

FISCAL YEAR
2023-2024

POPULAR ANNUAL FINANCIAL REPORT

CULVER CITY

The western heart of
Los Angeles County, California



This report covers the Fiscal Year spanning
July 1, 2023 through June 30, 2024.

Culver CITY



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Introduction

The City of Culver City is committed to maintaining financial transparency by presenting its third Popular Annual Financial Report (PAFR) for Fiscal Year 2023-2024.

The PAFR is intended to summarize and clearly present the highlights of the Fiscal Year 2023-2024 Annual Comprehensive Financial Report (ACFR), to make City finances more accessible to all Culver City residents and demonstrate responsible stewardship of public resources.

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 LSL, 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 appreciate your interest in the City's fiscal stewardship and hope you enjoy this report.

¹Generally 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).

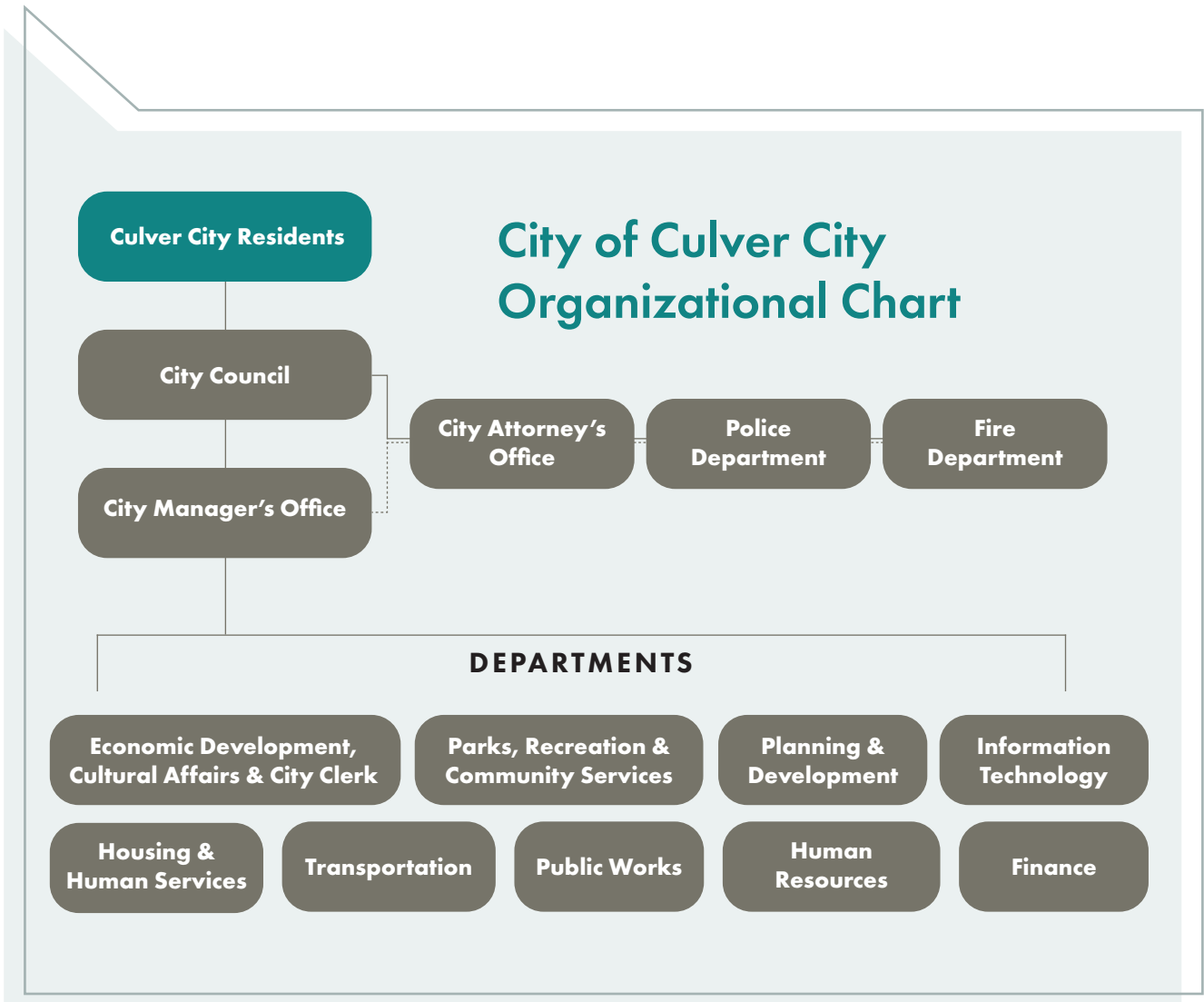
Organizational Structure

Did You Know?

