



CITY OF CULVER CITY
Los Angeles County, California

Fiscal Year
2022 - 2023

POPULAR ANNUAL FINANCIAL REPORT

This report covers the Fiscal
Year spanning July 1, 2022
through June 30, 2023.





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Introduction

As part of the City's ongoing efforts to promote financial transparency, the City of Culver City is pleased to present its second Popular Annual Financial Report (PAFR) for Fiscal Year 2022-2023.

The PAFR is intended to summarize and clearly present the highlights of the Fiscal Year 2022-2023 Annual Comprehensive Financial Report (ACFR), with the goal of making City finances more accessible to all Culver City residents. The [ACFR](#) is available for review on the City's website. It is important to note that the financial data in these reports has been prepared in accordance with Generally Accepted Accounting Principles (GAAP)¹. The ACFR has been independently audited by Vasquez + Company LLP, a public accounting firm fully licensed and qualified to perform audits for the state and local governments within California.

For More Information

This financial report is designed to be a useful tool for residents interested in learning about City finances, regardless of their background in financial accounting and reporting. Please contact the Culver City Finance Department via phone at (310) 253-5865 or email at Finance.Dept@CulverCity.org if you have any questions, comments or suggestions regarding the information in this report.

We thank you for your interest in the City's fiscal health and hope you enjoy this report.

1. Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).



Organizational Structure

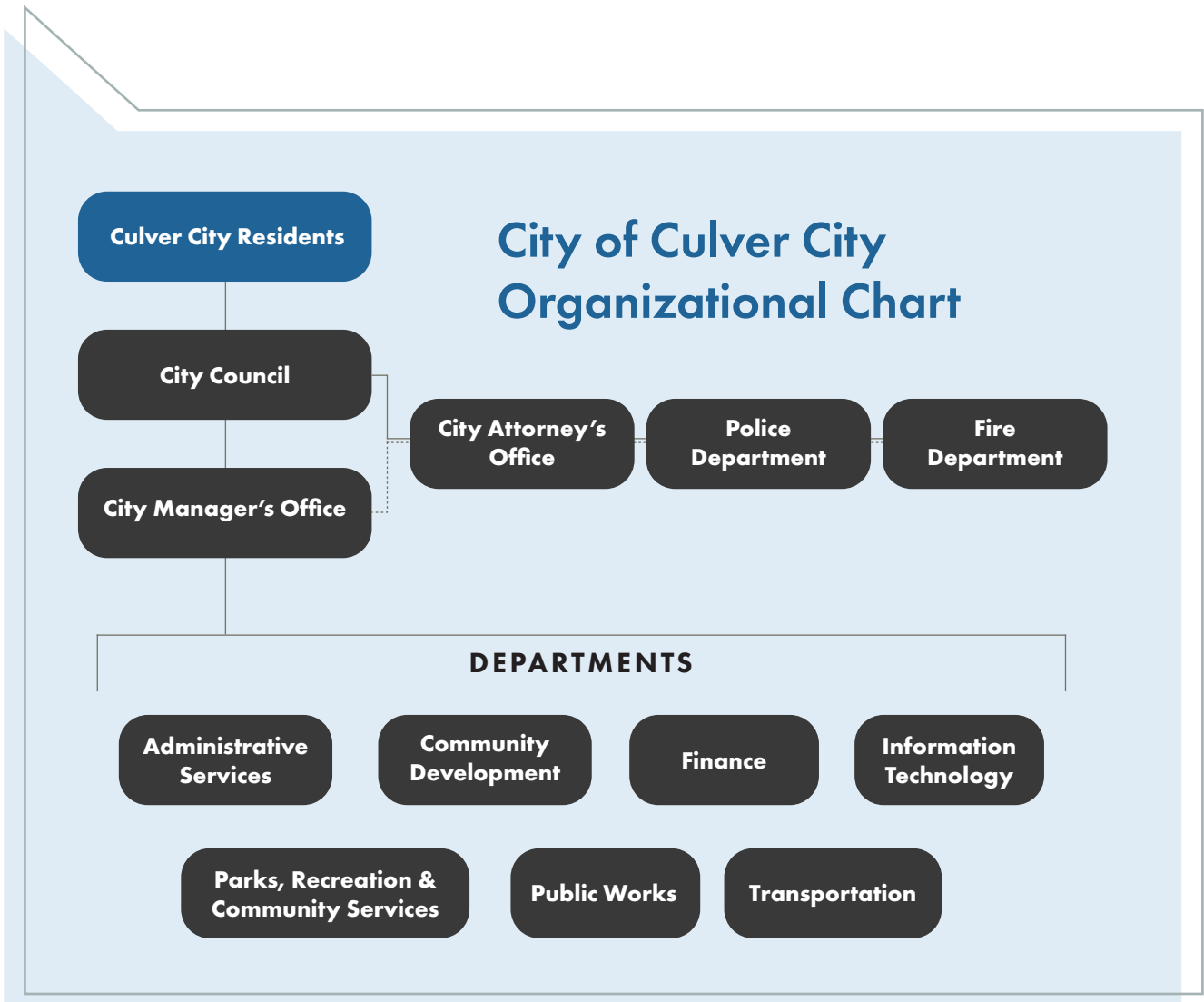
Did You Know?

