PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 12, 2026

NEW ISSUE – BOOK-ENTRY | **RATING**
S&P: "AA-"
(See "CONCLUDING INFORMATION - Rating on the Bonds" herein.)

In the opinion of Best Best & Krieger LLP, Riverside, California ("Bond Counsel"), subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes, and interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax. See "TAX MATTERS" herein.

LOS ANGELES COUNTY | **STATE OF CALIFORNIA**

$31,400,000*
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TAX ALLOCATION REFUNDING BONDS, 2026 SERIES A

Dated: Date of Delivery | **Due: September 1 as Shown on the inside cover page**

The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

Proceeds from the sale of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A (the "Bonds") will be used to refinance certain outstanding obligations of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Successor Agency").

The Bonds will be issued under an Indenture of Trust dated as of September 1, 2026 (the "Indenture"), by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency's Redevelopment Project No. 1 and Merged Redevelopment Project Area (the "Combined Project Areas") on a basis subordinate to certain other obligations of the former Community Redevelopment Agency of the City of Palmdale (the "Former Agency"), and by a pledge of amounts in certain funds and accounts established under the Indenture (see "SECURITY FOR THE BONDS" and "RISK FACTORS").

Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2027, until maturity (see "THE BONDS - General Provisions" herein). The Bonds are not subject to redemption prior to maturity.

The Bonds do not constitute a debt or liability of the City of Palmdale, the County of Los Angeles, the State of California or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Palmdale, the County of Los Angeles, the State of California or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Best Best & Krieger LLP, Riverside, California, as Bond Counsel. Certain legal matters will also be passed on for the Successor Agency by Best Best & Krieger LLP, Riverside, California, as Disclosure Counsel, and by Alexandra Mae Severino, the City Attorney in her capacity as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about September ___, 2026 (see "APPENDIX G - THE BOOK-ENTRY SYSTEM" herein).

RAYMOND JAMES®

The date of the Official Statement is August ___, 2026.

* Preliminary; subject to change.

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SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE TAX ALLOCATION REFUNDING BONDS, 2026 SERIES A

MATURITY SCHEDULE

Maturity Date September 1	Principal Amount	Interest Rate	Yield	Price	CUSIP®† (69672F)

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency, the Municipal Advisor or the Underwriter and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Combined Project Areas since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but the information is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency since the date hereof. All summaries of the Bonds, the Indenture and other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information. See "INTRODUCTION - Summary Not Definitive."

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SUCCESSOR AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City of Palmdale maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF PALMDALE

PALMDALE, CALIFORNIA

SUCCESSOR AGENCY BOARD

Eric Ohlsen, *Chair*
Austin Bishop, *Vice Chair*
Richard J. Loa, *Director*
Laura Bettencourt, *Director*
Andrea Alarcon, *Director*

CITY STAFF

Sal Mendez, *City Manager*
Janelle Samson, *Deputy City Manager*
Alexandra Mae Severino, *City Attorney*
Rochelle Scott, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel
Best Best & Krieger LLP
Riverside, California

Municipal Advisor
Kosmont Financial Services
El Segundo, California

Fiscal Consultant
HdL Coren & Cone
Diamond Bar, California

Trustee and Escrow Bank
U.S. Bank Trust Company, National Association
Los Angeles, California

Verification Agent
Robert Thomas CPA, LLC
Minneapolis, Minnesota

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OFFICIAL STATEMENT

$31,400,000*
SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE
TAX ALLOCATION REFUNDING BONDS, 2026 SERIES A

This Official Statement, which includes the cover page, inside cover page and appendices (the "Official Statement"), is provided to furnish certain information concerning the sale of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A (the "Bonds").

INTRODUCTION

This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds (see "RISK FACTORS" herein). For definitions of certain capitalized terms used herein and not otherwise defined, and the terms relating to the Bonds, see the summary included in "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" herein.

The Successor Agency and the Former Agency

The Community Redevelopment Agency of the City of Palmdale (the "Former Agency") was established in 1972 by the City Council (the "City Council") of the City of Palmdale (the "City") pursuant to the Community Redevelopment Law (the "Redevelopment Law"), constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "State"). On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill No. 107 ("SB 107") enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85 as amended by AB 1484 and SB 107 are referred to in this Official Statement as the "Dissolution Act." The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the "Law."

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* Preliminary; subject to change.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency. Since the February 1, 2012 dissolution of the Former Agency, the City has served as the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Successor Agency"). The Successor Agency is governed by a five-member board consisting of the Mayor and the members of the City Council. The City Manager acts as the Successor Agency's Executive Director (see "THE SUCCESSOR AGENCY" herein).

Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Successor Agency will not be transferred to the City nor will the assets of the Successor Agency become assets of the City (see "THE SUCCESSOR AGENCY" herein).