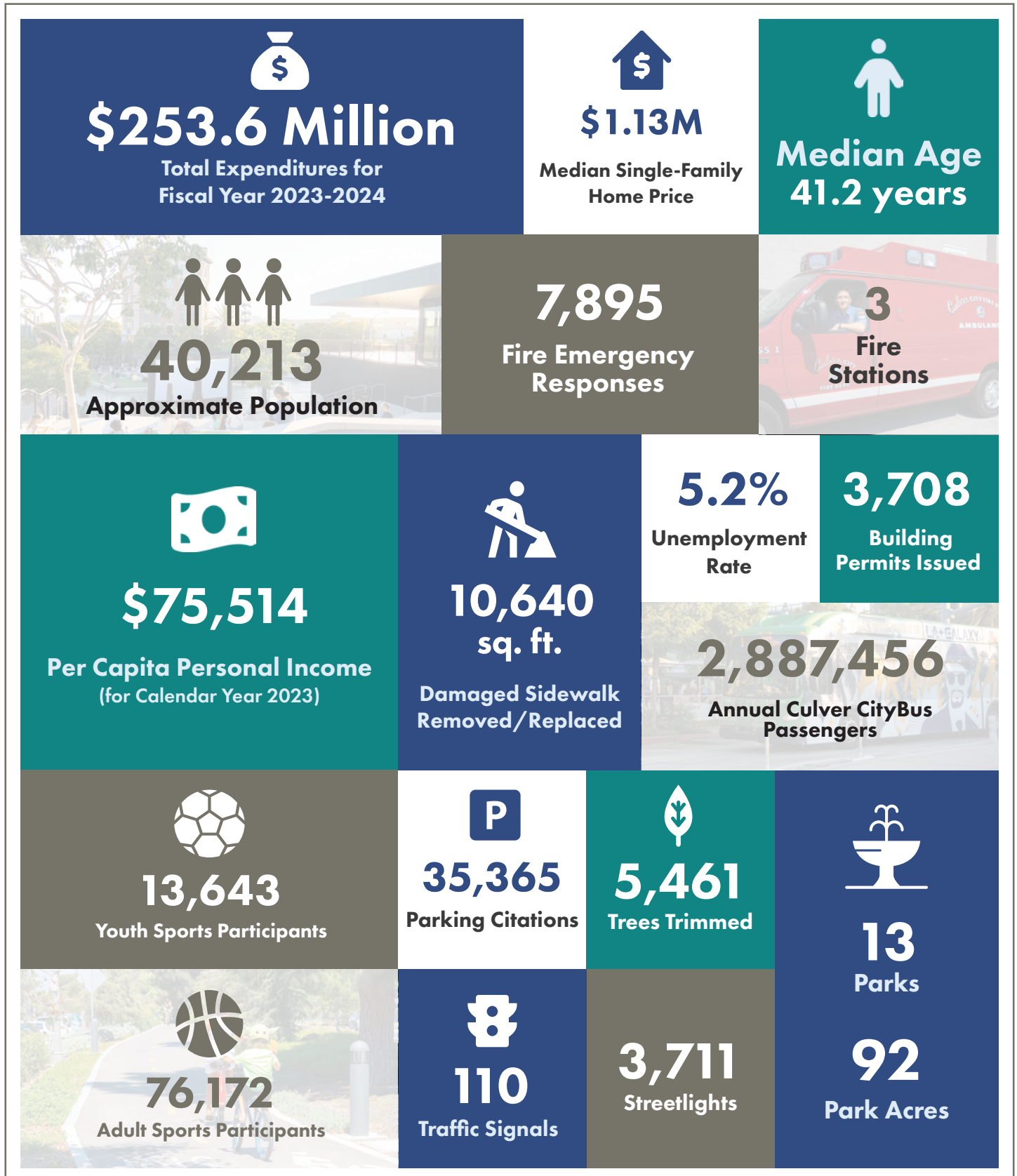
Culver City is a full-service City, serving a resident population of 40,213 with a business community that employs approximately 59,000 people, a 138% increase since 2014.