Culver City is a full-service City, serving a resident population of 39,682 with a business community that employs approximately 59,000 people, a 138% increase since 2014.

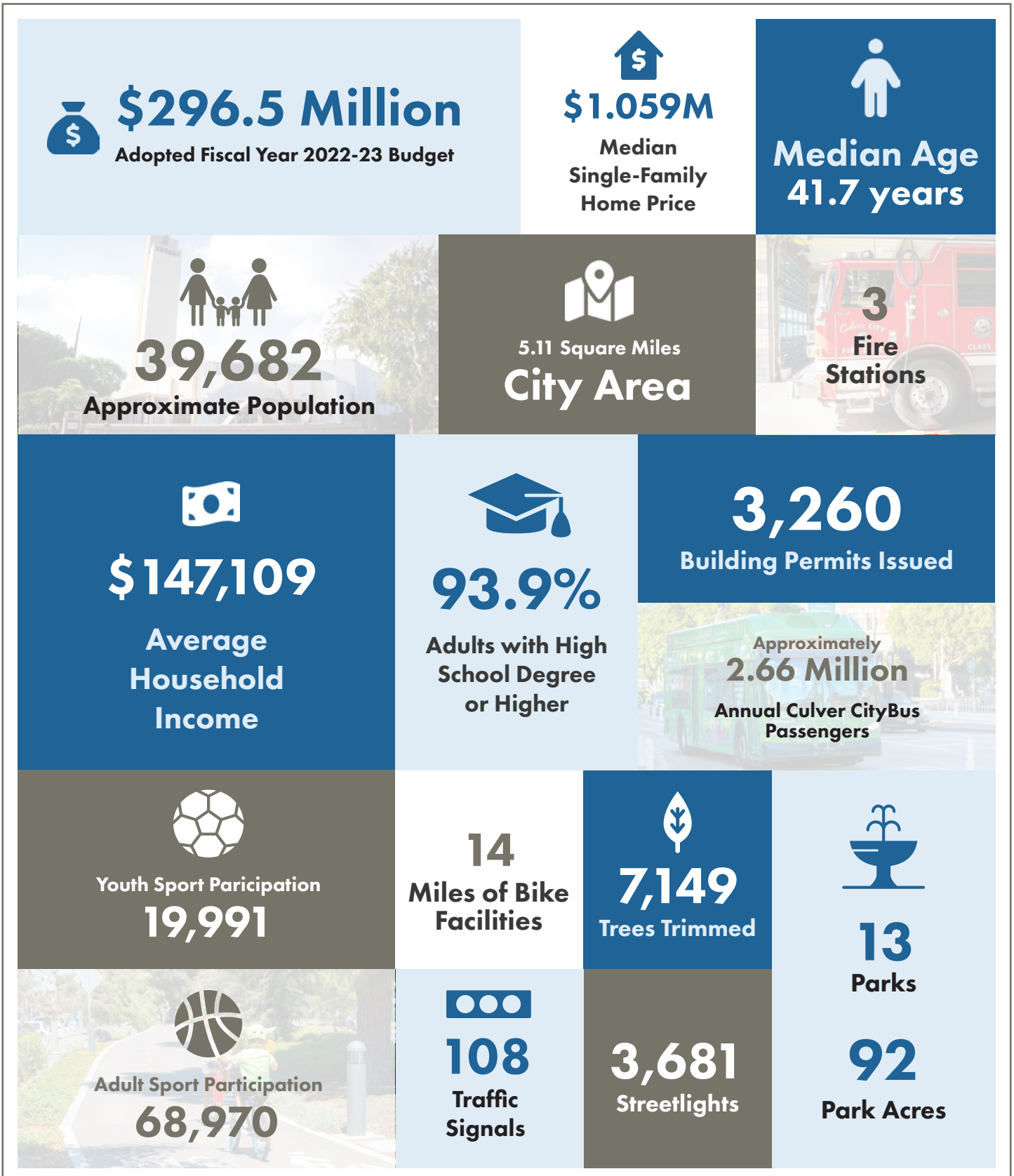
The City operates under a Council-Manager form of government. The City's [five City Council Members](#) are elected at-large and serve a four-year term. The Council Members select the Mayor and Vice Mayor among themselves, who each serve for one year at a time. The Council also appoints the City Manager, City Attorney, Police Chief and Fire Chief.