The City

The City was incorporated as a general law city on August 24, 1962. It became a charter city in November 2009. The City encompasses approximately 104 square miles in an area of northern Los Angeles County known as the Antelope Valley. The City is located approximately 60 miles north of downtown Los Angeles. Neighboring communities include Santa Clarita and Lancaster. See "APPENDIX B - CITY OF PALMDALE INFORMATION STATEMENT."

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State, including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law"), the Law and an Indenture of Trust dated as of September 1, 2026 (the "Indenture") each by and between the Successor Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds are being issued to refinance the following obligations of the Successor Agency:

- Subordinate Tax Allocation Refunding Bonds, 2016 Series A (the "2016A Bonds"), outstanding in the aggregate principal amount of $11,445,000 after September 1, 2026; and

- Subordinate Tax Allocation Refunding Bonds, 2016 Series B (the "2016B Bonds"), outstanding in the aggregate principal amount of $21,700,000 after September 1, 2026.

The 2016A Bonds and the 2016B Bonds are sometimes collectively referred to herein as the "Refunded Bonds." See "THE FINANCING PLAN" herein.

The Bonds will be payable on a basis subordinate to the Former Agency's outstanding 2002 Subordinate Lien Tax Allocation Bonds (Merged Redevelopment Project Areas) (the "2002 Bonds"), with a maturity value of $7,560,000, which 2002 Bonds mature on December 1, 2032. The 2002 Bonds are sometimes referred to herein as "Senior Indebtedness."

Tax Allocation Financing Under the Dissolution Act

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the Taxing Agencies, as defined herein, thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental pledged tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund" or "RPTTF") held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See "SECURITY FOR THE BONDS - Tax Allocation Financing" herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Pledged Tax Revenues, as defined herein, pledged to pay the Bonds consist of a portion of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act (see "Security for the Bonds" below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (each a "Recognized Obligation Payment Schedule") (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" and "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules").

The Project Areas

Project Area No. 1

Redevelopment Project Area No. 1 ("Project Area No. 1") was created in 1975, and was amended in 1981 to add additional area. Project Area No. 1, as amended, encompasses 920 acres.

Merged Project Area

The Merged Redevelopment Project Area (the "Merged Project Area") was created in 1994. The merger combined the Former Agency's Project Area No. 2, Project Area No. 3 and Project Area No. 4, as described below, creating a project with a combined 7,468 acres.

The Redevelopment Plan for Redevelopment Project Area No. 2 ("Project Area No. 2") was adopted by the City Council in 1978. Project Area No. 2 encompasses 1,400 acres. The Redevelopment Plan for Redevelopment Project Area No. 3 ("Project Area No. 3") was adopted by the City Council in 1983. Project Area No. 3 encompasses 1,153 acres. The Redevelopment Plan for Redevelopment Project Area No. 4 ("Project Area No. 4") was also adopted by the City Council in 1983. Project Area No. 4 encompasses 4,915 acres. In May 2011, the City Council amended the Redevelopment Plan for the Merged Project Area, adding 7,787 acres to the Merged Project Area (the "Expansion Area").

Project Area No. 1 and the Merged Project Area are collectively referred to herein as the "Combined Project Areas," an individual redevelopment project is referred to herein as a "Redevelopment Project" or when referring to more than one individual redevelopment project, "Redevelopment Projects," and the Redevelopment Plans for all the individual redevelopment projects comprising the Combined Project Areas are referred to herein as the "Redevelopment Plans."

Security for the Bonds

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues on a parity with any future Parity Debt, as defined herein and in the Indenture (see "SECURITY FOR THE BONDS- No Additional Debt Other Than Refunding Bonds"). "Pledged Tax Revenues" are defined under the Indenture as the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Law, as provided in Section 34183 of the Law, excluding (a) Statutory Pass-Through Amounts, as defined below, (b) Negotiated Pass-Through Amounts, as defined below and (c) the portion of such funds needed to pay the Senior Indebtedness. If, and to the extent, that the provisions of Section 34172 of the Law or Section 34183 of the Law are invalidated by a final judicial decision, then Pledged Tax Revenues will include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to Section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution, subject in any event to the prior use thereof, each Fiscal Year, to pay the Senior Indebtedness.

"Statutory Pass-Through Amounts" means amounts payable pursuant to Sections 33607.5 or 33607.7 of the Law and "Negotiated Pass-Through Amounts" means amounts payable under the Pass-Through Agreements entered into pursuant Sections 33401 and 33676 of the Law, to the extent not subordinated to payment of the Bonds. See "FINANCIAL INFORMATION - Property Taxation in California" and "APPENDIX C - FISCAL CONSULTANT'S REPORT" for additional information regarding the Negotiated Pass-Through Amounts and the Statutory Pass-Through Amounts applicable to the Successor Agency and the revenues derived from the Combined Project Areas.

By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code.

