BILLION AND 00/100 DOLLARS)."

xii. The definition of "Reference Market-maker" is deleted from the Collateral Annex and all references shall have the meaning set forth in Section 1.66 of the Master Agreement as modified in the Cover Sheet.

xiii. The definition of "Secured Party" is amended by replacing "3(b)" with "3(a)".

C. Paragraph 3. Calculations of Collateral Requirement. In Paragraph 3(b)(2), is amended by replacing the comma after "Secured Party" with "and" and by deleting the phrase ", and any Interest Amount that has not yet been Transferred to the Pledging Party".

D. Paragraph 4. Delivery of Performance Assurance. In Paragraph 4, the penultimate sentence is amended by replacing the words "next Local Business Day" with "third Local Business Day thereafter" in clause (i), and by replacing the word "second" with fourth" in clause (ii).

E. Paragraph 5. Reduction and Substitution of Performance Assurance. Amend Paragraph 5 as follows:

i. Paragraph 5(a) is amended by deleting the parenthetical "(but no more frequently than weekly with respect to Letters of Credit and daily with respect to Cash)" from the first line.

ii. The sixth sentence of Paragraph 5(a) is amended by

1. inserting the word "Local" before "Business Day," and replacing the words "one (1) Local Business Day" with "three (3) Local Business Days" in clause (i) of that sentence.
2. Replacing the words "two (2) Local Business Days" with "four (4) Local Business Days" in clause (ii) of that sentence.

F. Paragraph 6. Administration of Performance Assurance. Amend Paragraph 6 as follows:

iii. Paragraph 6(a)(ii)(A) is amended by inserting "(other than subparagraph (B) below)" after "the provisions of this Paragraph 6(a)(ii)" in the first line thereof.

iv. Paragraph 6(a)(ii)(B) is amended by replacing "Non-Downgraded Party" with "Downgraded Party" in the second sentence of this paragraph.

v. Paragraph 6(a)(iii) is deleted in its entirety and replaced as follows:

Interest Payments on Cash. So long as no Event of Default or Potential Event of Default with respect to the Pledging Party has occurred and is continuing, and no Early

Termination Date for which any unsatisfied payment Obligations of the Pledging Party exist has occurred or been designated as the result of an Event of Default with respect to the Pledging Party, and to the extent that an obligation to Transfer Performance Assurance would not be created or increased by the Transfer, in the event that the Secured Party or its Custodian is holding Cash, the Secured Party will Transfer (or caused to be Transferred) to the Pledging Party, in lieu of any interest or other amounts paid or deemed to have been paid with respect to such Cash (all of which may be retained by the Secured Party or its Custodian), the Interest Amount, concurrently with the return of such Cash to the Pledging Party in accordance with the terms of the Agreement. On or after the occurrence of a Potential Event of Default or an Event of Default with respect to the Pledging Party or an Early Termination Date as a result of an Event of Default with respect to the Pledging Party, the Secured Party or its Custodian shall retain any such Interest Amount as additional Performance Assurance hereunder until the obligations of the Pledging Party under the Agreement have been satisfied in the case of an Early Termination Date or for so long as such Event of Default is continuing in the case of an Event of Default; provided that, any Interest Amount that is held by the Secured Party as an additional Performance Assurance amount shall not accrue interest in accordance with this paragraph.

vi. Paragraph 6(b)(iv) is amended by capitalizing the second instance of the word "cash" in the second sentence.

vii. Paragraph 6(b)(v) is amended by deleting the parenthetical phrase "(including but not limited to the reasonable costs, expenses, and attorneys' fees of the Secured Party)".

G. Paragraph 7. Exercise of Rights Against Performance Assurance. Paragraph 7(b) is amended by deleting it in its entirety and inserting the words "Intentionally Omitted.".

H. Paragraph 8. **Disputed Calculations. Amend Paragraph 8 as follows:**

viii. Paragraph 8(a) is amended by adding in the third sentence the phrase "and, provided further, that if no quotations can be obtained, then the Secured Party's original calculation shall be used" immediately after the words "then that quotation shall be used" and before the ")".

ix. Paragraph 8(b) is amended by (1) adding the words "requested by the Pledging Party" between the word "Assurance" and the phrase "to be reduced", and (2) adding in the third sentence the phrase "and, provided further that, if no quotations can be obtained, then the Secured Party's original calculation shall be used" immediately after the words "then that quotation shall be used" and before the ")".

I. Paragraph 9. **Covenants; Representations and Warranties; Miscellaneous.** Section 9(d) is amended by deleting (i) the parenthetical phrase at the end of the first sentence, which reads, "(including, without limitation costs and reasonable fees and disbursements of counsel)" and (ii) the entire second sentence.

J. **Schedule 1 to Collateral Annex:** Schedule 1 to the Collateral Annex is deleted in its entirety.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Paragraph 10 to the Collateral Annex to be duly executed as of the Effective Date of the Agreement.

Party A:	*{Counterparty Legal Name}*	Party B:	**SOUTHERN CALIFORNIA EDISON COMPANY**
By:		By:	
Name:	*{Name of Authorized Signer}*	Name:	*{Name of SCE Signer}*
Title:	*{Title of Authorized Signer}*	Title:	*{Title of SCE Signer}*

MASTER POWER PURCHASE AND SALE AGREEMENT
CONFIRMATION LETTER
BETWEEN
CITY OF PALMDALE
AND
SOUTHERN CALIFORNIA EDISON COMPANY

This confirmation letter including all appendices hereto ("Confirmation") confirms the Transaction between **City of Palmdale** ("Counterparty") and Southern California Edison Company ("SCE"), each individually a "Party" and together the "Parties", dated as of _____ (the "Confirmation Effective Date") in which Seller agrees to provide to Buyer the right to the Product, as such term is defined in this Confirmation, in the amounts described in this Confirmation. This Transaction is governed by the Edison Electric Institute ("EEI") Master Power Purchase and Sale Agreement between the Parties, effective as of _____, along with the Cover Sheet, any amendments and annexes thereto (the "Master Agreement"), and including, the EEI Collateral Annex to the Master Agreement along with the Paragraph 10 to the Collateral Annex between the Parties (such Paragraph 10 and the Collateral Annex are referred to collectively herein as the "Collateral Annex") (the Master Agreement and the Collateral Annex shall be collectively referred to as the "EEI Agreement"). The EEI Agreement and this Confirmation shall be collectively referred to herein as the "Agreement". Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the EEI Agreement, or the CAISO Tariff (defined herein below). To the extent this Confirmation is inconsistent with any provision of the EEI Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder.

RECITALS

WHEREAS, the California Public Utilities Commission ("CPUC") adopted the Decision Granting Petition for Modification on Modified Cost Allocation Mechanism D. 23-12-014 on December 19, 2023;

WHEREAS, D.23-12-014 provides load-serving entities with loads that migrated from the investor-owned utilities based on the final 2023 resource adequacy year-ahead forecast finalized in August 2022 the option to enter into an agreement with the relevant investor-owned utility that conducted procurement in accordance with D.19-11-016 to purchase a share of the system resource adequacy ("RA") capacity at the Market Price Benchmark calculated in accordance with the provisions of D.19-10-001;

WHEREAS, Counterparty is a load-serving entity with such migrated loads and desires to enter into this Agreement to purchase its eligible system RA share of SCE's D.19-11-016 procurement; and

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1. TRANSACTION TERMS

1.1 Product; Elections

Product: The Capacity Attributes of the Unit(s) as described in Appendix C and allocated in accordance with Section 2.1, or as provided from Alternate Unit(s) in accordance with Section 2.3.

Flexible Capacity: The Product shall include Flexible Capacity if identified in Appendix B as applicable.

This Confirmation does not convey to Buyer any right to count the Contract Quantity toward Buyer's procurement requirements pursuant to D.19-11-016 or D.21-06-035.

1.2 Delivery and Receipt of Product

Seller shall sell and deliver to Buyer, and Buyer shall receive and purchase from Seller the Product in the amount of the applicable Contract Quantity for each month of the Delivery Period.

1.3 Delivery Period and Term

(a) Delivery Period. The Delivery Period is as specified in Appendix B of this Confirmation in the row titled "Delivery Period", unless terminated earlier in accordance with the terms of this Agreement; provided, such termination shall not affect or excuse the performance of either Party under any provision of this Agreement that by its terms survives any such termination.

(b) Term. The Term of this Transaction shall commence upon the Confirmation Effective Date and shall continue until the later of (i) the expiration of the Delivery Period or (ii) the date the Parties' obligations under this Confirmation have been satisfied. This Confirmation shall be effective and binding as of the Confirmation Effective Date.

1.4 Contract Quantity

The Contract Quantity for each applicable Showing Month is as shown in Appendix B of this Confirmation under the heading titled "Contract Quantity."

1.5 Flexible Capacity

If the Parties have designated Flexible Capacity as "Applicable", then the Flexible Capacity included in the Contract Quantity for each applicable Showing Month is as shown in Appendix B of this Confirmation under the heading titled "Flexible Capacity."

1.6 Contract Price

The Contract Price shall be the Forecasted Market Price Benchmark for the year in which the deliveries are made, subject to annual true up to the actual Final Market Price Benchmark for the year in which deliveries were made in accordance with Section 3.4 of this Confirmation.

ARTICLE 2. DELIVERY OBLIGATIONS

2.1 Seller's Delivery Obligations

Seller shall provide Buyer with the Expected Contract Quantity of Product for each Showing Month consistent with the following:

(a) Supply Plan Obligation. Seller shall, on a timely basis, submit, or cause the Unit's SC to submit, (i) Monthly Supply Plans and (ii) Annual Supply Plans (if the Confirmation Effective Date is prior to the year-ahead Compliance Showing Deadline applicable for the Showing Months as specified in Sections 1.4 and 1.5 herein), in accordance with the CAISO Tariff, identifying and confirming the transfer of the Expected Contract Quantity of Product to Buyer for each Showing Month (the "Supply Plan Obligation").

(b) Showing Month Notice. If (i) Seller intends to utilize an Alternate Unit in accordance with Section 2.3 to satisfy its Supply Plan Obligation, or (ii) Seller intends to deliver less than the Contract Quantity of Product for such Showing Month for any reason, then Seller shall, or shall cause the Unit's SC to, submit written notification to Buyer (the "Showing Month Notice"), no later than the Compliance Notification Deadline, identifying (x) such Alternate Unit(s) in accordance with Section 2.3, (y) the Contract Quantity of Product from such Alternate Unit(s), and (z) the total Contract Quantity to be provided on the Showing Month Supply Plan.

(c) Contract Quantity Unit Allocation. Seller may deliver Product from any one or combination of Unit(s) set forth in Appendix C at Seller's sole discretion. Seller shall provide email notice to Buyer's Supply Plan contact, as set forth in Appendix D, no later than the initial Compliance Showing Deadline for each Showing Month containing the allocation of Contract Quantity by Unit ("Contract Quantity Unit Allocation").

2.2 Adjustments to Contract Quantity

Seller shall deliver to Buyer the Contract Quantity of Product for each Showing Month consistent with the following:

(a) Planned Outages: Seller's obligation to deliver the Contract Quantity for each Showing Month may be reduced at Seller's option by the amount of any Planned Outages which exist with respect to any portion of the Units listed in Appendix C during the applicable Showing Month. Seller shall notify Buyer no later than the Compliance Notification Deadline of the amount of Product from the Unit Buyer is permitted to include in Buyer's Compliance Showings applicable to that month as a result of such Planned Outage.

(b) Reductions in Unit NQC and Unit EFC: Seller's obligation to deliver the applicable Contract Quantity for each Showing Month may also be reduced in the event the Unit experiences a reduction in Unit NQC or Unit EFC after the Confirmation Effective Date as determined by the CAISO. In the event the Unit experiences such a reduction in Unit NQC or Unit EFC, Seller has the option, but not the obligation, to provide the applicable Contract Quantity for such Showing Month from (i) the same Unit, provided the Unit has sufficient remaining and available Product or (ii) from Alternate Units, provided, that in each case Seller provides and identifies such Alternate Units in accordance with Section 2.3.

(c) Reductions in Seller Supply: Seller's obligation to deliver the applicable Contract Quantity for each Showing Month may also be reduced in the event that Unit(s) fail to deliver the Contracted Amount for any reason, including but not limited to (i) a delay in achieving commercial operation by the Unit(s); (ii) early termination of the Seller Supply Agreement; (iii) reduction in the Contracted Amount in the Seller Supply Agreement; (iv) planned maintenance of the Unit(s); and (v) a change in law resulting in a reduction of Unit NQC, Unit EFC, or the Capacity Attributes provided by the Unit(s). If there is a reduction in Seller's supply in accordance with this Section 2.2(c), Seller has the option, but not the obligation, to provide the applicable Contract Quantity for such Showing Month from Alternate Units, provided, that in each case Seller provides and identifies such Alternate Units in accordance with Section 2.3.