The City operates under a Council-Manager form of government. [Five City Council Members](#) are elected at-large for four-year terms. The members select the Mayor and Vice Mayor annually among themselves. The Council appoints the City Manager, City Attorney, Police Chief and Fire Chief. Each year, the City Council also appoints Commission, Board and Committee members, who support the City Council by focusing on specific issues and initiatives within the community.

These governing bodies, together with City staff, provide comprehensive municipal services including public safety, infrastructure maintenance, public improvements, planning and zoning, housing and homeless services, building plan review, economic development, refuse collection, municipal bus lines, parks, recreation and community services, cultural affairs and general administrative services.



Culver City by the Numbers



Economic Outlook

The economy is facing some headwinds from federal policy changes and ongoing global uncertainties. Culver City remains committed to providing high-quality services while also maintaining the City's fiscal health.

The City continued to take a relatively conservative budgeting approach for Fiscal Year 2023-2024, given the economic conditions. Recent national developments have created uncertainty affecting financial markets and business sectors. The shifting consumer spending habits and entertainment industry strikes in 2023 impacted sales tax receipts in Fiscal Year 2023-2024.

The Adopted Budget for Fiscal Year 2023-2024, which committed an additional \$15 million to support unhoused residents, projected an operating budget deficit that will continue for Fiscal Year 2024-2025. While the City's relatively strong financial position can maintain this level of services in the short-term, a combination of additional revenue and cost reductions will be needed in the years ahead.

Top 10 Employers

- | | |
|--|---|
| 1. Sony Pictures Entertainment (6.6%) | 6. Culver City Unified School District (1.4%) |
| 2. Amazon Studios (3.5%) | 7. City of Culver City (1.4%) |
| 3. Apple (3.5%) | 8. Costco (1%) |
| 4. Westfield Culver City (3.4%) | 9. Target (.8%) |
| 5. Southern CA Hospital
(Brotman Medical Center) (2%) | 10. TikTok (.5%) |

Significant Initiatives

In January 2023, in response to the growth of homelessness in Culver City and the region, the City declared a local emergency on homelessness. The City has initiated several new programs to support its unhoused residents. In Fiscal Year 2023-2024, many of these programs were brought online for the first time.

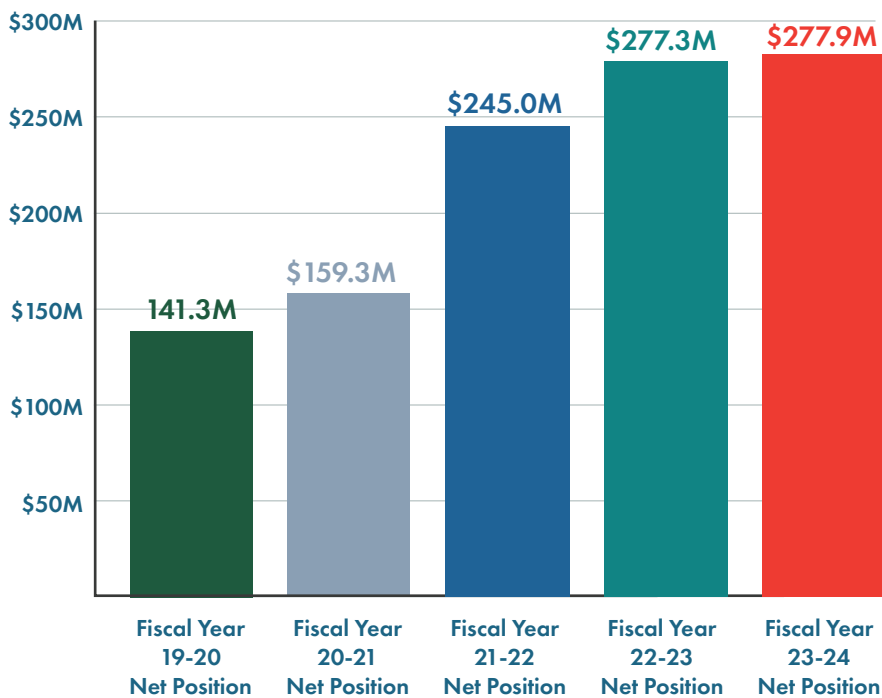
In early 2022, the City applied for and was awarded \$26.6 million from the State of California Housing and Community Development Department under Project Homekey for the creation of harm reduction, service-enriched interim and permanent supportive housing for chronically homeless individuals through the acquisition and rehabilitation of two local motels. The motels were acquired on August 11, 2022, construction was completed in September 2023 and residents began moving in shortly after. The City provides residents with round-the-clock case management and security, meals, onsite nurses and housekeeping. As part of the grant, the City is required to operate the Project Homekey interim and permanent housing units for 50 years. The City has committed \$4.9 million annually from the General Fund for Project Homekey staffing, operations and services.