In addition, each year, the City Council appoints Commission, Board and Committee members, who support the City Council by focusing on specific issues and initiatives within the community.

Together, these governing bodies and City staff provide a range of services including police, fire, general maintenance, public improvements, planning and zoning, housing and homeless services, building plan review, economic development, refuse collection, municipal bus lines, park, recreation and community services, cultural affairs and general administrative services.



Culver City by the Numbers



Economic Outlook

As the economy continues to recover and adjust from the impacts of the pandemic, Culver City remains committed to providing high-quality services and programs to support community needs while maintaining the City's fiscal health.

To maintain service levels despite the uncertainty of the global, national and local economies, the City continued to take a conservative approach to budgeting for Fiscal Year 2022-2023. Post-pandemic revenue rebounds have cooled, with rising interest rates, inflation and entertainment strikes also taking effect.

The Adopted Budget for Fiscal Year 2022-2023 restored staff positions and most programming to pre-pandemic levels, and included certain new and one-time expenditures. In response to the COVID-19 pandemic, the City had previously implemented budget cuts in Fiscal Year 2020-2021 and Fiscal Year 2021-2022. After receiving higher than anticipated revenues for two consecutive years, the City approved an increased General Fund Budget.

Top 10 Employers

- | | |
|--|---|
| 1. Sony Pictures Entertainment (5.1%) | 6. Culver City Unified School District (1.5%) |
| 2. Amazon Studios (4.2%) | 7. City of Culver City (1.4%) |
| 3. Westfield Shoppingtown-Fox Hills (3.4%) | 8. Goldrich & Kest Industries, LLC (1.1%) |
| 4. Apple (2.5%) | 9. Costco (1.1%) |
| 5. Southern CA Hospital (Brontman Medical Center) (2%) | 10. TikTok (1%) |