2.3 Seller's Option To Provide Alternate Capacity

Seller may, at no cost to Buyer, provide Buyer with Product from one or more Alternate Units in an amount such that the total amount of Product provided to Buyer from the Unit and Alternate Units is not more than the Contract Quantity for the applicable Showing Month, provided that in each case:

(a) Seller shall notify Buyer no later than the Compliance Notification Deadline for such Showing Month of its intent to provide Product from and identify alternate units that (i) are accepted by the CAISO, and (ii) otherwise satisfy the requirements of this Agreement ("Alternate Units");

(b) Seller shall, or shall cause the Unit's SC to submit a Monthly Supply Plan and an Annual Supply Plan, as applicable, that includes the Alternate Units, in accordance with the CAISO Tariff, no later than the initial Compliance Showing Deadline for such Showing Month;

(c) if Seller does not comply with the requirements of Sections 2.3(a) and (b) for the applicable Showing Month, then any such Alternate Units shall not be deemed a Unit for purposes of this Confirmation for that Showing Month and Seller shall not receive payment for such Product.

Subject to the satisfaction of the conditions contained in subsections (a) – (c) of this Section 2.3, once Seller has identified in writing any Alternate Units that meet the requirements of this Section 2.3, then any such Alternate Units shall be automatically deemed a Unit for purposes of this Confirmation for that Showing Month.

2.4 <u>Damages for Failure to Provide Capacity</u>

If Seller fails to provide Buyer with the Expected Contract Quantity of Product for any Showing Month, in accordance with Section 2.1 (the "Replacement Obligation"), in each case as applicable, then the following shall apply:

(a) Buyer may, but shall not be required to, replace all or any portion of the Replacement Obligation for the applicable Showing Month with capacity having equivalent Capacity Attributes as the Expected Contract Quantity; provided, if, using commercially reasonable efforts, Buyer is unable to acquire capacity having equivalent Capacity Attributes for any portion of any Showing Month, Buyer may replace such portion of the Replacement Obligation with capacity having Capacity Attributes in excess of the Contract Quantity (the "Replacement Capacity"). Buyer may enter into purchase transactions with one or more parties to purchase Replacement Capacity. Additionally, Buyer may enter into one or more arrangements to repurchase its obligation to sell and deliver capacity to another party, and such arrangements shall be considered the procurement of Replacement Capacity. Buyer shall act in a commercially reasonable manner to minimize damages in procuring any Replacement Capacity.

(b) Seller shall pay to Buyer at the time set forth in Section 4.1 of the Master Agreement, the following damages in lieu of damages specified in Section 4.1 of the Master Agreement: an amount equal to the positive difference, if any, between (i) the sum of (A) the actual cost paid by Buyer for any

Replacement Capacity, including any transaction costs and expenses incurred in connection with such procurement, plus (B) each applicable Replacement Capacity Price multiplied by the aggregate amount of Replacement Obligation not purchased by Buyer as Replacement Capacity, for all applicable portions of the applicable Showing Month pursuant to Section 2.4(a), and (ii) the Replacement Obligation, not provided for all applicable portions of the applicable Showing Month times the Contract Price for that month. Buyer's invoice for such amount shall include a written statement explaining in reasonable detail the calculation of such amount and shall include supporting documentation.

2.5 Indemnities for Failure to Deliver Expected Contract Quantity

Seller agrees to indemnify, defend and hold harmless Buyer from any penalties, fines, or costs assessed against Buyer by the CPUC or the CAISO, resulting from all or any of the following:

(a) Seller's failure to provide any portion of the Expected Contract Quantity for any portion of the Delivery Period;

(b) Seller's failure to provide a Showing Month Notice for any portion of the Delivery Period;

(c) Seller's or the Unit's SC's failure to timely or accurately submit, or otherwise satisfy its Supply Plan Obligation for any portion of the Expected Contract Quantity or any portion of the Delivery Period; or

(d) any other failure by Seller to perform its obligations under this Confirmation.

With respect to the foregoing, the Parties shall use commercially reasonable efforts to minimize such penalties, fines, or costs.

2.6 Buyer's Re-Sale of Product

Buyer may re-sell all or a portion of the Product and any associated rights, in each case, acquired under this Confirmation, in accordance with Applicable Laws and CPUC Decisions ("Resold Product"); provided, with respect to Resold Product that includes the sale of Capacity Attributes that impact Seller's obligations under this Confirmation, Buyer agrees to: (a) notify Seller that such a sale has occurred; (b) provide Seller with the information described in Appendix E; and (c) notify Seller of any subsequent changes to the information in Appendix E with respect to any particular sale; in each case promptly following such sale and in no event later than the initial Compliance Showing Deadline for each Showing Month. Subject to Article 6 below, Seller agrees, and agrees to cause the Unit's SC, to: (i) follow Buyer's instructions with respect to providing such Resold Product to subsequent purchasers of such Resold Product; and (ii) take all commercially

reasonable actions and execute any and all documents or instruments reasonably necessary to allow such subsequent purchasers to use such Resold Product.

Seller acknowledges and agrees that with respect to any Resold Product, if Buyer incurs any liability to any purchaser of such Resold Product due to the failure of Seller or the Unit's SC to comply with the terms of this Confirmation, and Seller would have had liability to Buyer under this Confirmation for such failure had Buyer not sold the Resold Product to a subsequent purchaser, then Seller shall be liable to Buyer under this Confirmation, including without limitation, pursuant to Sections 2.4 and 2.5, for the amounts it would have been liable to Buyer for had such Resold Product not been sold to a subsequent purchaser. Buyer acknowledges and agrees that with respect to any Resold Product, if Seller incurs any liability to any purchaser of such Resold Product due to the failure of Buyer to comply with the terms of this Confirmation, and Buyer would have had liability to Seller under this Confirmation for such failure had Buyer not sold the Resold Product to a subsequent purchaser, then Buyer shall be liable to Seller under this Confirmation for the amounts it would have been liable to Seller for had such Resold Product not been sold to a subsequent purchaser.

2.7 <u>CAISO Offer Requirements</u>

Seller shall, or cause each Unit's SC to, schedule with, or make available to, the CAISO the Expected Contract Quantity for each Unit in compliance with the CAISO Tariff, and shall, or shall cause each Unit's SC, owner, or operator, as applicable, to perform all obligations under the CAISO Tariff that are associated with the sale and delivery of Product hereunder. Buyer shall have no liability for the failure of Seller or the failure of any Unit's SC, owner, or operator to comply with such CAISO Tariff provisions, including any penalties, charges or fines imposed on Seller or such Unit's SC, owner, or operator for such noncompliance.

2.8 <u>Unit SC's Substitution Obligation</u>

After the obligation to replace all or any portion of the Expected Contract Quantity transfers from the load serving entity to the Unit's SC for a Showing Month in accordance with the CAISO Tariff, and if the CAISO determines that any portion of the Expected Contract Quantity for any portion of a Showing Month that was shown by Buyer in its Compliance Showings requires outage substitution in accordance with Section 40.9.3.6 of the CAISO Tariff because the Unit, or Alternate Unit, as applicable, is scheduled to take an outage (planned or otherwise) (such amount requiring outage substitution, the "SC Substitute Capacity"), then: (a) Seller shall have no liability under Sections 2.4 or 2.5 with respect to such SC Substitute Capacity; and (b) Seller shall have no liability to Buyer for any costs that are allocated to Buyer by the CAISO for any CPM Capacity procured by the CAISO pursuant to the Capacity Procurement Mechanism and that are related to such SC Substitute Capacity.

ARTICLE 3. PAYMENT

3.1 Monthly Payment

In accordance with the terms of Article Six of the Master Agreement, Buyer shall make a Monthly Payment to Seller, after the applicable Showing Month, as follows:

Monthly Payment = (A x B x 1,000)

where:

A = applicable Contract Price for that Showing Month

B = The amount of Contract Quantity of Product actually delivered by Seller to Buyer pursuant to and consistent with Section 2.1 and, if applicable, Section 2.3, for the applicable Showing Month.

The Monthly Payment calculation shall be rounded to two decimal places. The Monthly Payment is subject to an annual true-up in accordance with Section 3.4.

3.2 Allocation of Other Payments and Costs

(a) Seller shall retain any revenues it may receive from and pay all costs charged by the CAISO or any other third party with respect to the Unit for (i) start-up, shutdown, and minimum load costs, (ii) energy sales, (iii) ancillary services, and (iv) black start or reactive power services.

(b) Buyer shall be entitled to receive and retain all revenues associated with the Contract Quantity (including any capacity revenues from RMR Contracts for the Unit, Capacity Procurement Mechanism or its successor, RUC Availability Payments, or its successor, but excluding payments described in Section 3.2(a)). To the extent permitted by the CAISO Tariff, Seller shall, or shall cause each Unit's SC to, submit RUC Availability Bids for the Expected Contract Quantity for each Unit for each hour of the Delivery Period at a bid price of Zero Dollars ($0) per MW per hour, regardless of whether each Unit is shown on a Supply Plan for the applicable Showing Month.

(c) In accordance with Section 3.1 of this Confirmation and Article Six of the Master Agreement,

(i) all such Buyer revenues described in this Section 3.2, but received by Seller, or a Unit's SC, owner, or operator shall be remitted to Buyer, and Seller shall pay such revenues to Buyer if the Unit's SC, owner, or operator fails to remit those revenues to Buyer. If Seller fails to pay such revenues to Buyer, Buyer may offset any amounts owing to it

for such revenues pursuant to Article Six of the Master Agreement against any future amounts Buyer may owe to Seller. In order to verify the accuracy of such revenues, Buyer shall have the right, at its sole expense and during normal working hours after reasonable prior notice, to hire an independent third party reasonably acceptable to Seller to audit any documents, records or data of Seller associated with the Contract Quantity; and

(ii) all such Seller, or a Unit's SC, owner, or operator revenues described in this Section 3.2, but received by Buyer shall be remitted to Seller. If Buyer fails to pay such revenues to Seller, Seller may offset any amounts owing to it for such revenues pursuant to Article Six of the Master Agreement against any future amounts it may owe to Buyer.

(d) If a centralized capacity market develops within the CAISO region, Buyer will have exclusive rights to offer, bid, or otherwise submit the applicable Contract Quantity of Product for each Showing Month provided to Buyer pursuant to this Confirmation for re-sale in such market, and retain and receive any and all related revenues.

(e) Seller agrees that the Unit is subject to the terms of the Availability Standards, Non-Availability Charges, and Availability Incentive Payments as contemplated under Section 40.9 of the CAISO Tariff. Furthermore, the Parties agree that any Availability Incentive Payments are for the benefit of the Seller and for Seller's account and that any Non-Availability Charges are the responsibility of the Seller and for Seller's account.

3.3 <u>Offset Rights</u>

Either Party may offset any amounts owing to it for revenues, penalties, fines, costs reimbursement, or other payments pursuant to Article Six of the Master Agreement against any future amounts it may owe to the other Party.

3.4 <u>Annual True-up of Contract Price</u>

The Parties acknowledge and agree that Monthly Payments made based on the Forecasted Market Price Benchmark shall be subject to an annual true up to the Final Market Price Benchmark in accordance with this Section 3.4.

If the CPUC publishes a Final Market Price Benchmark for a calendar year that differs from the Contract Price invoiced to and paid by the Buyer for the Product for that same calendar year, SCE will recompute all invoices for that calendar year based upon the Final Market Price Benchmark. If the recomputation results in a net amount owed to Seller, any such amount owing shall be separately invoiced to Buyer and paid in accordance with Section 6.2 of the Master Agreement.

If the recomputation results in a net amount owed to Buyer, any such amount owing to Buyer will at Buyer's discretion be (i) netted against amounts owed to Seller in any subsequent invoice, or (ii) separately invoiced to Seller, in which case Seller must pay the amount owing in accordance with Section 6.2 of the Master Agreement.

Subject to the other terms of this Agreement, no interest shall be paid on the amount of any adjustments due to the publishing of a Final Market Price Benchmark. Each Party's obligation to true up Monthly Payments in accordance with this Section 3.4 shall survive a termination of this Agreement.

ARTICLE 4. OTHER BUYER AND SELLER COVENANTS

4.1 Seller's and Buyer's Duty to Take Action to Allow the Utilization of the Product

Buyer and Seller shall, throughout the Delivery Period: (a) cause the Benefiting Load Serving Entity SCID to be included in all applicable Supply Plans; (b) execute any and all documents or instruments reasonably necessary to ensure Buyer's right to the use of the Contract Quantity for the sole benefit of Buyer or any subsequent purchaser under Section 2.6; and (c) cause all Supply Plans to be filed in conformance with the requirements of the CPUC Filing Guide and the CAISO Tariff. If during the Delivery Period, there is a change to the Benefiting Load Serving Entity SCID, the Parties agree to communicate such changes to each other promptly. The Parties further agree to negotiate in good faith to make necessary amendments, if any, to this Confirmation to conform this Transaction to subsequent clarifications, revisions, or decisions rendered by the CPUC, FERC, CAISO or other Governmental Authority having jurisdiction to administer Compliance Obligations, so as to maintain the benefits of the bargain struck by the Parties on the Confirmation Effective Date.