In Fiscal Year 2023-2024, the City launched several other programs to further address local homelessness. The City established a Mobile Crisis Intervention Unit consisting of professionals to address homeless and mental health crises in the City at a cost of approximately \$1.5 million annually. The City developed a transitional housing safe sleep program to further expand the City's response to the local homelessness emergency. Wellness Village was launched in August 2023 at a cost of \$3.1 million. The City entered long-term leases with two local motels to provide additional housing for unhoused individuals and families with case management, meal service and security services at a cost of \$3.3 million. Finally, the City contracted directly for street medicine services to provide healthcare support to this vulnerable population.



Financial Report Highlights

The City's total net worth (or "net position") as of June 30, 2024, including all business and government activities, increased by \$0.6 million in the Fiscal Year 2023-2024, reaching a net position of \$277.9 million.



Capital Assets

As of June 2024, the City's investments in capital assets for governmental and business activities amount to \$339.8 million. "Capital assets" include land, buildings and related systems, improvements, machinery and equipment, park facilities, roads, highways and bridges.

The City ended Fiscal Year 2023-2024 with \$21 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
- Property acquisition



General Fund Revenues

The General Fund is the chief operating fund of the City. In Fiscal Year 2023-2024, the starting balance of the General Fund was \$153.4 million, and the ending balance was \$152.2 million, including non-spendable, restricted, committed, assigned and unassigned funds.

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 accounts for 24% of total General Fund revenue for Fiscal Year 2023-2024. The City’s sales tax and Measure C/CC receipts declined slightly in Fiscal Year 2023-2024 due to inflation, changes in consumer spending 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 local voter-approved transaction and use tax (Measures C and CC).

State & County
(8.50¢)



City of Culver City
(1¢)

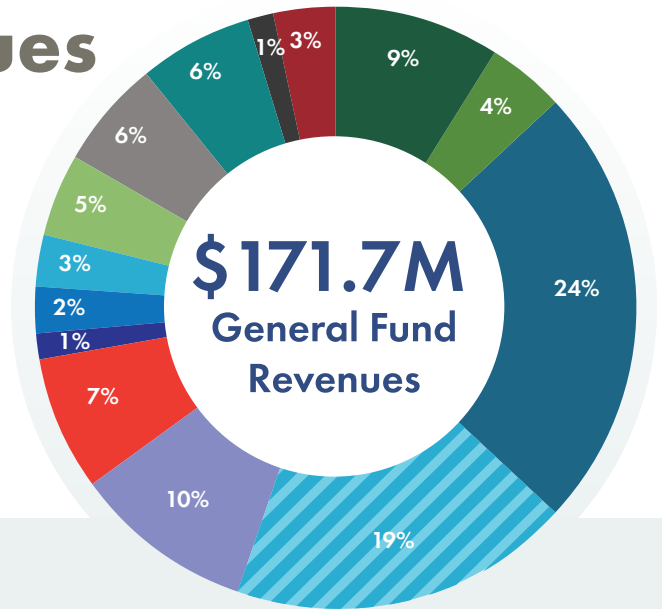


Measures C & CC
(0.75¢)