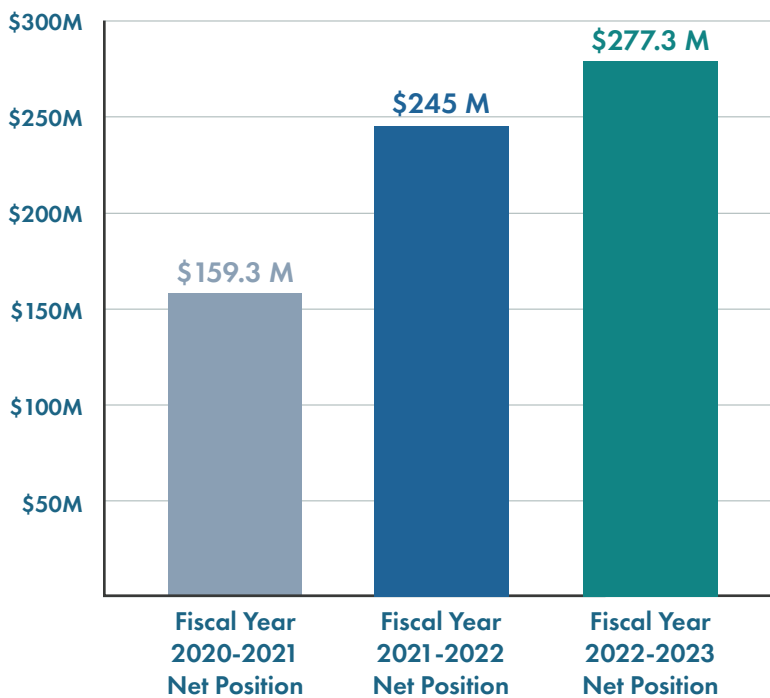
Significant Initiative

In early 2022, to address the need for local shelter space and supportive housing for homeless individuals in Culver City, the City applied for and was awarded \$26.6 million from the State of California, Housing and Community Development Department under Project Homekey for the creation of harm reduction, service-enriched interim and permanent supportive housing for chronically homeless individuals through the acquisition and rehabilitation of two local motels. The motels were acquired on August 11, 2022, and construction was completed in September 2023. The City has committed \$4.9 million annually from the General Fund for Project Homekey staffing, operations and services. The City also committed \$1.5 million annually to fund the creation and ongoing operation of a Mobile Crisis Intervention Unit consisting of professionals to address homeless and mental health crises in the City.

On January 9, 2023, in response to the growth of homelessness in Culver City and the region, the City Council ratified the Proclamation of Local Emergency on Homelessness by the Director of Emergency Services of Culver City, issued by the City Manager on January 3, 2023. During Fiscal Year 2022-2023, the City began work to develop a transitional housing safe sleep program to further expand the City's response to the local homelessness emergency. The Safe Sleep Program was launched in August 2023. These new and ongoing expenses are reflected in Fiscal Year 2022-2023 expenditures, with expenditures for these ventures to continue in the Fiscal Year 2023-2024.

Financial Report Highlights

The City's total net worth (or "net position") as of June 30, 2023, including all business and government activities, increased by \$29.8 million in the Fiscal Year 2022-2023, reaching a net position of \$277.3 million.



Capital Assets

As of June 2023, the City's investments in capital assets for governmental and business activities amounts to \$330.1 million. "Capital assets" include land, buildings and related systems, improvements, machinery and equipment, park facilities, roads, highways and bridges.

The City ended Fiscal Year 2022-2023 with \$53.5 million of capital improvement projects in progress. These projects are designed to enhance City infrastructure, such as:

- Roads
- Curbs
- Storm drains
- Bridges
- Sidewalks
- Gutters
- Public facilities (parks, restrooms, community facilities & playgrounds)

The City also made several "capital assets" additions, including:

- Vehicle replacements
- Street repair & replacement
- Sewer system improvements



General Fund Revenues

General Fund Reserves

The General Fund is the chief operating fund of the City. In Fiscal Year 2022-2023, the starting balance of all General Fund Reserves was \$143 million and the ending balance was \$153.4 million.

General Fund Revenues

General Fund revenues primarily come from taxes and fees for City services. Sales tax is Culver City’s single-largest revenue source. Other tax revenues include business tax, property tax, utility users tax (UUT), real property transfer tax and transient occupancy tax (TOT).