4.2 Seller's Representations, Warranties and Covenants

(a) Seller represents, warrants and covenants to Buyer that, throughout the Delivery Period:

(i) Seller owns or has the exclusive right to the Product sold under this Confirmation from the Unit(s), and shall furnish Buyer, CAISO, CPUC or other Governmental Authority with such evidence as may reasonably be requested to demonstrate such ownership or exclusive right;

(ii) No portion of the Contract Quantity has been committed by Seller to any third party in order to satisfy Compliance Obligations or analogous obligations in any CAISO or non-CAISO markets, other

than pursuant to an RMR Contract between the CAISO and either Seller or the Unit's owner or operator;

(iii) Seller shall comply with Applicable Laws relating to the Product;

(iv) (A) Seller shall, and shall cause the Unit's SC to promptly (and in any event within one (1) Business Day of the time Seller receives notification from the CAISO) notify Buyer in the event the CAISO designates any portion of the Contract Quantity as CPM Capacity and (B) in the event the CAISO makes such a designation Seller shall, and shall cause the Unit's SC to not accept any such designation by the CAISO unless and until Buyer has agreed to accept such designation;

(v) Buyer shall have the exclusive right to offer the Contract Quantity, or any portion thereof, to the CAISO as CPM Capacity and Seller shall not, and shall cause the Unit's SC not to, offer any portion of the Contract Quantity to the CAISO as CPM Capacity or accept any designation of any portion thereof as CPM Capacity;

(vi) The Unit is connected to the CAISO Controlled Grid, is within the CAISO Control Area, and is under the control of CAISO;

(vii) Seller shall cause the Unit's SC, owner and operator to comply with Applicable Laws relating to the Product;

(viii) Buyer shall have no liability for the failure of Seller or the failure of the Unit's SC, owner, or operator to comply with such CAISO Tariff provisions, including any penalties, charges or fines imposed on Seller or the Unit's SC, owner, or operator for such noncompliance.

(ix) If Seller is the owner of the Unit, the aggregation of all amounts of Capacity Attributes that Seller has sold, assigned or transferred for the Unit does not exceed the Unit NQC or Unit EFC for that Unit;

(x) Seller has notified the SC of the Unit that Seller has transferred the Contract Quantity, including the amount of Flexible Capacity and Inflexible Capacity, to the extent applicable, with respect to each Showing Month to Buyer, and the SC is obligated to deliver the Supply Plans in accordance with the CAISO Tariff and this Confirmation;

(xi) Seller has notified the SC of the Unit that Seller is obligated to cause the Unit's SC to provide to the Buyer, on or prior to the Compliance Notification Deadline, the applicable Expected Contract Quantity of the Unit for such Showing Month, including the amount of Flexible Capacity and Inflexible Capacity, to the extent applicable, that is to

be submitted in the Supply Plan associated with this Agreement for the applicable period; and

(xii) Seller has notified the Unit's SC that Buyer is entitled to the revenues set forth in Section 3.2, and such SC is obligated to promptly deliver those revenues to Buyer, along with appropriate documentation supporting the amount of those revenues.

(b) Seller represents, warrants and covenants to Buyer that, as of the Confirmation Effective Date, all of the information set forth on Appendix C hereto is true, correct and complete.

4.3 <u>CPUC Approval</u>

(a) No later than October 3, 2022, or a later date if the CPUC extends the deadline for filing the advice letter referenced in Ordering Paragraph 4 of D.22-05-015, SCE shall file with the CPUC the appropriate request for CPUC Approval. SCE shall seek CPUC Approval, including responding to any requests for information related to the request for CPUC Approval. As requested by SCE, Seller shall use commercially reasonable efforts to support SCE in obtaining CPUC Approval. SCE has no obligation to seek rehearing or to appeal a CPUC decision which fails to provide CPUC Approval of this Confirmation or which contains findings required for CPUC Approval with conditions or modifications unacceptable to SCE.

(b) Either Party has the right to terminate this Confirmation on Notice if CPUC Approval has not been obtained or waived by SCE at its sole discretion within forty five (45) days after SCE files the appropriate request for CPUC Approval ("CPUC Approval Deadline").

(c) If CPUC Approval is not obtained or waived by SCE at its sole discretion prior to the initial Compliance Showing Deadline of a Showing Month within the Delivery Period, then Seller shall not be obligated to submit, or cause the Unit's SC to submit, the Monthly Supply Plan in accordance with the CAISO Tariff, identifying and confirming the transfer of the Expected Contract Quantity of Product to Buyer for the Showing Month.

(d) Failure to obtain CPUC Approval in accordance with this provision will not be deemed to be or cause an Event of Default by either Party. No Settlement Amount or Termination Payment with respect to this Confirmation will be due or owing by either Party upon termination of this Confirmation due solely to failure to obtain CPUC Approval.

ARTICLE 5. CONFIDENTIALITY

Notwithstanding Section 10.11 of the Master Agreement, the Parties agree that: (i) Buyer may disclose the Contract Quantity or any applicable portion of the Contract Quantity, including any amounts of Flexible Capacity and Inflexible Capacity, to the extent applicable, under this Transaction to any Governmental Authority, the CPUC, the CAISO in order to support its Compliance Showings, if applicable; (ii) Seller may disclose the transfer of the Contract Quantity and the applicable Expected Contract Quantity (as well as any amounts of Flexible Capacity and Inflexible Capacity, to the extent applicable) for each Showing Month under this Transaction to the SC of the Unit in order for such SC to timely submit accurate Supply Plans; (iii) both Parties may disclose the terms and conditions of the Agreement and any and all written or recorded or oral information, data, analyses, documents, and materials furnished or made available by a Party to the other Party in connection with this Agreement (A) in order to comply with any applicable law, order, regulation, ruling, summons, subpoena, exchange rule, or accounting disclosure rule or standard, or to make any showing required by any applicable governmental authority or (B) to the Independent Evaluator; and (iv) Buyer and the Independent Evaluator may disclose the terms and conditions of the Agreement and any and all written or recorded or oral information, data, analyses, documents, and materials furnished or made available by a Party to the other Party in connection with this Agreement to the CAISO, the CPUC, and all divisions thereof, the California Energy Commission, and participants of the Procurement Review Group established pursuant to D.02-08-071 and D.03-06-071; provided, that each disclosing Party shall use reasonable efforts to limit, to the extent possible, the ability of any such applicable Governmental Authority, CAISO, or SC to further disclose such information. In addition, in the event Buyer resells all or any portion of the Contract Quantity to another party, Buyer shall be permitted to disclose to the other party to such resale transaction all such information necessary to effect such resale transaction.

ARTICLE 6. MARKET BASED RATE AUTHORITY

Seller agrees, in accordance with FERC Order No. 697, to, upon request of Buyer, submit a letter of concurrence in support of any affirmative statement by Buyer that this contractual arrangement does not transfer "ownership or control of generation capacity" from Seller to Buyer as the term "ownership or control of generation capacity" is used in 18 CFR § 35.42. Seller also agrees that it will not, in any filings, if any, made subject to FERC Order Nos. 652 and 697, claim that this contractual arrangement conveys ownership or control of generation capacity from Seller to Buyer.

ARTICLE 7. COLLATERAL REQUIREMENTS

7.1 <u>Counterparty Collateral Requirements</u>

Notwithstanding anything to the contrary contained in the EEI Agreement, Counterparty shall have a Full Floating Independent Amount if Counterparty or its Guarantor, if any, does not maintain Credit Ratings of at least (a) BBB- from

S&P and Baa3 from Moody's, if such entity is rated by the Ratings Agencies, or (b) BBB- by S&P or Baa3 by Moody's if such entity is rated by only one Ratings Agency. The initial Full Floating Independent Amount ("FFIA") shall equal to the value set forth in Appendix B calculated at 20% of the sum of the total Contract Quantity for each year, multiplied by the Contract Price, multiplied by 1000. The FFIA will be updated each year with the then current Forecasted Market Price Benchmark. The FFIA shall remained posted until the final annual true up invoice is paid in accordance with Section 3.4. For the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, the FFIA for Counterparty shall be added to the Exposure Amount for SCE and subtracted from the Exposure Amount for Counterparty.

For the purposes of calculating Exposure, the Monthly Payment shall be deemed accrued and payable upon the initial Compliance Showing Deadline for the applicable Showing Month.

7.2 <u>Current Mark-To-Market Value</u>

The Parties further agree that for the purposes of calculating the Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, the Current Mark-to-Market Value for this Transaction is deemed to be zero. If at any time prior to the expiration of the Delivery Period, a liquid market for a resource adequacy Capacity product develops wherein price quotes for such a product can be obtained, the Parties agree to amend the Confirmation to include a methodology for calculating the Current Mark-to-Market Value for this Transaction.

7.3 <u>Credit Terms</u>

The Parties agree that the credit and collateral provisions of the EEI Agreement shall govern this Transaction; provided, however, that for purposes of calculating a Party's Collateral Requirement pursuant to Paragraph 3 of the Collateral Annex, with respect to this Transaction only (a) if Counterparty has Exposure to SCE, then the amount of Exposure for this Transaction is deemed to be zero dollars ($0), and (b) in no event shall SCE be required to post or maintain an Independent Amount with Counterparty.

ARTICLE 8. OTHER

8.1 <u>Declaration of an Early Termination Date and Calculation of Settlement Amounts</u>

The Parties shall determine the Settlement Amount for this Transaction in accordance with Section 5.2 of the Master Agreement, provided that, with respect to this Transaction only, the following language is added at the end of Section 5.2 of the Master Agreement, with any terms which are defined in this Confirmation

being used in the Master Agreement with the definitions given to such terms in this Confirmation:

> "If Buyer is the Non-Defaulting Party and Buyer reasonably expects to incur penalties, fines or costs from the CPUC, the CAISO, or any Governmental Authority having jurisdiction, because Buyer is not able to include the applicable Contract Quantity in any applicable Compliance Showing due to Seller's Event of Default, then Buyer may, in good faith, estimate the amount of those penalties or fines and include this estimate in its determination of the Settlement Amount, subject to accounting to Seller when those penalties or fines are finally ascertained. If this accounting establishes that Buyer's estimate exceeds the actual amount of penalties or fines, Buyer shall promptly remit to Seller the excess amount. The rights and obligations with respect to determining and paying any Settlement Amount or Termination Payment, and any dispute resolution provisions with respect thereto, shall survive the termination of this Transaction and shall continue until after those penalties or fines are finally ascertained."

8.2 <u>No Waiver</u>

The failure of either Party to insist in any one instance upon strict performance of any the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishments of such rights for the future, but the same shall continue and remain in full force and effect. Waiver by either Party of any default of the other Party shall not be deemed a waiver of any other default. Waiver by either Party of any failure to comply with any timeline or deadline by the other Party as provided herein in any instance, shall not be deemed a waiver of any failure to comply with such timeline or deadline in the future, or otherwise establish a course of performance.

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In WITNESS WHEREOF, the Parties have caused this Confirmation to be duly executed as of the Confirmation Effective Date first written:

{COUNTERPARTY LEGAL NAME},	**SOUTHERN CALIFORNIA EDISON COMPANY,**
a *{type of organization}.*	a California corporation.
By:	By:
Name:	Name: William V. Walsh
Title:	Title: Vice President, Energy Procurement & Management
Date:	Date:

APPENDIX A
DEFINED TERMS

"Agreement" has the meaning specified in the introductory paragraph of this Confirmation.

"Alternate Capacity" means Product which Seller has elected to provide to Buyer in accordance with the terms of Section 2.3.

"Alternate Unit" means a generating unit meeting the requirements specified in Section 2.3.

"Annual Supply Plan" has the meaning set forth in the CAISO Tariff.

"Applicable Laws" means the CAISO Tariff and all constitutions, treaties, laws, ordinances, rules, regulations, interpretations, permits, judgments, decrees, injunctions, writs and orders of any Governmental Authority that apply to either or both of the Parties, the Project, the Unit or the terms of this Agreement.

"Availability Incentive Payments" has the meaning set forth in the CAISO Tariff.

"Availability Standards" has the meaning set forth in the CAISO Tariff.

"Benefiting Load Serving Entity SCID" is as specified in Appendix D.

"Buyer" has the meaning specified in Appendix B.

"Buyer Approved Planned Outage" has the meaning set forth in Section 2.2.

"CAISO" means the California Independent System Operator Corporation, or any successor entity performing the same functions.

"CAISO Control Area" has the meaning set forth in the CAISO Tariff.

"CAISO Controlled Grid" has the meaning as set forth in the CAISO Tariff.

"CAISO Tariff" means the California Independent System Operator Corporation Tariff, Business Practice Manuals (BPMs), Operating Agreements, and Operating Procedures, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time to time and approved by FERC, if applicable.

"Capacity Attributes" means, with respect to a Unit, any and all of the following, in each case which are attributed to or associated with the Unit at any time throughout the Delivery Period:

(a) resource adequacy attributes, as may be identified from time to time by the CPUC, CAISO, or other Governmental Authority having jurisdiction, that can be counted toward RAR;

(b) resource adequacy attributes or other locational attributes for the Unit related to a Local Capacity Area, as may be identified from time to time by the CPUC, CAISO or other Governmental Authority having jurisdiction, associated with the physical location or point of electrical interconnection of the Unit within the CAISO Control Area, that can be counted toward a Local RAR; and

(c) other current or future defined characteristics, certificates, tags, credits, or accounting constructs, howsoever entitled, including any accounting construct counted toward any Compliance Obligation;

(d) if the Parties have selected Flexible Capacity as being "Applicable", flexible capacity resource adequacy attributes for the Unit, including, without limitation, the amount of Unit EFC and MWs associated with Unit EFC as may be identified from time to time by the CPUC, CAISO, or other Governmental Authority having jurisdiction, that can be counted toward Flexible RAR;

provided further, notwithstanding the foregoing, Capacity Attributes shall exclude intra-month substitution resource adequacy attributes.