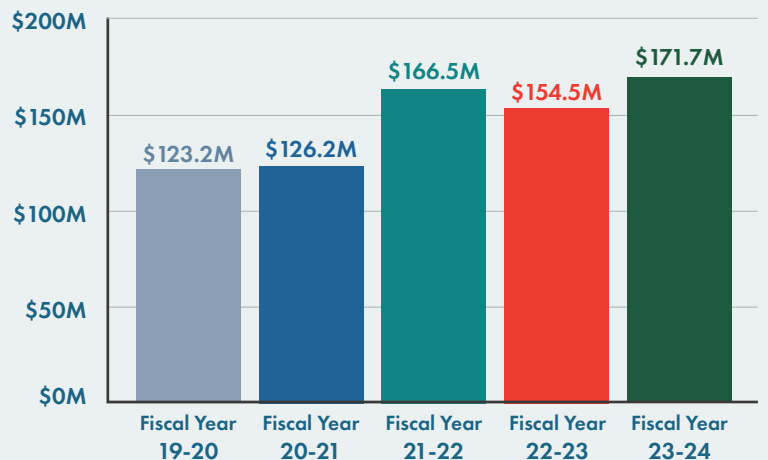
Business Tax

Fiscal Year 2023-2024 Business Tax receipts, including penalties, totaled \$31.7 million, an increase of 69.5% from the previous fiscal year. The Business Tax revenues increased because this was the first year with the full implementation of Measure BL, which updated Culver City’s Business Tax rates for the first time since 1965.



Revenue Stream	Percentage	Amount (in Millions)
Property Tax	9%	15.5
Property Transfer Tax	4%	7.4
Sales Tax	24%	41.2
Business Tax	19%	31.7
Utility Users Tax	10%	16.5
Transient Occupancy Tax	7%	12.5
Other Tax	1%	2.8
Licenses & Permits	2%	4.1
Fines & Forfeitures	3%	4.7
Intergovernmental	5%	7.8
Charges for Services	6%	10.1
Investment Earnings	6%	10.8
Misc.	1%	1.1
Other	3%	5.5
Total		\$171.7

General Fund Revenue Over 5 years



Revenue from Tax Measures

Since 2018, Culver City voters have passed several new tax measures. These revenues are part of the General Fund and can be used for general City purposes, such as emergency response, maintaining parks, addressing homelessness and government administration.



Third Full-Year in Effect

In November 2020, voters approved Measure RE, which established marginal tax rates for the City's property transfer tax, effective April 1, 2021. High interest rates and low inventory are causing the City to continue seeing a cooling in this revenue source. In Fiscal Year 2023-2024, the City received \$7.4 million, which was lower than projected and less than the \$9.7 million received in Fiscal Year 2022-2023.



½ Cent Sales Tax in Place through 2033

In March 2020, voters approved Measure CC, which extended the previous Measure Y half-cent transaction and use tax until March 31, 2033. Measure CC receipts totalled \$11 million, a decrease due to inflation, softening gas prices and other economic stressors.



Cannabis Tax Changes

In Fiscal Year 2023-2024, the City received approximately \$427,000, which represents a decline in cannabis sales in recent years. This is consistent with a post-pandemic decline seen in cannabis businesses statewide. In October 2023, the City Council reduced the cannabis business tax on distribution implemented by Measure A to 0% starting January 1, 2024.



Going on 6th Year

In November 2018, voters approved Measure C: a quarter-cent sales tax. Measure C generated a total of \$5.4 million in Fiscal Year 2023-2024.



Updated Business Tax Rates

Fiscal Year 2023-2024 was the first year with full implementation of the new business tax rates approved by voters in Measure BL. The rates were projected to yield up to \$8 million in additional revenue, but the revenue collected far exceeded expectations. \$31.3 million in business tax receipts was collected, an increase of \$12.6 million.