Revenue Highlights

Sales Tax

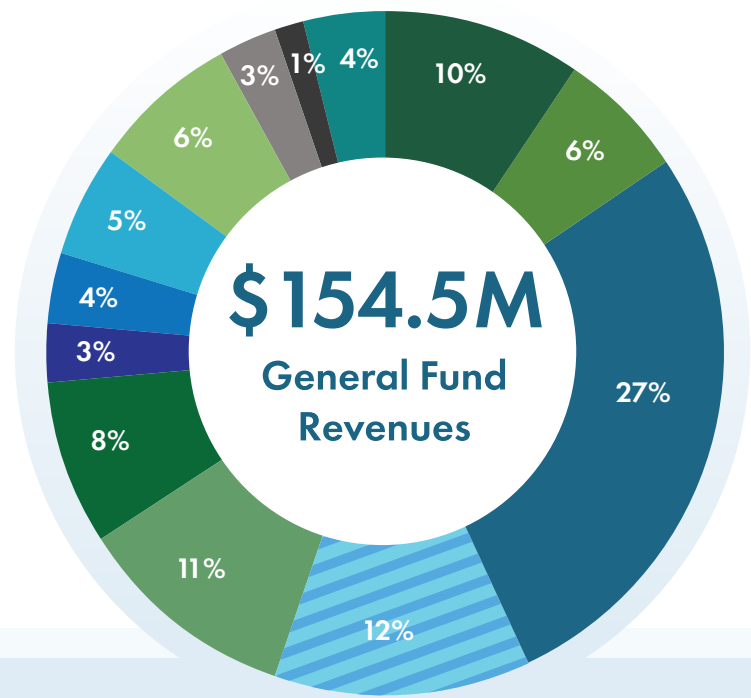
Sales tax is Culver City’s single largest revenue source, accounting for 27% of total General Fund revenue for Fiscal Year 2022-2023. The City’s sales tax and Measures C/CC receipts decreased in Fiscal Year 2022-2023 due to consumer behavior and softening gas prices.

The State of California collects a total of 10.25% sales and use tax on all taxable sales in the City, of which the City receives 1.0% of the transactions subject to the sales and use tax under Bradley-Burns Uniform Local Sales Tax and a combined 0.75% under voter-approved transaction and use tax (Measures C and CC)



Business Tax

Fiscal Year 2022-2023 business tax receipts, including penalties, totaled \$18.7 million, an increase of 15.5% from the previous fiscal year. The business tax revenues were higher than anticipated due to successful efforts to bring delinquent businesses into compliance.



Revenue Stream	Percentage	Amount (in Millions)
Property Tax	10%	\$14.7
Property Transfer Tax	6%	\$9.7
Sales Tax	27%	\$42.4
Business Tax	12%	\$18.7
Utility Users Tax	11%	\$16.5
Transient Occupancy Tax	8%	\$12
Licenses & Permits	3%	\$4
Fines & Forfeitures	4%	\$5.3
Intergovernmental	5%	\$8.1
Charges for Services	6%	\$10.9
Investment Earnings	3%	\$4.4
Misc.	1%	\$1.8
Other	4%	\$6
Total	100%	\$154.5

Revenue from Tax Measures

The City receives from several recent tax measures. These revenues are part of the General Fund and can be used for any valid General City purpose, such as emergency response, maintaining parks and addressing homelessness.



Second Full-Year in Effect

In November 2020, voters approved Measure RE, which established marginal tax rates for the City's real estate transfer tax, effective April 1, 2021. The City projected to receive \$14 million in Fiscal Year 2021-2022 and actually received \$32.6 million. Almost 50% of this revenue was generated by one commercial property sale. This revenue can vary greatly in any given year and is difficult to predict. With rising interest rates and softening property prices, the City is seeing a cooling in this revenue source. Revenues dropped significantly in Fiscal Year 2022-2023, with only \$9.7 million received.



Voters Approved Measure CC, Extending Measure Y

In March 2020, voters approved Measure CC, which extends the Measure Y half-cent transaction and use tax until March 31, 2033. Measure CC revenues increased by \$100k in Fiscal Year 2022-2023; totaling \$11.5 million or 7.2% of general fund revenues.



Cannabis Distribution Tax to End

In April 2018, voters approved a cannabis business tax measure that set a tax rate for cannabis retail, manufacturing and distribution. Sales in the cannabis industry declined sharply at the end of the pandemic. Cannabis tax received in Fiscal Year 2022-2023 declined by over \$640,000 to approximately \$1.3 million. In October 2023, the City Council reduced the tax rate for cannabis distribution tax from 2% to 0% starting January 1, 2024. This will further reduce this revenue source.