"Capacity Procurement Mechanism" has the meaning set forth in the CAISO Tariff.

"Collateral Annex" has the meaning specified in the introductory paragraph of this Confirmation.

"Compliance Notification Deadline" means, for each Showing Month, fifteen (15) Business Days before the Compliance Showing Deadline.

"Compliance Obligations" means the RAR and Local RAR.

"Compliance Showings" means the (a) Local RAR compliance or advisory showings (or similar or successor showings) and (b) RAR compliance or advisory showings (or similar or successor showings), and, if applicable, (c) Flexible RAR compliance or advisory showings (or similar successor showings), in each case, a CPUC Load Serving Entity is required to make to the CPUC (and, to the extent authorized by the CPUC, to the CAISO) pursuant to the CPUC Decisions, to the CAISO pursuant to the CAISO Tariff, or to any Governmental Authority having jurisdiction.

"Compliance Showing Deadline" means, for each Showing Month, the Compliance Showing plan submission due date for such Showing Month. For illustrative purposes only, as of the Confirmation Effective Date, the applicable Compliance Showing plan submission due dates are as follows: (A) forty-five (45) days prior to the Showing Month covered by the Supply Plan for the Monthly Supply Plan; and (B) the last Business Day of October that is prior to commencement of the year for the Annual Supply Plan, such dates may be modified by the CAISO from time to time throughout the Term.

"Confirmation" has the meaning specified in the introductory paragraph of this Confirmation.

"Confirmation Effective Date" has the meaning specified in the introductory paragraph of this Confirmation.

"Contract Price" means, for any Showing Month, the price specified in Appendix B under the column titled "Contract Price" for such Showing Month.

"Contract Quantity" means, with respect to any particular Showing Month of the Delivery Period, the amount of Product associated with the number of MW set forth in Appendix B under the column titled "Contract Quantity", which Seller has agreed to provide to Buyer from the Unit(s) for each Showing Month. If the Parties have selected Flexible Capacity as being "Applicable", the Contract Quantity includes Product which is Flexible Capacity in an amount equal to the amount identified in the Appendix B. All Contract Quantity is Inflexible Capacity except to the extent identified as Flexible Capacity Appendix C.

"Contract Quantity Unit Allocation" has the meaning set forth in Section 2.1(c).

"Contracted Amount" means the incremental capacity Seller procured to count towards Seller's procurement obligations in D.19-11-016 as reflected in Appendix C.

"Cover Sheet" has the meaning specified in the introductory paragraph of this Confirmation.

"CPM Capacity" has the meaning set forth in the CAISO Tariff.

"CPUC" means the California Public Utilities Commission.

"CPUC Decisions" means CPUC Decisions 04-01-050, 04-10-035, 05-10-042, 06-04-040, 06-06-064, 06-07-031, 07-06-029, 08-06-031, 09-06-028, 10-06-036, 11-06-022, 12-06-025, 13-06-024, 14-06-050, and any other existing or subsequent decisions, resolutions, or rulings related to resource adequacy, including, without limitation, the CPUC Filing Guide, in each case as may be amended from time to time by the CPUC.

"CPUC Filing Guide" is the document issued annually by the CPUC which sets forth the guidelines, requirements and instructions for load serving entities to demonstrate compliance with the CPUC's resource adequacy program.

"Current Mark-to-Market Value" has the meaning specified in Section 8.2

"Delivery Period" has the meaning specified in Section 1.3(a).

"EEI" has the meaning specified in the introductory paragraph of this Confirmation.

"EEI Agreement" has the meaning specified in the introductory paragraph of this Confirmation.

"Effective Flexible Capacity" has the meaning set forth in the CAISO Tariff.

"Expected Contract Quantity" means, with respect to any Showing Month of the Delivery Period, the Contract Quantity of Product for such Showing Month, including the amount of Contract Quantity of Product that Seller has elected to provide Alternate Capacity, and after giving effect to any reductions to Contract Quantity as specified in Section 2.2 with respect to which Seller has not elected to provide Alternate Capacity.

"Final Market Price Benchmark" means the higher of the final System RA Adder or the final Flexible RA Adder in the "Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up" (or successor document) published by the CPUC on or about November of each calendar year in accordance with CPUC Decision 19-10-001.

"Flexible Capacity" means, with respect to any particular Showing Month of the Delivery Period, the number of MW of Product set forth in Appendix B under the column titled "Flexible Capacity" which Seller has agreed to provide to Buyer from the Unit(s) as part of the Contract Quantity for such Showing Month, and which such MW of Product are eligible to satisfy a load serving entity's Flexible RAR and which such MW of Product are associated with MW of the Unit that are part of the Unit EFC.

"Flexible RAR" means the flexible capacity requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction and includes any non-binding advisory showings which a load serving entity is to make with respect to flexible capacity.

"Forecasted Market Price Benchmark" means the higher of the forecast System RA Adder or forecast Flexible RA Adder in the "Calculation of the Market Price Benchmarks for the Power Charge Indifference Adjustment Forecast and True Up" (or successor document) published by the CPUC on or about the fourth (4th) quarter of each calendar year in accordance with CPUC Decision 19-10-001.

"Governmental Authority" means any: (a) federal, state, local, municipal or other government; (b) governmental, regulatory or administrative agency, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and (c) court or governmental tribunal. "Independent Evaluator" has the meaning set forth in CPUC Decision 04-12-048.

"Inflexible Capacity" means, with respect to any particular Showing Month of the Delivery Period, the number of MW of Product set forth in Appendix B under the column titled "Contract Quantity", minus the number of MW of Product set forth in Appendix B under the column titled "Flexible Capacity", which Seller has agreed to provide to Buyer from the Unit as part of the Contract Quantity for such Showing Month, and which such MW of Product are not eligible to satisfy a load serving entity's Flexible RAR and which are Product associated MWs of the Unit that are not part of or outside the Unit EFC. Inflexible Capacity is also known as 'generic capacity'.

"Local Capacity Area" has the meaning set forth in the CAISO Tariff.

"Local RAR" means the local resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction. Local RAR may also be known as local area reliability, local resource adequacy, local resource adequacy procurement requirements, or local capacity requirement in other regulatory proceedings or legislative actions.

"Maintenance Outage" has the meaning set forth in the CAISO Tariff. "Master Agreement" has the meaning specified in the introductory paragraph of this Confirmation.

"Monthly Payment" has the meaning specified in Section 3.1.

"Monthly Supply Plan" has the meaning set forth in the CAISO Tariff.

"MW" means megawatt (or 1,000 kilowatts) of alternating current electric energy generating capacity.

"Net Qualifying Capacity" has the meaning set forth in the CAISO Tariff.

"Next Showing Month" means the next calendar month for which a Compliance Showing will be made.

"Non-Availability Charges" has the meaning set forth in the CAISO Tariff.

"Planned Outage" means a maintenance outage taken by a Unit originally identified in Appendix C, as such maintenance outage is determined by the applicable Unit or Unit SC.

"Product" means the Capacity Attributes of the Unit(s), including any capacity from RMR Contracts for the applicable Unit, or its successor, Capacity Procurement Mechanism, or its successor, and RUC Availability Payments, or its successor; provided that:

(a) Product does not include any right to count the Contract Quantity toward the procurement requirements pursuant to D.19-11-016 or D.21-06-035;

(b) Product does not include any right to the energy or ancillary services from the Unit;

(c) any change by the CAISO, CPUC or other Governmental Authority that defines new or re-defines existing Local Capacity Areas that results in a decrease or increase in the amount of Capacity Attributes related to a Local Capacity Area provided hereunder will not result in a change in payments made pursuant to this Transaction;

(d) the Parties agree that, under this Confirmation, if the CAISO, CPUC or other Governmental Authority defines new or re-defines existing Local Capacity

Areas whereby the Unit subsequently qualifies for a Local Capacity Area, the Product shall include all Capacity Attributes related to such Local Capacity Area;

(e) if the Parties have selected Flexible Capacity as being "Applicable", any change by the CAISO, CPUC or other Governmental Authority that defines new or re-defines existing Flexible RAR, Capacity Attributes related to Flexible RAR, or attributes of the Unit related to Flexible RAR, that results in a decrease or increase in the amount of Capacity Attributes related to Flexible RAR provided hereunder will not result in a change in payments made pursuant to this Agreement; and

(f) if the Parties have selected Flexible Capacity as being "Applicable", the Parties agree that, under this Agreement, if the CAISO, CPUC or other Governmental Authority defines new or re-defines existing Flexible RAR, Capacity Attributes related to Flexible RAR, or attributes of the Unit related to Flexible RAR whereby the Unit, or a portion of the Unit which did not previously qualify to satisfy Flexible RAR, subsequently qualifies to satisfy Flexible RAR, the Product shall include all Capacity Attributes of the Unit related to Flexible RAR, including any Capacity Attributes related to Flexible RAR with respect to any portion of the Unit which previously was not able to satisfy Flexible RAR.

"RAR" means the resource adequacy requirements established for load serving entities by the CPUC pursuant to the CPUC Decisions, the CAISO pursuant to the CAISO Tariff, or by any other Governmental Authority having jurisdiction.

"Replacement Capacity" has the meaning specified in Section 2.4.

"Replacement Capacity Price" means the market price for Product with Capacity Attributes reasonably equivalent to the quantity of Product not provided by Seller under this Confirmation, as determined in the manner upon which market prices are determined under Section 5.2(b) of the Master Agreement. For purposes of this Transaction and Confirmation, the "Replacement Capacity Price" shall be deemed to be the "Replacement Price" as defined in Section 1.51 of the Master Agreement.

"Replacement Obligation" has the meaning specified in Section 2.4.

"Resold Product" has the meaning specified in Section 2.6.

"Resource Category" shall be as described in the annual CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

"RMR Contracts" has the meaning set forth in the CAISO Tariff.

"RUC Availability Bid" has the meaning set forth in the CAISO Tariff.

"RUC Availability Payment" has the meaning set forth in the CAISO Tariff.

"SC" has the meaning set forth in the CAISO Tariff.

"SC Substitute Capacity" has the meaning set forth in Section 2.8.

"Seller" has the meaning specified in Appendix B.

"Seller Supply Agreement" means the agreement between Seller and the project company that owns and operates the Unit(s) identified in Appendix C under which Seller purchased product being sold pursuant to this Confirmation.

"Showing Month" shall be the calendar month of the Delivery Period that is the subject of the Compliance Showing, as set forth in the CPUC Decisions and outlined in the CAISO Tariff. For illustrative purposes only, pursuant to the CAISO Tariff and CPUC Decisions in effect as of the Confirmation Effective Date, the monthly Compliance Showing made in June is for the Showing Month of August.

"Showing Month Notice" has the meaning specified in Section 2.1(b).

"Supply Plan" has the meaning set forth in the CAISO Tariff.

"Supply Plan Obligation" has the meaning specified in Section 2.1(a).

"Term" has the meaning specified in Section 1.3(b).

"Unit EFC" means the Effective Flexible Capacity (in MW) of the Unit. The Parties agree that if the CAISO adjusts the Effective Flexible Capacity of a Unit after the Agreement Effective Date, then for the period in which the adjustment is effective, the Unit EFC shall be deemed the lesser of (i) the Unit EFC as of the Agreement Effective Date, or (ii) the CAISO-adjusted Effective Flexible Capacity.

"Unit EFC Category" shall be as described in the annual CPUC Filing Guide, as such may be modified, amended, supplemented or updated from time to time.

"Unit(s)" shall mean the generation assets described in Appendix C (and any Alternate Unit(s)), from which Product is provided by Seller to Buyer.

"Unit NQC" means the Net Qualifying Capacity set by the CAISO for the applicable Unit. The Parties agree that if the CAISO adjusts the Net Qualifying Capacity of a Unit after the Confirmation Effective Date, then for the period in which the adjustment is effective, the Unit NQC shall be deemed the lesser of (i) the Unit NQC as of the Confirmation Effective Date, or (ii) the CAISO-adjusted Net Qualifying Capacity.

APPENDIX B
FLEXIBLE CAPACITY, DELIVERY PERIOD, CONTRACT QUANTITY, CONTRACT PRICE, AND FULL FLOATING INDEPENDENT AMOUNT

The quantities specified in this table will control in the event of a conflict between these values and those in Appendix C. The Parties agree to revise the Appendix C as necessary to ensure that the Contract Quantity and Flexible Capacity are satisfied in full.

Buyer	City of Palmdale
Seller	Southern California Edison Company

Flexible Capacity	☒ Applicable	☐ Not applicable
Delivery Period	January 01, 2025 through September 30, 2041, inclusive.	