Taxes levied on the property within the Combined Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll of the applicable Redevelopment Project, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund, as defined herein, on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency's Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules" herein.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

Reserve Account Insurance Policy

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account has been established by the Indenture. The Reserve Account will be funded by the purchase of a Debt Service Reserve Insurance Policy (the "Reserve Account Insurance Policy") issued by Assured Guaranty Inc. ("Bond Insurer") in an amount equal to the Reserve Requirement as defined in the Indenture. The Reserve Account Insurance Policy secures only the Bonds and does not secure the 2002 Bonds and would not secure any future Parity Debt. See "SECURITY FOR THE BONDS - Reserve Account."

Legal Matters

The legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Best Best & Krieger LLP, Riverside, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest on the Bonds, are described more fully under the heading "TAX MATTERS" herein. Certain legal matters will also be passed on for the Successor Agency by Best Best & Krieger LLP, Riverside, California, as Disclosure Counsel and by Alexandra Mae Severino, as City Attorney. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California.

Professional Services

U.S. Bank Trust Company, National Association will act as Trustee for the Bonds.

Kosmont Financial Services, El Segundo, California (the "Municipal Advisor") advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds.

HdL Coren & Cone, Diamond Bar, California (the "Fiscal Consultant") prepared the Fiscal Consultant's Report included in "APPENDIX C."

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter's Counsel and the Municipal Advisor are contingent upon the sale and delivery of the Bonds.

Offering of the Bonds

Authority for Issuance. The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. SA 2026-004 of the Successor Agency adopted on May 5, 2026, the Refunding Law and the Law. The Los Angeles County Fifth Supervisorial District Consolidated Oversight Board (the "Oversight Board") approved the action taken by the Successor Agency to refinance the Refunded Bonds on June 11, 2026. The State Department of Finance approved the Oversight Board action by letter dated August 4, 2026.

Offering and Delivery of the Bonds. The Bonds are being sold to Raymond James & Associates, Inc. (the "Underwriter"). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Best Best & Krieger LLP, Riverside, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about September ___, 2026.

Summary Not Definitive

The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes and documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained after delivery of the Bonds from the Successor Agency at 38300 Sierra Highway, Palmdale, California 93550.

THE BONDS

General Provisions

Repayment of the Bonds. Interest on the Bonds is payable at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof and will be dated as of the date of delivery (the "Closing Date").

Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2027 (each an "Interest Payment Date") and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the 15th calendar day of the month preceding an Interest Payment Date (a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) unless it is authenticated on or before February 15, 2027, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry System. The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see "APPENDIX G - THE BOOK-ENTRY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

Transfer or Exchange of Bonds. So long as the Bonds are in the book-entry system of DTC as described above, the rules of DTC will apply for the transfer and exchange of Bonds.

No Redemption

The Bonds are not subject to redemption prior to their respective stated maturities.

Scheduled Debt Service on the Bonds

The following is the scheduled semi-annual and annual Debt Service on the Bonds.

Payment Date	Principal	Interest	Semi-Annual Debt Service	Annual Debt Service
Total				

THE FINANCING PLAN

The Refunding Plan

Redemption of Prior Bonds. On the Closing Date, a portion of the proceeds of the Bonds will be transferred to the Trustee as escrow bank ("Escrow Bank") for deposit pursuant to separate Refunding Instructions for each series of the Refunded Bonds, each dated as of September 1, 2026 (the "Refunding Instructions") between the Successor Agency and the Escrow Bank.

The amount deposited under the Refunding Instructions, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the Refunded Bonds as follows:

- the then outstanding 2006A Bonds will be redeemed in full on __________, at a redemption price equal to 100% of the principal amount of the 2006A Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium, and

- the then outstanding 2006B Bonds will be redeemed in full on ____________, at a redemption price equal to 100% of the principal amount of the 2006B Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

Amounts so deposited under the Refunding Instructions will be pledged to the redemption price of the Refunded Bonds on their respective redemption dates, and the sufficiency of the amounts deposited under the Refunding Instructions for such purpose will be verified by the Verification Agent as described below. The lien of the Refunded Bonds on any of the Pledged Tax Revenues will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Refunding Instructions.

Neither the funds deposited in the escrow funds for the Refunded Bonds nor the interest on any invested funds held in the escrow funds will be available for the payment of debt service on the Bonds.

Verifications of Mathematical Computations. Robert Thomas CPA, LLC (the "Verification Agent") will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of the computations contained in the provided schedules to determine that the cash and investments, together with investment earnings thereon, listed in the schedules prepared by the Municipal Advisor, to be held in escrow, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the Refunded Bonds.

Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

<u>Sources of Funds</u>
Par Amount of Bonds
Original Issue Premium/Discount
Debt Service Funds for the Refunded Bonds
Reserve Funds for the Refunded Bonds
Total Source of Funds

<u>Uses of Funds</u>
Transfer to Escrow Bank
Underwriter's Discount
Costs of Issuance Fund [1]
Total Use of Funds

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[1] Costs of issuance include fees and expenses of Bond Counsel, the Municipal Advisor, Disclosure Counsel, Verification Agent, Trustee and Escrow Bank, Reserve Account Reserve Policy premium, costs of printing the Official Statement, rating fees, and other costs of issuance of the Bonds.