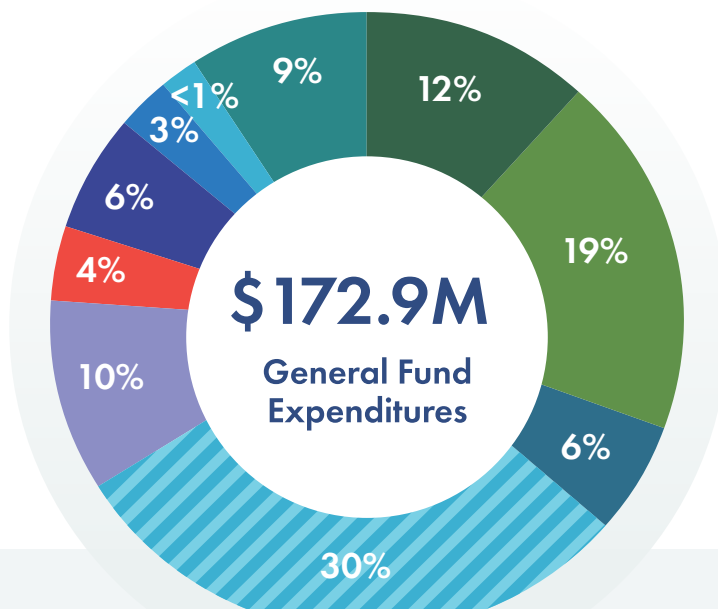
General Fund Expenditures

The City’s General Fund Expenditures totaled \$172.9 million in Fiscal Year 2023-2024. These expenditures included many essential services: public safety, public works, housing and human services, community development and parks, recreation and community services.

Personnel costs, which make up the majority of General Fund expenses, increased this fiscal year as the City added positions to support new initiatives and responded to rising pension obligations. General Fund expenses also grew, in part, to fund contracts to support new initiatives, property acquisition and a required \$6 million contribution to the City’s Self-Insurance Fund.

During Fiscal Year 2023-2024, Culver City continued to invest in community priorities. The City spent \$1.3 million for tree maintenance, \$690,000 for consultant work on the General Plan update, and contributed \$3.5 million from the General Fund to purchase property located at 11029 Washington Boulevard that had been a gun store for decades. The City is currently gathering community input to determine the best use of the land.

The City also continued its \$15 million annual investment in initiatives to address homelessness including the Wellness Village temporary supportive housing, Mobile Crisis Intervention Unit, Street Medicine Program and Motel Leasing Program. These new and ongoing expenses are reflected in Fiscal Year 2023-2024 expenditures. Expenditures for these ventures will continue in Fiscal Year 2024-2025.



General Fund Expenditures	Percentage	Amount (in Millions)
General Government	12%	21.1
Fire Department	19%	32.9
Parks, Recreation & Community Services	6%	11.0
Police Department	30%	53.1
Public Works	10%	16.9
Planning and Development	4%	6.8
Housing and Human Services	6%	11.4
Capital Outlay	3%	4.6
Debt Service	<1%	0.3
Transfers Out	9%	14.8
Total		\$172.9

Enterprise Funds

Cities use “proprietary funds” to account for the maintenance, operations and capital assets associated with the delivery 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 to account for these business-type activities: Municipal Bus Lines, Refuse Disposal, Sewer Enterprise and Municipal Fiber Network.



Municipal Bus Lines

The City’s largest Enterprise Fund includes the Culver CityBus, California’s second oldest municipal-owned bus line. Municipal bus operations are mainly funded by operating and capital grants and contributions from federal and county sources, in addition to fare revenues. Total revenue for Fiscal Year 2023-2024 totaled \$26.9 million. Revenue decreased \$5.6 million, almost entirely because of a reduction in operating grants. Culver CityBus ridership has increased by more than 226,000 passengers since Fiscal Year 2023-2024, 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 86 tons of commercial refuse daily. Refuse Disposal generated \$22.4 million in revenues in Fiscal Year 2023-2024, increasing by \$2.2 million following operational investments in prior fiscal years. Operating expenses increased by \$3.2 million, primarily due to increased salaries, pension obligations and other benefits.



Sewer Enterprise

This fund is used to account for maintenance, operations 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’ service charges. The City currently operates 91 miles of sanitary sewer lines, generating \$9.5 million in revenues.

Municipal Fiber Network

In November 2015, the City Council approved the 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 2023-2024, the fund generated \$865,000 in revenues. The net position of these funds decreased by \$700,000 in Fiscal Year 2023-2024.



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 of the United States and Canada (GFOA) 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, 2023. This marks the 39th consecutive year that the City received this prestigious award. The City also received the Popular Annual Financial Reporting award for the same reporting period. This marks the second time the City has received this award.

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 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.