Start	End	Months	Contract Quantity (MW)	Contract Flexible Capacity (MW)	Contract Price ($/kW-month)[1]
01/01/2025	07/31/2031	87	[redacted]	[redacted]	TBD
08/01/2031	05/31/2034	34	[redacted]	[redacted]	TBD
06/01/2034	07/31/2034	2	[redacted]	[redacted]	TBD
08/01/2034	07/31/2036	24	[redacted]	[redacted]	TBD
08/01/2036	05/31/2037	10	[redacted]	[redacted]	TBD
06/01/2037	07/31/2041	50	[redacted]	[redacted]	TBD
08/01/2041	08/31/2041	1	[redacted]	[redacted]	TBD
09/01/2041	09/30/2041	1	[redacted]	[redacted]	TBD

Initial Full Floating Independent Amount	**TBD**

[1] Contract Price is the Forecasted Market Price Benchmark ($6.41 for 2023). The Contract Price for each year will reflect the Forecasted Market Price Benchmark which will then be trued up to the Final Market Price Benchmark in accordance with Section 3.4 of this Confirmation.

APPENDIX C
UNIT INFORMATION

Projects / Units	CAISO Resource ID	Resource Type	Delivery Start Date	Delivery End Date	D.19-11-016 Contracted Amount (MW)	CPUC NQC Quantity (MW)(1)	CPUC EFC Quantity (MW)(2)
[redacted]	[redacted]	Energy Storage	10/1/2021	9/30/2041	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	9/1/2021	8/31/2041	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2021	7/31/2036	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2021	7/31/2036	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2021	7/31/2036	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2021	7/31/2031	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2021	7/31/2036	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	10/1/2022	5/31/2037	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	8/1/2023	7/31/2034	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	Energy Storage	6/1/2024	5/31/2034	[redacted]	[redacted]	[redacted]
Total					[redacted]		

(1) The NQC values shown are the Net Qualifying Capacity (or what is expected to be the Net Qualifying Capacity at commercial operation) in MW as of the Confirmation Effective Date

(2) The EFC values shown are the Effective Flexible Capacity (or what is expected to be the Effective Flexible Capacity at commercial operation) in MW as of the Confirmation Effective Date

(3) Unit allocation pursuant to Section 2.1(c) will be at the sole discretion of the Seller. Applicable attributes for these resources are limited to System RAR and Flexible RAR. Local RAR is only provided to the extent that such Local RAR is associated with an allocated Unit.

(4) Total D.19-11-016 Contracted Amount includes five (5) MW from two Behind the Meter demand response contracts that do not provide Flexible Capacity and are not included in the Units under this Confirmation.

(5) These Units are not in commercial operation as of the Confirmation Effective Date.

APPENDIX D
SUPPLY PLAN INFORMATION

Benefitting load serving entity SCID: *{SCID}*

Counterparty Supply Plan contact information:

Name: *{Counterparty supply plan contact name}*

Email: *{Counterparty supply plan contact email}*

Phone Number: *{Counterparty supply plan contact phone number}*

SCE Supply Plan contact information[2]:

Email: SCERA@sce.com

Phone Number: 626-302-9274 and 626-201-8875

[2] SCE Contract Manager must also be included on all communications.

APPENDIX E
SUBSEQUENT SALE INFORMATION

Contract Key ID:	
Subsequent sale contract quantity (in MW):	
Subsequent sale delivery period:	
Amount of Inflexible Capacity included in subsequent sale contract quantity (in MW):	
New benefitting load serving entity SC identification number:	

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **PUBLIC SAFETY DEPARTMENT**

DISTRICT: **ALL**

SUBJECT: **ADOPT RESOLUTION NO. CC 2024-011, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE ACCEPTANCE OF THE CALIFORNIA DEPARTMENT OF JUSTICE TOBACCO GRANT PROGRAM FUNDS IN THE AMOUNT OF $793,710 AND APPROVE THE RELATED AGREEMENT FOR THE TERM OF NOVEMBER 1, 2023, THROUGH JUNE 30, 2027**

RECOMMENDATION

Staff recommends that the City Council:

1. Adopt Resolution No. CC 2024-011, a Resolution of the City Council of the City of Palmdale authorizing the acceptance of the California Department of Justice Tobacco Grant Program funds in the amount of $793,710 and approving the related agreement for the term of November 1, 2023, through June 30, 2027; and

2. Authorize the City Manager, or her designee, to execute the Agreement with the California Department of Justice Tobacco Grant Program and submit all documents, including, but not limited to, amendments and payment requests, as appropriate to accept the funds and comply with the conditions of the grant.

BACKGROUND

On July 10, 2018, the City of Palmdale adopted Resolution No. CC 2018-053, authorizing the implementation of the City's Tobacco Outreach and Enforcement Program, and the acceptance of $435,000 from the California Department of Justice Tobacco Grant Program (Tobacco Grant) and related Memorandum of Understanding (A-6917), with a term of June 1, 2018, through June 30, 2020.

On April 7, 2020, the City accepted an additional allocation of $361,243 from the California Department of Justice Tobacco Grant Program, with a term of July 1, 2020, through June 30, 2022.

The City of Palmdale has seventy-eight (78) licensed tobacco retailers within its jurisdiction. Tobacco Grant funds have been approved for enforcement, investigation, compliance checks, and education of local tobacco laws and ordinances.

DISCUSSION

The approved allocation of funds for the enforcement program includes inspections of randomly selected tobacco retailers and conducts a series of tobacco enforcement sweeps to ensure compliance with local and state laws. The program provides an innovative approach focused on enforcement, investigation, compliance, and education, including the following goals:

- Identify and target problematic retailers of tobacco products.
- Conduct quarterly tobacco-related enforcement operations targeting licensed retailers.
- Where violations are present, conduct post-enforcement operations, including issuing “Notice of Violations” and citations, when appropriate.
- Conduct quarterly “shoulder tap” or other operations involving the furnishing of tobacco products to minors from non-commercial sources.
- Conduct weekly local tobacco retail license inspection operations.
- Conduct quarterly operations involving the sale of single cigarettes.
- Conduct quarterly operations involving the sale of tobacco products violating local ordinances.

The Department of Justice has allocated funding for two full-time code enforcement officers and the Los Angeles County Sheriff’s Department to enforce tobacco-related laws for the term of the agreement.

Staff recommends that the Council adopt Resolution No. CC 2024-011, authorizing the acceptance and continuation of the California Department of Justice Tobacco Grant Program funds and the related agreement (A-8670), approve two full-time code enforcement officer positions and direct the City Manager, or her designee, to execute any documents related to the agreement, acceptance, and continuation of the grant.

FISCAL IMPACT

$793,710; this grant is available on a reimbursement basis, with $252,708 allocated for fiscal year 2023-24 and $264,162 and $276,300, respectively, for fiscal year 2024-25 and fiscal year 2025-26.

STRATEGIC PLAN

Goal I: Maintain effective public safety and protection for life, property, and the environment.

A. Provide comprehensive and innovative safety services to prevent crime and promote a safe community.

Prepared by:	Andrea Navarrette, Community Compliance Coordinator
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

Reso. No. CC 2024-011
Agrmt No. A-8670 with the California Department of Justice Tobacco Grant Program

CITY COUNCIL
CITY OF PALMDALE, CALIFORNIA
RESOLUTION NO. CC 2024-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALMDALE AUTHORIZING THE ACCEPTANCE OF THE CALIFORNIA DEPARTMENT OF JUSTICE TOBACCO GRANT PROGRAM FUNDS IN THE AMOUNT OF $793,710 FOR THE TERM OF NOVEMBER 1, 2023, THROUGH JUNE 30, 2027.

A. INTENT OF THE CITY COUNCIL

1. The California Healthcare, Research, and Prevention Tobacco Tax Act of 2016 (Proposition 56) provides local public agencies with funding to reduce illegal sales and marketing of cigarettes and tobacco products, including e-cigarettes, to minors through the California Department of Justice Tobacco Grant Program; and

2. Proposition 56, approved by voters in 2016 and enacted in April of 2017, increased taxes on cigarettes and other tobacco products by $2.00, and allocates a portion of the annual revenue to local cities, counties, public schools, law enforcement agencies, city attorneys and county counsels through the California Department of Justice; and

3. For Fiscal Year 2023-2024, an estimated $24.6 million in grant funding is available statewide to support local enforcement efforts to reduce the illegal sale of tobacco products to minors; and

4. Staff applied for the California Department of Justice Tobacco Grant Program funding to combat illegal tobacco sales to minors in the City of Palmdale and was awarded $793,710; and

5. Per the Tobacco Grant Program guidelines, awarded jurisdictions must obtain approval and authorization from their growing body to accept the award and funding.

B. RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF PALMDALE DOES HEREBY FIND, DETERMINE, RESOLVE, AND ORDER AS FOLLOWS:

SECTION 1. Authorizes acceptance of the California Department of Justice Tobacco Grant Program funds in the amount of $793,710.

SECTION 2. Delegates the authority to the City Manager, or her designee, to execute the Agreement with the California Department of Justice Tobacco Grant Program and submit all documents, including, but not limited to, amendments and payment requests, as appropriate to accept the funds and comply with the conditions of the grant.

SECTION 3. The City Manager is hereby authorized and directed to establish all required accounts and make any expenditures, appropriations, transfers, and/or distributions of funds on behalf of the City as are necessary and appropriate to carry out the purpose and intent of this resolution.

SECTION 4. The City Clerk shall certify the adoption of this resolution.

PASSED, APPROVED and **ADOPTED** this _____ day of _____, _____.

_____
Austin Bishop, Mayor

Approved as to form:

ATTEST:

_____
William P. Curley, III
City Attorney

_____
Rochelle Scott, Acting City Clerk

I, Rochelle Scott, Acting City Clerk of the City of Palmdale, California, do hereby certify that the foregoing resolution was duly passed, approved, and adopted by the City Council of the City of Palmdale at a regular meeting of said Council held on the _____ day of _____, 20___ by the following roll call vote:

AYES: _____

NOES:_____

ABSTAIN:_____ABSENT:_____

Date: _____ _____
Rochelle Scott, Acting City Clerk

City of Palmdale
A-8670

Mario Vallarta, Community Compliance Manager
Public Safety
38256 Sierra Highway
Palmdale, CA 93550
(661) 267-5436

MEMORANDUM OF UNDERSTANDING

with the

California Department of Justice

November 1, 2023 – June 30, 2027

MEMORANDUM OF UNDERSTANDING

PURPOSE

This Memorandum of Understanding ("MOU") is entered into by the Department of Justice ("DOJ") and the City of Palmdale Public Safety Department ("Grantee"), for the purpose of disbursing grant funds to Grantee for reimbursement of expenditures in compliance with the California Code of Regulations and the Fiscal Year 2023-24 Grantee Handbook.

Commencing January 1, 2023, the California Code of Regulations, Title 11, Division 1, Chapter 5: Department of Justice Tobacco Grant Program ("TGP Regulations") shall govern the policies and procedures of the Tobacco Grant Program.

The TGP Regulations, Request for Proposals, Grantee Handbook (dated March 2023), and Summary of Award document are hereby incorporated by reference into this MOU. Grantee will expend funds for the purposes identified in the approved Summary of Award document. Reimbursements are to be funded under the California Healthcare, Research and Prevention Tobacco Tax Act of 2016, approved by the voters as Proposition 56.

COST REIMBURSEMENT

DOJ agrees to reimburse Grantee in arrears, for Grantee's actual expenditures in performing the project or scope of work included in the approved Summary of Award document. Reimbursements will be made upon receipt of invoices from Grantee and approval of the invoices by DOJ, in accordance with the reimbursement procedures set forth in the TGP Regulations and Grantee Handbook.

BUDGET CONTINGENCY CLAUSE

It is mutually agreed, if the Budget Act of the current fiscal year and/or any subsequent years covered under the MOU does not appropriate sufficient funds, the MOU shall be of no further force and effect. In the event this situation occurs, DOJ shall have no liability to reimburse/pay any funds to Grantee, or to furnish any other considerations under this MOU. As well, Grantee shall not be obligated to continue performing the provisions of this MOU, for which the Grantee would have been reimbursed.

If funding for any fiscal year is reduced or deleted in the Budget Act for purposes of this MOU, DOJ shall have the option to either cancel this MOU with no liability occurring to DOJ, or offer an addendum to the Grantee to reflect the reduced amount.

PROJECT BREACH-TERMINATION

Failure of a Grantee to comply with this MOU or the TGP Regulations shall be treated by DOJ as a breach of contract. If an act of noncompliance occurs, DOJ may take actions described within the TGP Regulations, including termination. DOJ may terminate this MOU and be relieved of any obligation to disburse grant funds to Grantee should Grantee fail to perform the scope of work at the time and in the manner provided in this MOU.

MISCELLANEOUS PROVISIONS

Addendum – No addendum or variation of the terms of this MOU is valid unless made in writing, and signed by the duly authorized representatives of the parties.

Assignment – This MOU is not assignable by Grantee in whole or in part.

Indemnification – Grantee agrees to indemnify and hold harmless DOJ, its officers, agents and employees from all claims, liabilities, or losses in connection with the performance of this MOU.

Certifications – Grantee certifies that it does not receive funding from a manufacturer, distributor, or advertiser of Cigarettes or Tobacco Products. Grantee further certifies that grant funds will not supplant existing state or local funds dedicated for the same purpose.