SECURITY FOR THE BONDS

Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the Taxing Agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its Recognized Obligation Retirement Fund (the "Recognized Obligation Retirement Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" herein).

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and, unless subordinated to the Bonds, payments made under Sections 33401, 33676, 33607.5 and 33607.7 (among others) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

Pledged Tax Revenues

As provided in the respective Redevelopment Plans for the Combined Project Areas and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in the Redevelopment Projects each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the ordinance approving the respective Redevelopment Plans, will be divided as follows:

(a) <u>To Taxing Agencies</u>: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the Taxing Agencies upon the total sum of the assessed value of the taxable property in the respective Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such Taxing Agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective Taxing Agencies as taxes by or for the Taxing Agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a Taxing Agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of and the interest on, any bonded indebtedness approved by the voters of the Taxing Agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that Taxing Agency, that portion of the levied taxes each year in excess of such amount, when collected will be paid into a special fund of the Former Agency/Successor Agency.

Section 34183 of the Dissolution Act effectively eliminated the January 1, 1989 date from the paragraph above. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. Further, also effective September 22, 2015, Redevelopment Plan limits relating to the amount of taxes that could be paid to the Former Agency/Successor Agency and the time that such taxes could be paid was eliminated for the purpose of paying debt service on bonds of the Former Agency or the Successor Agency.

Pledged Tax Revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

Pledged Tax Revenues. For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Pledged Tax Revenues. "Pledged Tax Revenues" are defined under the Indenture as the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Law, as provided in Section 34183 of the Law, excluding (a) Statutory Pass-Through Amounts, (b) Negotiated Pass-Through Amounts to the extent not subordinated to the Bonds and (c) the portion of such funds needed to pay the Senior Indebtedness. If, and to the extent, that the provisions of Section 34172 of the Law or Section 34183 of the Law are invalidated by a final judicial decision, then Pledged Tax Revenues will include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to Section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution, subject in any event to the prior use thereof, each Fiscal Year, to pay the Senior Indebtedness.

By definition, under the Dissolution Act, Pledged Tax Revenues exclude County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code.

See "APPENDIX C - FISCAL CONSULTANT'S REPORT" herein.

Redevelopment Property Tax Trust Fund

Deposits to the Redevelopment Property Tax Trust Fund. Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Disbursements from the Redevelopment Property Tax Trust Fund. The Redevelopment Law authorized redevelopment agencies to make payments to Taxing Agencies to alleviate any financial burden or detriments to such Taxing Agencies caused by a redevelopment project. The Former Agency entered into a number of agreements with the Taxing Agencies for this purpose. Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after June 1, 1994 or amended after January 1, 1994 in a manner specified in such section. Because the Redevelopment Plans for certain of the Redevelopment Projects were amended after June 1, 1994, and the Expansion Area was created after June 1, 1994, the Successor Agency is obligated to pay certain Statutory Pass-Through Amounts. See "APPENDIX C - FISCAL CONSULTANT'S REPORT" herein.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

(i) first, subject to certain adjustments (as described below) for subordinations to the extent permitted under the Dissolution Act (if any, as described in "APPENDIX C - FISCAL CONSULTANT'S REPORT") and no later than each January 2 and June 1, to each local taxing agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments (and amounts required to replenish the related reserve funds, if any) scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

The Dissolution Act requires county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Pass-Through Agreements and the Statutory Pass-Through Amounts to the Taxing Agencies on each January 2 and June 1 <u>before</u> amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded to by the Successor Agency; (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments and the Former Agency's administrative cost allowance for the applicable Recognized Obligation Payment Schedule period; and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements set forth in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed on the applicable January 2 or June 1 property tax distribution date (as adjusted for weekends and holidays). To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for administrative costs for the applicable Recognized Obligation Payment Schedule period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under subordinated Pass-Through Agreements, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make statutory pass-through payments subordinate to the Bonds. The Successor Agency has not undertaken any procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts due to all Taxing Agencies are senior to the Bonds. Additionally, as described in "APPENDIX C - FISCAL CONSULTANT'S REPORT" under the caption "Tax Sharing Agreements and Other Obligations," payment of certain Negotiated Pass-Through Amounts is subordinate to the payment of the Bonds.

Recognized Obligation Payment Schedules

Enforceable Obligations. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund allocable to the Combined Project Areas and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

Required Approvals. As provided in SB 107, the Recognized Obligation Payment Schedule, with respect to each Fiscal Year, and segregated into each six-month period beginning July 1 and January 1, must be submitted by the Successor Agency, after approval by the Oversight Board, the County Auditor-Controller, the State Department of Finance, and the State Controller by each February 1. For information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS - Recognized Obligation Payment Schedule."

Commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the Department of Finance as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the Department of Finance or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the Department of Finance and the County Auditor-Controller. The Agency intends to file a Last and Final Recognized Obligation Payment Schedule in 2027. However, the Agency has covenanted in the Indenture not to submit a Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Bond Insurer.