Measure C Going on 5th Year

In November 2018, voters approved Measure C: a quarter-cent sales tax. Measure C generated a total of \$5.7 million in Fiscal Year 2022-2023, representing 3.7% of general fund revenues.



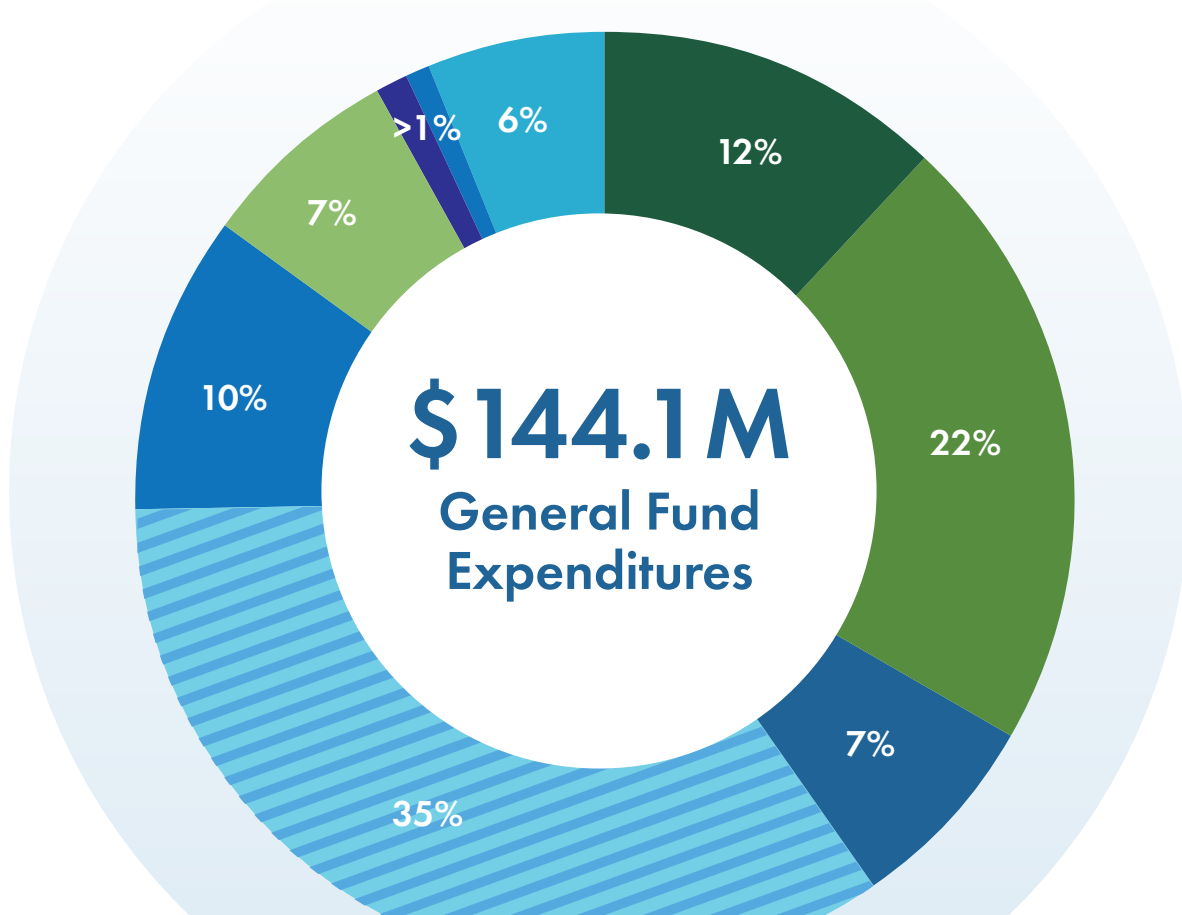
New Revenue Coming Soon

In November 2022, Culver City voters approved Measure BL, which updated Culver City Business tax rates for the first time since 1965. The new rates went into effect for new businesses registering in the City on April 1, 2023. Existing businesses will pay the new rates with their renewals for the calendar year 2024. The new rates are projected to yield up to \$8 million in additional revenue starting in Fiscal Year 2023-2024.