TERMS
Grant Duration: 11/1/2023 – 6/30/2027

Award Amount				
Category of Expenditure	Budget FY 2023-2024	Budget FY 2024-2025	Budget FY 2025-2026	Budget FY 2026-2027
Personal Services	$229,802	$241,256	$253,394	$
Operating Expenses and Equipment	$22,906	$22,906	$22,906	$
Administrative Costs (Not to Exceed 5%)	$0	$0	$0	$
TOTAL AWARD AMOUNT	$793,170			

The time limit for reimbursements against this award ends 6/30/2026. Requests for reimbursement received after 7/15/2027 cannot be considered by DOJ.

GRANTEE CONTACT INFORMATION
Mario Vallarta, Community Compliance Manager
City of Palmdale – Public Safety Department
38256 Sierra Highway
Palmdale, CA 93550
661-267-5314
mvallarta@cityofpalmdale.com

Andrea Navarrette, Community Compliance Coordinator
City of Palmdale – Public Safety Department
38256 Sierra Highway
Palmdale, CA 93550
661-267-5273
anavarrette@cityofpalmdale.com

AUTHORIZATION

DOJ and Grantee, by their duly authorized officials, have executed this MOU on the respective dates indicated below. This MOU and any future addendums shall be e-mailed to TobaccoGrants@doj.ca.gov, care of the Division of Operations, Grant Services Branch, Local Assistance Unit, Tobacco Grant Program, and will become fully executed upon completion of signatures from all parties.

_____ _____

Ronda Perez, City Manager Date
City of Palmdale

APPROVED AS TO FORM:

_____ _____

William P. Curley, III, City Attorney Date
City of Palmdale

ATTEST:

_____ _____

Roxanne Faber, City Clerk Date
City of Palmdale

_____ _____

JENNIFER IVERY JOHNSON, Grant Manager Date
Division of Operations
California Department of Justice

_____ _____

STACY HEINSEN, Administrative Manager Date
Division of Operations
California Department of Justice

_____ _____

CHRIS RYAN, Chief Date
Division of Operations
California Department of Justice

City Council Staff Report

DATE: **FEBRUARY 21, 2024**

TO: **HONORABLE MAYOR AND CITY COUNCIL**

FROM: **CITY MANAGER DEPARTMENT**
LEGISLATIVE AFFAIRS DIVISION

DISTRICT: **ALL**

SUBJECT: **APPROVE THE CITY'S 2024 STATE AND FEDERAL LEGISLATIVE PLATFORM TO PROMOTE PALMDALE'S PRIORITIES AND LEGISLATIVE INITIATIVES AT THE STATE AND FEDERAL LEVELS**

RECOMMENDATION

Staff recommends that the City Council approve the City's 2024 State and Federal Legislative Platform (Legislative Platform) to promote Palmdale's legislative priorities.

BACKGROUND

Active legislative engagement is necessary to protect and enhance the interests of Palmdale's residents and businesses. The City Council has identified the importance of having an approved and current Legislative Platform to improve the organization's legislative efficiency and effectiveness. The City Council last approved the City's Legislative Platform on February 5, 2019.

DISCUSSION

Approving an updated Legislative Platform provides the framework to continue addressing the fundamental issues deemed by the City Council as imperative to the City and community while delivering a proactive approach to deal with the rapidly changing nature of state and federal legislative and policy issues. The development of the Legislative Platform allows for a guiding blueprint to engage in proactive advocacy efforts at the state and federal levels. The Legislative Platform will form a cornerstone of the City's advocacy and legislative priorities in four strategic areas that staff will utilize to advance City initiatives: Building Culture & Community, Economic Vitality & Innovation, Social Unity, and Transportation & Infrastructure.

City staff works collaboratively with the City's contracted state lobbying firm, Gonsalves & Son, and federal lobbying firms, Lincoln Park Group, LLC and Townsend Public Affairs, Cal Cities (formerly League of California Cities), and the California Contract Cities Association (CCCA) to monitor and track legislation impacting local governments. These

advocacy teams work with the City and lawmakers to sponsor, draft, and support legislative and regulatory measures that encourage local control, lobby against policies that threaten it, and provide the City with a louder voice than we would achieve alone.

While serving as a work plan for City staff, the Legislative Platform will remain flexible and can be revised and improved upon as needed. It will be reviewed annually in preparation for the following year in response to changing needs and opportunities related to the state and federal legislative and regulatory environment.

The State and Federal Legislative Platform will be posted on the City's website upon the City Council's approval.

FISCAL IMPACT

Adopting the State and Federal Legislative Platform has no direct fiscal impact on the City.

STRATEGIC PLAN

Goal II: Ensure long-term fiscal health of the City and maintain funding for services.

D. Pursue alternative financing opportunities for continued infrastructure improvements and quality community programs.

Prepared by:	Terrie Zayas, City Council Chief of Staff
Certified as to availability of Funds:	Janelle Samson, Director of Operations
Approved by:	Ronda Perez, City Manager
Approved as to form:	William P. Curley, III, City Attorney

ATTACHMENTS

2024 State and Federal Legislative Platform

2024 LEGISLATIVE PLATFORM

A REGIONAL STRATEGY TO PROMOTE PALMDALE'S LEGISLATIVE PRIORITIES: BUILDING CULTURE & COMMUNITY, ECONOMIC VITALITY & INNOVATION, SOCIAL UNITY AND TRANSPORTATION & INFRASTRUCTURE

CITY OF PALMDALE

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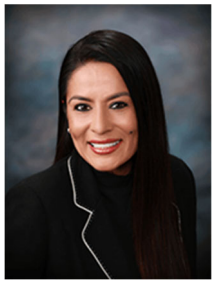
PALMDALE CITY COUNCIL

Austin Bishop
Mayor
District 1

Richard Loa
Mayor Pro Tem
District 2

Laura Bettencourt
Councilmember
District 3

Eric Ohlsen
Councilmember
District 4



Andrea Alarcón
Councilmember
District 5

INTRODUCTION

The Legislative Platform for the City of Palmdale was developed utilizing the City Council's goals and priorities, which apply to legislative priorities at both State and Federal levels of government. These legislative priorities fall under the Council's four strategic focus priority areas that the City will work to advance in 2024 and beyond: **B**uilding Culture & Community, **E**conomic Vitality & Innovation, **S**ocial Unity and **T**ransportation & Infrastructure.

The City strongly promotes local control of cities. It will support or oppose legislation based on whether it impacts local control over City revenues, land use, community development, and other municipal actions.

This document describes focus areas; however, due to the vigorous nature of the policy-making process, additional issues are likely to arise throughout the legislative session. The overarching principles in this Legislative Platform shall guide and direct staff as these different issues require action. Any policy issues not addressed in this platform will be communicated to the City Council for consideration before the City acts on that item.

BUILDING CULTURE & COMMUNITY

The City of Palmdale seeks resources and tools to promote the safety of our residents, uplift community pride through beautification programs and elevate the community's preparedness and resiliency.

WE SUPPORT

Beautification, Public Appearance and Environmental Health

- Support all legislation that furthers the expansion and development of tools and programs to deter crimes of vandalism, graffiti and illegal dumping, and investment in the aesthetics and physical environment of the City, including but not limited to Landscape Maintenance Districts (LMDs), trees, hardscapes and public art.

Public Safety

- Work with federal, state, county, and regional agencies to further legislation intended to facilitate public safety; to support funding through grants and other opportunities to enhance community-oriented policing policies and programs in the City aimed at reducing crime and increasing social trust; and support the development of programs that enhance relationship-building between law enforcement and all segments of our community.

Emergency Preparedness

- Support federal and state legislation providing funding through grants and other opportunities for emergency operations, hazard mitigation, and emergency response and recovery from natural and unnatural disasters.

Housing Improvement and Availability Program

- Support legislation that promotes, enhances, and funds the development of programs to encourage and assist in maintaining quality housing standards and availability to all.

Housing and Land Use Development

- Support legislation that allows the City to have local control to address the community's broadest and least regulated economic, land use, environmental, and permitting needs while expanding opportunities to build affordable housing and transit-oriented developments.

WE OPPOSE

Efforts to reprioritize public safety funding and programs

- Oppose efforts to reprogram public safety funding elsewhere **without** proper procedural or stakeholder engagement and measures that would decrease public safety services or increase crime.

Loss of local control

- Oppose state initiatives that would remove local control subsequently limiting diverse housing development in Palmdale and its spheres of influence and interfere with protecting residential neighborhoods.

Unrealistic Timeframes

- Oppose new legislation and mandates for unrealistic processing timeframes or conditions that impede housing for larger housing development projects.

Imposition of Regulatory or Statutory Requirements

- Oppose legislation that affects and impairs the administration of parks and recreation services and resources management, including the sale of parklands and open space and relaxations of park dedication fee requirements that provide no added protections or benefits to California's recreational consumer.

- Oppose all measures that limit, impair, or dilute the City's ability to address housing standards and availability.

ECONOMIC VITALITY & INNOVATION

The City of Palmdale supports activities and opportunities that will help develop a skilled workforce and grow the local economy through innovative programs and incentives, including expanding the film and industrial/manufacturing industries in the local region.

WE SUPPORT

Local Jobs

- Legislation that assists and creates comprehensive economic development strategies to create local jobs, including, but not limited to, mortgage-paying jobs, by targeting growing industries, including film, healthcare, manufacturing, industrial and warehousing, transportation, and technology testing facilities.

Workforce Development

- Support legislation that supports funding and initiatives that encourage and support the growth of workforce development, skill development, and training opportunities in the City and region.

- Support legislation that expands workforce development programs that encourage diversity in business industries serving Palmdale.

Small Business Development

- Seek and support legislation that promotes financial support through grants and other funding opportunities to support and educate small businesses.

Economic Development Investment Incentive Programs

- Advocate for legislation that expands resources that modernizes existing economic development programs, including Enhanced Infrastructure Financing Districts (EIFD).

Film & Tourism

- Support and initiate legislation to enhance the economy and create jobs in all creative industries, especially film and tourism opportunities.

Exploring New Industries

- Advocate for legislation that proposes and enhances programs and funding to create jobs and develop a workforce in high-tech innovation and green technology industries.

WE OPPOSE

By-right legislation

- Oppose legislation that limits the City's discretionary review processes for local development projects or economic development opportunities.

- Oppose legislation that interferes, limits, or eliminates the decision-making authority of local municipalities regarding local land use or economic development opportunities.

- Oppose any legislation limiting the expansion of current industries operating in the community.

Unfunded Mandates

- Oppose the imposition of unfunded or less-than-funded mandates on local governments, regardless of the form, source, or policy, including administrative, legislative, and interpretive sources, regardless of the governmental or other source.

SOCIAL UNITY

The City of Palmdale seeks funding and supports opportunities to maximize sustainability initiatives that address connectivity, homelessness and mental health, public accessibility, and environmental sustainability.

WE SUPPORT

Broadband

- Support legislation supporting funding to advance Broadband City-wide to all residents regardless of income status.

Environmental Sustainability

- Support legislation supporting funding for clean transportation, net zero energy use in future construction projects, and a localized organics treatment facility.

Housing

- Support legislation supporting increased funding through administrative and housing programs that create diverse housing options in Palmdale, including affordable, veterans, low-income, senior, and workforce housing.

SAVES Program

- Advocate for legislation funding resources for the South Antelope Valley Emergency Services (SAVES) program.

Homelessness and Mental Health

- Support legislation enhancing regional and City-driven solutions to address homelessness through crisis response, mental health evaluation and treatment, housing, homeless outreach teams, and state and regional funding for mental health crisis units.

- Support legislation providing for the expansion of laws, allowing for increased guardianship control and health supervision of those with mental illness and recognizing mental illness and addiction as a contributor to chronic homelessness.

Domestic Violence Programs

- Support legislation providing funding through grants and other opportunities to address domestic violence issues, including funding for the development of shelter and program services.

Illegal Drug Prevention and Treatment

- Support legislation funding programs targeting the education, prevention, and treatment of the use of illegal drugs and legal drug misuse.

Public Accessibility

- Support legislation funding through grants and other opportunities that enhance public facilities and programs, including recreational trails, parks, libraries, and museums, to make them accessible to all populations.

WE OPPOSE

Regional Housing Need Assessment (RHNA) Mandate

- Oppose legislation that proposes to change the Regional Housing Need Assessment (RHNA) from a planning process to a production requirement.

- Oppose legislation that penalizes a city or local government if identifiable RHNA units are not constructed or are delayed by actions of third parties.

TRANSPORTATION & INFRASTRUCTURE

Palmdale seeks funding and opportunities to promote the transformation of transit, water, and technological advancements in our community.

WE SUPPORT

High Desert Corridor Alignment

- Support the implementation and construction of the High Desert Corridor Alignment project and support or initiate legislation to advance the same.

Palmdale Airport Development

- Vigorously support the mission of Air Force Plant 42 while concurrently working with local, state, and federal agencies to bring commercial passenger air service to the Palmdale Airport.

Recycled Water Infrastructure

- Support the development of recycled water infrastructure throughout the City and initiate legislation to further the same.

Technology Infrastructure

- Support legislation and policies oriented toward advancing and constructing technology infrastructure throughout the City, including broadband and wireless communications that support Smart Cities initiatives.

- Support or initiate legislation and policies furthering local oversight and control of technology placement and franchises.

Palmdale Boulevard

- Support legislation and administrative efforts that seek funding for the acquisition of Palmdale Boulevard from CalTrans.