Determination of Available Funding. In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed, and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than April 1 and October 1 of each year, as applicable.

If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, of the Successor Agency's enforceable obligations listed on the Recognized Obligation Payment Schedule, and of the Successor Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "Redevelopment Property Tax Trust Fund" above.

Debt Service. In the Indenture, the Successor Agency covenants to comply with all of the requirements of the Dissolution Act, including taking all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules for each Fiscal Year so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to pay timely principal of, and interest on, the Bonds, all Outstanding Parity Debt and the 2002 Bonds coming due in such Bond Year, including any amounts required to replenish the respective reserve accounts established for the 2002 Bonds or any Parity Debt.

Pursuant to the Indenture, without limiting the generality of the foregoing covenant, the Successor Agency will take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2027, in accordance with Section 34177 of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

(a) 100% of the amount of principal and accreted value of the 2002 Bonds coming due and payable on the next succeeding December 1,

(b) 100% of the amount of interest on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding March 1,

(c) 75% of the amount of principal and interest on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1, and

(d) any amount then required to replenish the amount in any reserve account established for all outstanding 2002 Bonds or Parity Debt.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

(a) the remaining principal and interest due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1, and not received or reserved in the period ending June 30, and

(b) reserves and amounts due to any bond insurer as described under (d) and (e) above.

The foregoing actions will include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds, all Outstanding Parity Debt and the 2002 Bonds coming due in the succeeding Fiscal Year. See “Recognized Obligation Payment Schedules” above and “RISK FACTORS - Recognized Obligation Payment Schedule.”

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period (or otherwise) to pay the principal of and interest on the Bonds. See “RISK FACTORS.”

Pledge of Pledged Tax Revenues

Except as otherwise provided in the Indenture, the Bonds and any additional Parity Debt will be equally secured by a pledge and lien on all of the Pledged Tax Revenues excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds and any additional Parity Debt on March 1 of such year, but including all Pledged Tax Revenues distributed on January 2 in each Bond Year to be reserved for 75% of the September 1 payment of principal and interest on the Bonds and any additional Parity Debt in such Bond Year, and by a first and exclusive pledge and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery; provided, however, that so long as any of the 2002 Bonds remain outstanding, the Successor Agency shall first use the amounts deposited to the Redevelopment Obligation Retirement Fund as required to satisfy its scheduled obligations with respect to such outstanding 2002 Bonds. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency will be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

The Pledged Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Pledged Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency, subject to the provisions of the Indenture.

The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City, the County, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City, the County, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.

The State Legislature has amended the Dissolution Act several times. The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Pledged Tax Revenues in accordance with the Indenture and receiving adequate Pledged Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues

The Successor Agency will deposit all of the Pledged Tax Revenues (including for this purpose amounts described in clause (c) of the definition thereof in the Indenture) received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. Amounts in the Redevelopment Obligation Retirement Fund, after deductions for amounts due on any outstanding 2002 Bonds, shall be promptly transferred (a) to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund under the Indenture equal the aggregate amounts required to be deposited into the Interest Account and the Principal Account in such Bond Year pursuant to the Indenture, but excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds on March 1 of such year, but including all Pledged Tax Revenues distributed on January 2 in each Bond Year to be reserved for 75% of the September 1 principal and interest on the Bonds payable in such Bond Year pursuant to the Indenture (see "Recognized Obligation Payment Schedules - Debt Service" above); and (b) for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues (available after payment of debt service on the 2002 Bonds) is not sufficient to pay the Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Any Pledged Tax Revenues received each January 2 and June 1 during a Bond Year and held in the Redevelopment Obligation Retirement Fund, to the extent remaining after payment of amounts due on any 2002 Bonds, and making the foregoing transfers to the Debt Service Fund in the applicable semi-annual period and in respect of any Parity Debt in such Bond Year, will be released from the pledge and lien under the Indenture which secures the Bonds and any Parity Debt and may be applied for any lawful purposes of the Successor Agency, including but not limited to administrative costs of the Successor Agency.

The following table summarizes the annual cycle of Recognized Obligation Payment Schedule submittal through the disbursement from the Redevelopment Property Tax Trust Fund described above:

Date	Action
February 1	Annual Recognized Obligation Payment Schedule submitted and approved
April 1	County estimates June 1 distribution amount
May 1	Successor Agency reports any funding shortfall
June 1	County distributes from Redevelopment Property Tax Trust Fund
October 1	County estimates January 2 distribution
December 1	Successor Agency reports any funding shortfall
January 2	County distributes from Redevelopment Property Tax Trust Fund

Deposit of Amounts by Trustee

Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

Interest Account. On or before the fifth Business Day preceding each Interest Payment Date, to the extent there are moneys available, the Trustee will transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date or date of redemption of the Bonds. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt or date of redemption of the Bonds of the interest coming due on the Bonds to be redeemed. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to the Indenture).