General Fund Expenditures

The City’s general fund expenditures totaled \$144.1 million in Fiscal Year 2022-2023. These expenditures include many essential services: public safety, parks and recreation and community services, community development and public works.

In Fiscal Year 2021-2022, the City funded all previously frozen positions and authorized the reinstatement of many services and programs that had been limited during the pandemic. Due to the large number of vacancies, it has taken time to recruit and onboard new staff and, as a result, personnel costs were lower in Fiscal Year 2021-2022 than projected and increased in Fiscal Year 2022-2023, with the city restoring staff positions and most programming to pre-pandemic levels.



Revenue Stream	Percentage	Amount (in Millions)
General Government	12%	\$17.8
Fire Department	22%	\$31
Parks, Recreation & Community Services	7%	\$10.2
Police Department	35%	\$50.1
Public Works	10%	\$15
Community Development	7%	\$10.3
Capital Outlay	>1%	\$0.5
Debt Service	>1%	\$0.3
Transfers Out	6%	\$8.9
Total		\$144.1

Enterprise Funds

Cities use proprietary funds to account for the maintenance operation and capital assets of fee-based goods and services. One type of proprietary fund is an enterprise fund. These funds are intended to be entirely self-supporting. Culver City has four enterprise funds: municipal bus lines, refuse disposal, sewer enterprise and municipal fiber network to account for the operation and capital assets of these business-type activities.



Municipal Bus Lines

This enterprise fund includes the Culver CityBus and is the City's largest enterprise fund. Culver CityBus is the second-oldest municipal-owned bus line in California. Municipal bus operations are mainly funded by operating and capital grants and contributions from federal and county sources, in addition to fare revenues, resulting in a \$5.8 million increase in revenues in Fiscal Year 2022-2023, totaling \$31 million. Culver CityBus ridership has increased by almost 400,000 passengers since Fiscal Year 2021-2022, steadily growing back to pre-pandemic levels.

Refuse Disposal

Refuse disposal is the second-largest enterprise fund. It includes 23 refuse collection trucks and is responsible for collecting an average of 43 tons of residential refuse and greenwaste and 88 tons of commercial refuse daily. Commercial refuse increased by 6 tons daily, likely in response to California Senate Bill 1383 green waste regulations. Refuse disposal generated \$20.2 million in revenues in Fiscal Year 2022-2023, increasing by \$1.7 million following operational investments by the City in Fiscal Year 2021-2022.



Sewer Enterprise

This fund is used to account for the maintenance and operation and the capital assets of the City's sewage disposal service. The sewer enterprise's largest annual operating expense is the payment to the City of Los Angeles for the City's use of the Hyperion Treatment Plant and Los Angeles Sewer transmission lines. The primary source of revenue for the sewer fund is sewer users' services charges. The City currently operates 91 miles of sanitary sewer lines, generating \$9 million in revenues.

Municipal Fiber Network

In November 2015, the City Council approved a new municipal fiber network enterprise fund. Funding for this project, known as Culver Connect, was appropriated through a loan from the General Fund to design and construct an open access network where Internet Service Providers (ISPs) will utilize the City's fiber infrastructure to service the business community. During Fiscal Year 2022-2023, the fund generated \$2.4 million in revenues.



The net position of these funds increased by \$3.4 million during Fiscal Year 2022 - 2023, totaling \$58.7 million.

Have Feedback?

Please contact the Culver City Finance Department via phone at (310) 253-5865 or email at Finance.Dept@CulverCity.org with questions, comments or suggestions regarding the information in this report. Additionally, you may review the City's other [Financial & Investment Reports](#) on the City website.



Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Culver City for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This marks the 38th consecutive year that the City received this prestigious award.

In order to receive the Certificate of Achievement award, a government must publish an easily readable and efficiently organized comprehensive financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. The City believes that the current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

For the first time, the City also received the Outstanding Achievement Award for the first edition of the Popular Annual Financial Report (PAFR) for Fiscal Year 2021-2022.