Avenue M Grade Separation

- Support legislation and administrative efforts that seek funding for the Avenue M Grade Separation project.

Rancho Vista Grade Separation

- Support legislation and administrative efforts that seek funding for the Rancho Vista Grade Separation project and advocate for partnership with the Federal Railroad Administration to implement the project.

Hydrogen Infrastructure

- Support infrastructure legislation and funding opportunities for investments in green energy projects, including hydrogen refueling infrastructure, to decrease the City's carbon footprint while not being destructive to small businesses and the local economy.

Rail Infrastructure

- Support expansion and construction of high-speed rail infrastructure, including the California High-Speed Rail project and Brightline, and develop a strategy to prepare the local economy for project deployment.

WE OPPOSE

Regulation of Wireless Facilities

- Oppose any legislation or regulatory policy that limits local discretion to regulate wireless facilities, cellular communications towers, transmission sites, or other infrastructure.

- Oppose any legislation or administrative policy that opposes any City goal, initiative, or policy.

PALMDALE FACTS

Incorporated .....August 24, 1962

Charter ..... November 3, 2009

Form of Government ..... City Council-City Manager

County .....Los Angeles

Population.....165,917

Area .....104 Square Miles

Weather .....Average High 81°F

Average Low 48°F

Elevation .....2,657 ft.

DID YOU KNOW?

- Palmdale was voted one of California's Safest Cities.
- Palmdale received the 2021 EDDY Award for being L.A. County's most business-friendly City for the 2nd time!
- "The Terminal" starring Tom Hanks and "Pirates of the Caribbean" starring Johnny Depp were filmed at Palmdale Plant 42.
- All five space shuttles were built in Palmdale.

FEDERAL LEGISLATIVE REPRESENTATIVES

UNITED STATES PRESIDENT & VICE PRESIDENT

Honorable Joseph R. Biden
Honorable Vice President Kamala Harris

Address:	The White House 1600 Pennsylvania Avenue NW Washington, DC 20500
Comments:	202/456-1111
Fax:	202/456-2461

UNITED STATES SENATORS – CALIFORNIA

Honorable Laphonza Butler

	DC Office	Local Office
Address:	331 Hart Senate Office Bldg. Washington, DC 20510	11111 Santa Monica Blvd. Los Angeles, CA 90025
Phone:	202/224-3841	310/914-7300
Fax:	202/228-3954	310/914-7318

Honorable Alex Padilla

	DC Office	Local Office
Address:	912 Hart Senate Office Bldg. Washington, DC 20510	225 E. Temple St., Suite 1860 Los Angeles, CA 90012
Phone:	202/224-3553	310/231-4494
Fax:	202/224-2200	202/224-0357

UNITED STATES CONGRESS – CALIFORNIA

Honorable Mike Garcia – 27th District

	DC Office	Local Office
Address:	144 Cannon House Office Bldg. Washington, DC 20515	1043 West Avenue M-4 Lancaster, CA 93551
Phone:	202/225-1956	661/839-0532

STATE LEGISLATIVE REPRESENTATIVES

GOVERNOR – STATE OF CALIFORNIA

Honorable Gavin Newsom

Capitol Building

Address: 1303 10th Street, Suite 1173
Sacramento, CA 95184
Phone: 916/445-2841
Fax: 916/558-3160

Honorable Lt. Governor Eleni Kounalakis

Capitol Building

1303 10th Street, Suite 1114
Sacramento, CA 95814
916/445-8994

CALIFORNIA STATE SENATOR

Honorable Scott Wilk – 21st District

	Capitol Office	Antelope Valley Office
Address:	1021 O Street, Room 7140 Sacramento, CA 95814	848 W Lancaster Blvd. Lancaster, CA 93534
Phone:	916/651-4021	661/729-6232
Fax:	916/651-4921	661/286-2543

CALIFORNIA STATE ASSEMBLY

Honorable Tom Lackey – 34th District

	Capitol Office	Antelope Valley Office
Address:	P.O. Box 942849 Sacramento, CA 94249	41301 12th St. West, Ste. F Palmdale, CA 93551
Phone:	916/319-2034	661/267-7636

Honorable Juan Carrillo – 39th District

	Capitol Office	Antelope Valley Office
Address:	P.O. Box 942849 823 Sacramento, CA 94249	East Ave. Q-9, Suite A Palmdale, CA 93550
Phone:	916/319-2039	661/266-3908
Fax:	916/319-2139	661/266-3931

COUNTY REPRESENTATIVE

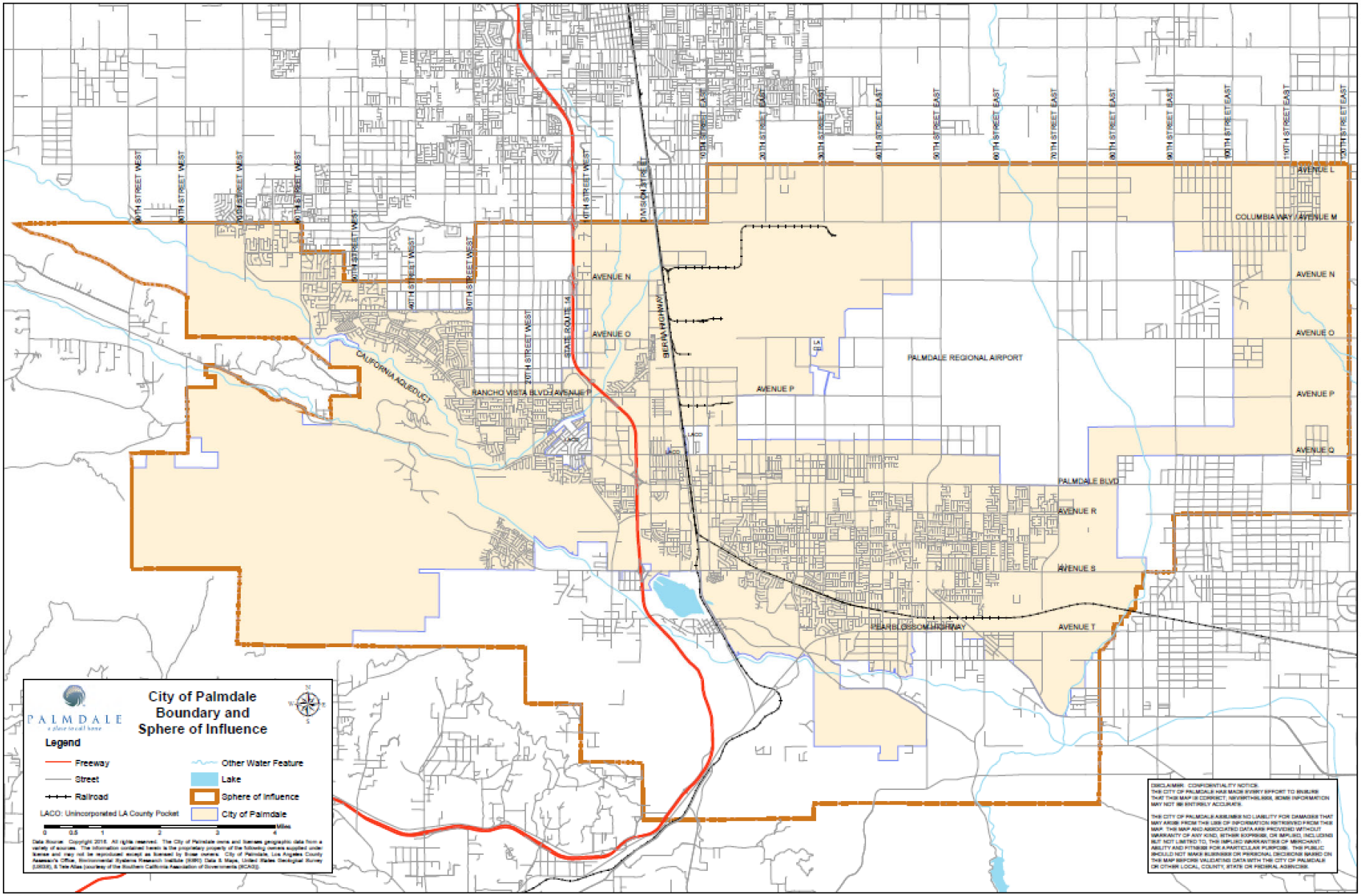
BOARD OF SUPERVISORS – LOS ANGELES COUNTY

Honorable Kathryn Barger – 5th District

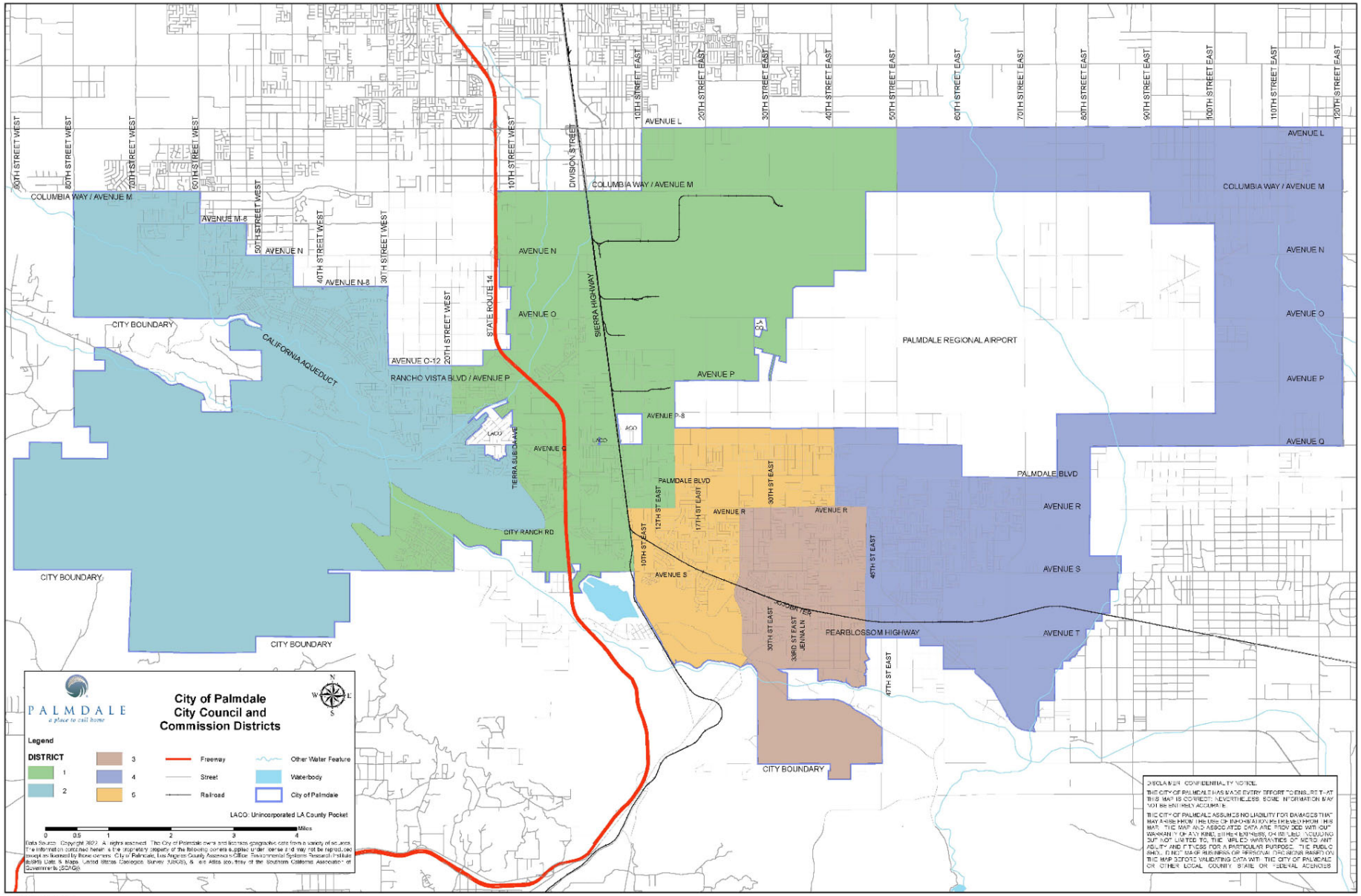
Downtown Office
Address: 500 W. Temple St., Room 869
Los Angeles, CA 90012
Phone: 213/974-5555
Fax: 213/974-1010

Antelope Valley Office
42455 10th St. West, Suite 104
Lancaster, CA 93534
661/726-3600