Principal Account. On or before the fifth Business Day preceding each September 1, commencing with the Interest Payment Date occurring on September 1, 2027, to the extent there are moneys available, the Trustee will transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to three-quarters of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

Reserve Account

A Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on the Bonds. The Successor Agency must maintain an aggregate balance in the Reserve Account equal the least of (a) Maximum Annual Debt Service for the then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for the then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds (the "Reserve Requirement"). In the event that the Successor Agency fails to deposit with the Trustee the full amount required by the Indenture to pay principal and interest due on the Bonds when due on any date, the Trustee will withdraw from the Reserve Account the difference between the amount required to be on deposit and the amount available on such date.

The Reserve Account established for the Bonds secures only the Bonds and not the 2002 Bonds or any other Parity Debt that may be issued under the Indenture (see "No Additional Debt Other Than Refunding Bonds" below).

The 2002 Bonds have a reserve account which is currently funded with cash. Such amounts are not available to pay the Bonds.

Reserve Account Insurance Policy. The Indenture provides that in lieu of a cash deposit, the Successor Agency may satisfy all or a portion of the Reserve Requirement by means of a Reserve Account Insurance Policy ("Reserve Account Insurance Policy") (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" herein).

Concurrently with the issuance of the Bonds, the Bond Insurer will issue the Reserve Account Insurance Policy with respect to the Bonds. The Reserve Account Insurance Policy provides that upon notice from the Trustee to the Bond Insurer to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, the Bond Insurer will promptly deposit with the Trustee an amount sufficient to pay the principal of and interest on the Bonds or the available amount of Reserve Account Insurance Policy, whichever is less.

The available amount of the Reserve Account Insurance Policy is the initial face amount ($________) of the Reserve Account Insurance Policy less the amount of any previous deposits by the Bond Insurer with the Trustee which have not been reimbursed by the Successor Agency.

In the event the Bond Insurer were to become insolvent, any claims arising under a policy of financial guaranty insurance are excluded from coverage by the California Insurance Guaranty Association, established pursuant to Article 14.2 (commencing with Section 1063) of Chapter 1 of Part 2 of Division 1 of the California Insurance Code.

No Additional Debt Other Than Refunding Bonds

In addition to the Bonds, the Successor Agency may issue additional bonds payable from Pledged Tax Revenues on a parity with the Bonds ("Parity Debt") to refund all or any portion of the Bonds, previously issued Parity Debt or the 2002 Bonds, in each case in such principal amount as will be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee if (a) the Successor Agency is in compliance with all covenants set forth in the Indenture, and (b) the Parity Debt is in compliance with the requirements of Section 34177.5(a)(1) of the Dissolution Act.

The documents providing for the issuance of Parity Debt under the Indenture shall provide that:

(a) Interest on the Parity Debt is payable on March 1 and September 1 in each year of the term thereof, except the first twelve month period, during which interest may be payable on any date;

(b) The principal of the Parity Debt is payable on September 1 in any year in which principal is payable; and

(c) The trustee for the Parity Debt is the same entity which performs the duties of Trustee for the Bonds.

THE SUCCESSOR AGENCY

Government Organization

The Former Agency was established by the City Council in 1972 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Dissolution Act, the City Council serves as the governing board of the successor agency to the Former Agency and thus, since the February 1, 2012 dissolution of the Former Agency, the City has acted in such capacity. The Successor Agency is governed by a five-member board which consists of the Mayor and the members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's Executive Director, the City Clerk serves as the Successor Agency secretary and the City Finance Manager/City Treasurer serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Successor Agency Powers

All powers of the Successor Agency are vested in its members, who are the elected Mayor and members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State

Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected Taxing Agencies within project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. On December 16, 2015, the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan (a "Long Range Property Management Plan") detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The State Department of Finance approved the Successor Agency's Long Range Property Management Plan on December 16, 2015.

Redevelopment Plans

Project Area No. 1 was approved by Ordinance No. 265 adopted by the City Council on June 25, 1975, and was amended in 1981 by Ordinance No. 396 adopted by the City Council on February 12, 1981.

The Merged Project Area was created on March 24, 1994 by the adoption by the City Council of Ordinance Nos. 1042, 1043 and 1044. The merger combined the Former Agency's Project Area No. 2, Project Area No. 3 and Project Area No. 4, as described below.

The Redevelopment Plan for Project Area No. 2 was approved by Ordinance No. 337 adopted by the City Council on July 25, 1978. The Redevelopment Plan for Project Area No. 3 was approved by Ordinance No. 491 adopted by the City Council on March 10, 1983. The Redevelopment Plan for Project Area No. 4 was approved by Ordinance No. 515 adopted by the City Council on November 10, 1983. On May 4, 2011, the City Council adopted Ordinance No. 1418 amending the Merged Project Area Redevelopment Plan, adding 7,787 acres, known as the Expansion Area, to the Merged Project Area.