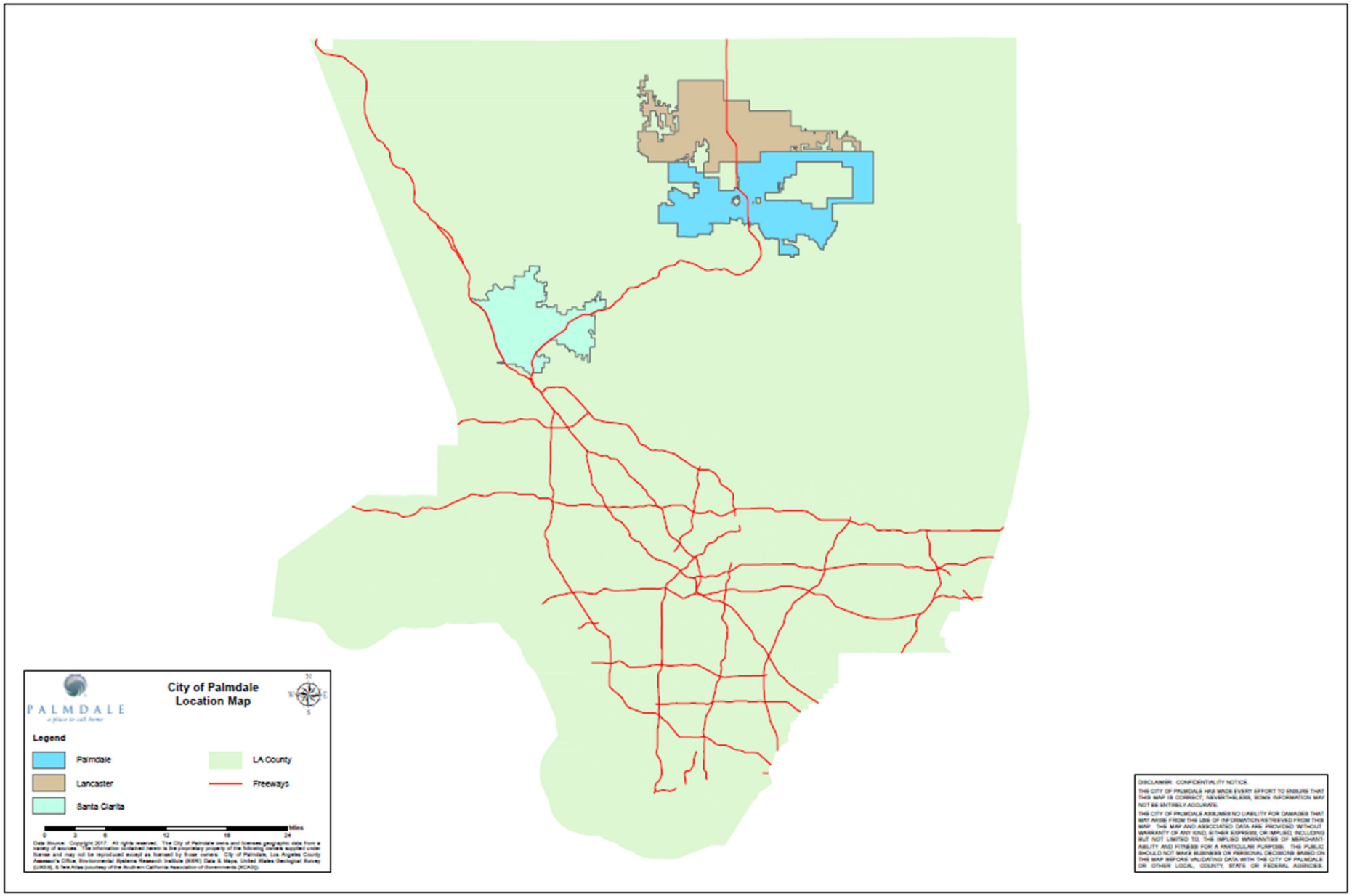
MAP OF THE CITY OF PALMDALE



DISTRICT MAP



REGIONAL MAP



MINUTES
CITY COUNCIL/SUCCESSOR AGENCY
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
FEBRUARY 7, 2024

www.cityofpalmdale.org

1) CALL MEETING TO ORDER

Mayor Bishop called the meeting to order at 5:00 pm.

Note: All City Council memberships are reflected in their City Council titles.

2) ROLL CALL MAYOR BISHOP, MAYOR PRO TEM LOA, COUNCILMEMBERS OHLSEN, BETTENCOURT, ALARCÓN

PRESENT: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.
ABSENT: None.

3) PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

Mayor Pro Tem Loa led the pledge of allegiance.

4) PUBLIC COMMENTS
CONSENT CALENDAR(S), APPOINTMENT(S), NEW BUSINESS, AND CLOSED SESSION:

Mayor Bishop announced that a video would be shown displaying the cute critters available for adoption.

Eugene Hernandez asked for more information on Item 5.6 City's 2024 State and Federal Legislative Platform. Mayor Bishop and Councilmember Alarcon provided information on the item and directed Mr. Hernandez to the website to access the agenda links.

Mayor Bishop closed the Public Comments.

Councilmember Alarcon requested that item 5.7 be pulled and a continuation for item 5.6. There was Council consensus.

Mayor Bishop requested that item 5.3 be pulled.

5) CONSENT CALENDAR
5.1) Waive full reading of the Resolution(s) and/or Ordinance(s) to be considered and voted on at this meeting. (This allows for reading the title only in lieu of reciting the entire text).

5.2) Receive and File the monthly and quarterly investment activity report for December 2023.

5.3) Approve Requisition No. 240740 with Warren-Anderson Ford, Inc. for the purchase of one Roadline Model GPMT Graffiti Removal Truck in an amount not to exceed $156,947.

Mayor Bishop commended staff for getting a deal on the third graffiti truck and spoke regarding fighting the ongoing graffiti problem.

Councilmember Bettencourt and Councilmember Ohlsen spoke in favor of this item.

Motion: Approve Requisition No. 240740 with Warren-Anderson Ford, Inc. for the purchase of one Roadline Model GPMT Graffiti Removal Truck.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

5.4) Notice of Completion - Accept public improvements for McDonald's located at 1671 E. Palmdale Boulevard.

5.5) Approve agreement with Jones Lang Lasalle (JLL), Incorporated for a California Air Resources Board (CARB), Fleet Electrification and Microgrid Study in the amount of $150,000 for a term of six months from the date of the Notice to Proceed.

5.6) Approve the City's 2024 State and Federal Legislative Platform to promote Palmdale's priorities and legislative initiatives at the State and Federal levels.

There was Council discussion regarding continuing this item.

Motion: Move to continue the item to February 21, 2024.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

5.7) Approve the minutes from the previous meetings.

CC - January 24, 2024

Councilmember Alarcon pulled this item and stated the minutes should reflect that she did not participate in Item 11.1 Closed Session. Upon entering the Closed Session Chambers, she was advised that the item to be discussed may include a discussion of a cross-claim that involves Shenkman & Hughes, which is a source of her income.

Motion: Approve the minutes from the previous meeting with corrections.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

Motion: Approve all items listed under the Consent Calendar except 5.3, 5.6 & 5.7
Moved by Laura Bettencourt, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6) PUBLIC HEARING

6.1) Adopt Resolution No. CC 2024-017, a Resolution of the City Council of the City of Palmdale; Denying Appeal 24-0002 and upholding Planning Commission Resolution No. PC-2024-001 to deny General Plan Amendment 23-0001, Zone Change 23-0002, and Specific Plan Amendment 22-001.

Mayor Bishop made the following statement:

"There are a lot of important issues involved in this application and there are several stakeholders who have real concerns in regard to this Specific Plan area.

The Specific Plan is a comprehensive and integrated document, it will best serve everyone's interests to take a more critical look at the land use and economic benefit issues.

To responsibly accomplish our review, I move that we table this item to the next two council meetings and further that a sub-committee, comprised of myself and Councilmember Ohlsen, work with the interest of all stakeholders to ensure everyone benefits from our actions. The sub-committee will not want any separate meetings to occur without its participation to ensure the most efficient and comprehensive analysis of the issues."

Mayor Bishop called for a second to his motion.

Motion: Move to table item to the March 6, 2024 Council meeting.
Moved by Austin Bishop, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6.2) Introduce and adopt Ordinance No. 1638, an Ordinance of the City Council of the City of Palmdale, approving Comprehensive Development Plan 23-0003; a request to amend the existing language within the Antelope Valley Auto Center Specific Plan to be consistent with the Palmdale Municipal Code and find that the request is exempt from Environmental Review.

Acting City Clerk Scott read the title of Ordinance No. 1638.

Associate Planner Almora provided a presentation on this item.

Motion: Introduce Ordinance No. 1638.
Moved by Laura Bettencourt, seconded by Richard J. Loa.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

Mayor Bishop opened the public hearing to receive testimony.

Public Testimony: None.

There was Council and staff discussion regarding the letters submitted for Item 6.1, and also how Item 6.1 might affect Item 6.2. City Attorney Curley responded.

Motion: Adopt Ordinance No. 1638, an Ordinance of the City Council of the City of Palmdale, approving Comprehensive Development Plan 23-0003; a request to amend the existing language within the Antelope Valley Auto Center Specific Plan to be consistent with the Palmdale Municipal Code and find that the request is exempt from Environmental Review.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

6.3) Introduce and adopt Ordinance No. 1639, an Ordinance of the City Council of the City of Palmdale, recommending City Council approval of General Plan Amendment 23-0006, Zoning Ordinance Amendment 23-0004 and Zone Change 23-0005, a request to amend the Noise Element of the General Plan, the Development Standards for Mixed-Use Zones, Land Use Map and Zoning Map to address inconsistencies and finding that the project is consistent with Program Environmental Impact Report 22-002 prepared and certified in conjunction with the City's General Plan.

Acting City Clerk Scott read the title of Ordinance No. 1639.

Motion: Introduce Ordinance No. 1639.
Moved by Richard J. Loa, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

Planning Manager Magana provided a presentation on this item.

Mayor Bishop opened the Public Hearing and called for testimony.

Public Testimony: None.

Mayor Bishop closed the Public Hearing.

Motion: Adopt Ordinance No. 1639, an Ordinance of the City Council of the City of Palmdale, recommending City Council approval of General Plan Amendment 23-0006, Zoning Ordinance Amendment 23-0004 and Zone Change 23-0005, a request to amend the Noise Element of the General Plan, the Development Standards for Mixed-Use Zones, Land Use Map and Zoning Map to address inconsistencies and finding that the project is consistent with Program Environmental Impact Report 22-002.
Moved by Andrea Alarcón, seconded by Laura Bettencourt.

Vote: Motion carried (5-0)
Yes: Austin Bishop, Richard J. Loa, Eric Ohlsen, Laura Bettencourt, Andrea Alarcón.

7) REPORTS AND ACTION ITEMS FROM MAYOR AND / OR COUNCILMEMBERS

7.1) Council Informational Reports on Committee memberships and meetings attended at public expense.

Council reports were submitted electronically.

Mayor Pro Tem Loa discussed the Justice Sunday event he attended at the Palmdale Playhouse.

Councilmember Ohlsen reported on the following: Justice Sunday event; Martin Luther King Jr. Day of Service desert clean up event and assembly of organic waste containers; met with Southern California Electric and he had an opportunity to highlight some future projects; and attended the groundbreaking for the Together California project.

Councilmember Alarcon discussed the Together California project.

Councilmember Bettencourt thanked Supervisor Barger for her participation in the Together California Project and stated it is a collaborative effort from a lot of different agencies.

Councilmember Ohlsen provided the website for individuals to learn more about the Together California Project. He also stated if individuals want to give to the project they can go to togethercalifornia.org.

Mayor Bishop discussed the Together California Project. Councilmember Alarcon discussed the Council reports.

7.2) Council Action Items.

None.

8) CITY MANAGER'S REPORT

Assistant City Manager Mendez reported on the following: Sketchers grand opening February 9; Association of Sister Cities will host a fundraiser event at Firehouse Subs on February 9; Love Rocks at Marie Kerr Park on February 10th; Valentine's Day Dance at Marie Kerr Park on February 16; Journey Tribute Band at the Palmdale Playhouse on February 16; A Tail of True Love event for dogs at Yellen Park on February 17; and Pianist, Robin Spielberg, at the Palmdale Playhouse on February 29.

9) NON-AGENDA PUBLIC COMMENTS

The following individuals provided public input: David Harris discussed the Los Angeles County Mental Health symposium and the shelter at Marie Kerr Park; and Eugene Hernandez discussed the presentation made by City Attorney Curley regarding the code of conduct and meeting rules at the Measure AV Oversight Committee and the Human Rights Advisory Committee meetings.

Councilmember Ohlsen and Councilmember both agreed that the code of conduct and meeting rules should be shared with all boards/commissions/committees.

Councilmember Alarcon stated the code of conduct and rules of order were presented to all of the commissions and she agreed that all commissioners should be fully informed as to proper processes and the rules to be followed.

Mayor Bishop closed the public comments.

10) PRESENTATION BY CITY ATTORNEY

City Attorney Curley confirmed the Closed Session item would be heard as listed.

10.1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Land Developers & Associates Corporation v. Successor Agency to the Community Redevelopment Agency of the City of Palmdale, et al.
Los Angeles County Superior Court
Case No. 22AVCV01093
The closed session is being held pursuant to the authority of California Government Code Section 54956.9(d)(1).

11) ANNOUNCEMENT BY CITY ATTORNEY

Closed Session was held from 5:45 pm - 6:35 pm.

City Attorney Curley announced the Council was updated, provided direction to staff that would be followed through promptly, and anticipated documents being exchanged on February 8, 2024, or the following day.

12) ADJOURN

Mayor Bishop adjourned the meeting at 6:36 pm to February 21, 2024, at 5:00 p.m. in the City Hall Council Chamber located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 21st day of February 2024.

_____
Austin Bishop, Mayor

ATTEST:

_____
Rochelle Scott, Acting City Clerk