Plan Limitations

In accordance with the Redevelopment Law, redevelopment plans were required to include certain limits on the financing of redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit to incur debt, a time limit on the receipt of Tax Increment Revenues and the repayment of debt, and a limit on the amount of bonded indebtedness outstanding at any time. SB 107 clarifies that the former tax increment limits in redevelopment plans no longer apply for purposes of paying approved enforceable obligations such as the Bonds and the 2002 Bonds.

THE PROJECT AREAS

Description of the Project Areas

Project Area No. 1

Redevelopment Project Area No. 1 ("Project Area No. 1") was created in 1975, and was amended in 1981 to add additional area. Project Area No. 1, as amended, encompasses 920 acres.

Merged Project Area

The Merged Redevelopment Project Area (the "Merged Project Area") was created in 1994. The merger combined Project Area No. 2, Project Area No. 3 and Project Area No. 4, as described below, creating a project with a combined 7,468 acres.

The Redevelopment Plan for Redevelopment Project Area No. 2 ("Project Area No. 2") was adopted by the City Council in 1978. Project Area No. 2 encompasses 1,400 acres. The Redevelopment Plan for Redevelopment Project Area No. 3 ("Project Area No. 3") was adopted by the City Council in 1983. Project Area No. 3 encompasses 1,153 acres. The Redevelopment Plan for Redevelopment Project Area No. 4 ("Project Area No. 4") was also adopted by the City Council in 1983. Project Area No. 4 encompasses 4,915 acres. In May 2011, the City Council amended the Redevelopment Plan for the Merged Project Area, adding 7,787 acres to the Merged Project Area.

Project Area No. 1 and the Merged Project Area are collectively referred to herein as the "Combined Project Areas," an individual redevelopment project is referred to herein as a "Redevelopment Project" or when referring to more than one individual redevelopment project, "Redevelopment Projects," and the Redevelopment Plans for all the individual redevelopment projects comprising the Combined Project Areas are referred to herein as the "Redevelopment Plans."

The table below shows the land use in the Combined Project Areas for Fiscal Year 2026-27.

TABLE NO. 1
COMBINED PROJECT AREAS
LAND USE

Category	No. Parcels	Taxable Value	% of Value
Residential	16,282	$5,302,014,192	52.43%
Commercial	579	1,605,585,415	15.88
Industrial	164	1,386,129,642	13.71
Vacant	1,564	354,305,839	3.50
Irrigated	1	37,641	0.00
Recreational	10	45,074,077	0.45
Govt. Owned	1	0	0.00
Institutional	50	350,921,584	3.47
Dry Farm	4	3,047,533	0.03
Exempt	544	0	0.00
Subtotal	19,199	$9,047,115,923	89.47%
SBE Nonunitary		166,253	0.00
Cross Reference		232,078,407	2.30
Unsecured		832,721,284	8.23
Subtotal		1,064,965,944	10.53
Total	19,199	$10,112,081,867	100.00%

Source: Fiscal Consultant.

Assessed Valuations and Pledged Tax Revenues

Historical assessed value and Tax Increment Revenues are shown in the tables below. The County of Los Angeles does not participate in the Teeter Plan, which would guarantee 100% of tax collections to the Successor Agency. As a result, the Successor Agency bears the risk of delinquent tax payments, although the Successor Agency does receive all interest and penalties levied and collected due to delinquencies.

TABLE NO. 2
COMBINED PROJECT AREAS
HISTORICAL ASSESSED VALUATIONS [1]

Fiscal Year	Assessed Value	Base Year Value	Incremental Value
2017/18	$5,813,283,521	$839,711,042	$4,973,572,479
2018/19	6,151,524,055	839,108,190	5,312,,415,865
2019/20	6,553,578,564	839,085,701	5,714,492,863
2020/21	6,986,716,379	838,932,004	6,147,784,375
2021/22	7,104,646,000	838,071,248	6,266,574,752
2022/23	7,714,494,226	838,175,234	6,876,318,992
2023/24	8,144,958,319	838,162,665	7,306,795,654
2024/25	8,493,625,900	838,901,090	7,654,724,810
2025/26	9,007,827,231	838,270,970	8,169,556,261
2026/27	10,112,081,867	838,299,082	9,273,782,785

(1) Includes secured and unsecured valuation; exclusive of homeowner's exemptions. All other exemptions have been deducted.

Source: Los Angeles County Auditor-Controller, compiled by the Fiscal Consultant.

TABLE NO. 3
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS

	2023/24	2024/25	2025/26
January RPTTF Deposit	$31,924,228	$33,556,981	$38,369,639
June RPTTF Deposit	38,436,422	43,903,583	47,875,566
Gross RPTTF Deposits	70,360,649	77,460,564	86,245,205
County Administrative Fees	(1,177,130)	(1,276,321)	(1,332,971)
Tax Sharing [1]	(33,859,172)	(37,657,681)	(34,995,425)
RPTTF Available	$35,324,348	$38,526,562	$49,916,808

(1) Includes subordinate Negotiated Pass-Through Amounts.

Source: Los Angeles County Auditor-Controller, compiled by the Fiscal Consultant.

The estimated deposit to the Redevelopment Property Tax Trust Fund for 2026/27, based on the 2026/27 assessed value, is calculated as follows:

Incremental Assessed Value	$9,273,782,785
Tax Rate	1.00%
Tax Increment Revenues	$92,737,828
Unitary Revenues	917,562
Total Deposit to RPTTF	$93,655,390
County Administrative Fees	(1,447,500)
Tax Sharing [(1)]	(45,168,305)
Available RPTTF	$47,039,586
Subordinate Tax Sharing [(1)]	(6,289,282)
Net RPTTF	$40,750,304

(1) Certain Negotiated Pass-Through Amounts are subordinate to payment of the former Agency and Successor Agency debt, but are withheld by the County and paid to the Successor Agency only to the extent required under the provisions of the Dissolution Act.

Source: Fiscal Consultant.

Major Taxpayers

The top ten taxpayers for the Combined Project Areas for Fiscal Year 2026-27 are set forth in the below table.

TABLE NO. 4
COMBINED PROJECT AREAS
TEN LARGEST TAXPAYERS

Taxpayer	Assessed Value	% of Total Assessed Value	% of Total Incremental Value	Primary Land Use
Lockheed Martin Corporation [(1)]	$1,060,483,809	10.49%	11.44%	Aerospace Manufacturing
Trader Joes Company	609,518,824	6.03	6.57	Industrial Food Processing
Lancaster Hospital Corporation [(1)]	284,444,369	2.81	3.07	Lancaster Regional Hospital
Mershop Antelope LLC [(1)]	162,097,733	1.60	1.75	Antelope Valley Mall Parcels
Northrop Grumman Systems Corp.	111,944,271	1.11	1.21	Aerospace Manufacturing
Allegra Palmdale LLC [(1)]	64,621,198	0.64	0.70	Amazon Hub Facility
Walmart Real Estate Business Trust	63,185,572	0.62	0.68	Walmart and Sam's Club Stores
SIFI Networks Palmdale LLC	52,827,897	0.52	0.57	Fiber Optic Communications
W2005 Fargo Hotels Realty LP [(1)]	40,100,231	0.40	0.43	Courtyard and Residence Inn Hotels
Antelope Valley Shop LLC [(1)]	37,246,649	0.37	0.40	Antelope Valley Mall Parcels
Total	$2,486,470,553	24.59%	26.81%	

(1) Appeal pending for current and/or prior years. See "Assessment Appeals" below.
Source: Fiscal Consultant.

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Assessment Appeals

There were a total 451 pending appeals filed in the last 5 years by property owners in the Combined Project Areas. Appeals have been filed with respect to several of the largest property owners included in Table No. 4. Some appeals have been filed for multiple years for the same property. A summary of all pending appeals is shown below.

TABLE NO. 5
COMBINED PROJECT AREAS
PENDING APPEALS

	Total
Total No. of Appeals	451
No. of Resolved Appeals	283
No. of Successful Appeals	241
Average Reduction on Successful Appeals	45.06%
No. of Pending Appeals	168
Total Value under Appeal	$1,470,224,288
Estimated No. of Appeals Allowed	141
Estimated Reduction in Value on Pending Appeals	$412,212,974

Source: Fiscal Consultant.

The Successor Agency cannot predict the outcome of any pending appeals.

The projected Pledged Tax Revenues have been reduced for an average appeal value reduction based on average number of appeals granted historically. Reductions in revenue for refunds resulting from successful appeals or current or prior year appeals have not been incorporated into the projections. The success rate of appeals, reductions granted and refunds may vary from historical averages.

FINANCIAL INFORMATION

Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's basic financial statements, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution (www.dof.ca.gov/redevelopment) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency postaudit obligations. The Successor Agency does not prepare separate financial statements. The State Department of Finance's website is not in any way incorporated into this Official Statement, and the Successor Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.

The City's financial statements for the Fiscal Year ended June 30, 2024, attached hereto as "APPENDIX D" have been audited by Eide Bailly LLP, Rancho Cucamonga, California.

The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor. ***Eide Bailly LLP has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Eide Bailly LLP also has not performed any procedures relating to this Official Statement.***

Property Taxation in California

Manner in Which Property Valuations and Assessments are Determined (Article XIIIA). On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIIIA to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the State Constitution, redevelopment agencies were prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions and SB 107 further states that pre-1989 tax override rates are no longer distributed to successor agencies except in limited circumstances (see "SECURITY FOR THE BONDS - Pledged Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Pledged Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters in the State approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts.

Unsecured and Secured Property. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Combined Project Areas is assessed by the Los Angeles County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a $20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1½% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent, if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1½% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental Assessments. Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

Unitary Property. Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain Taxing Agencies with such county. Unitary tax revenues for Fiscal Year 2025/26 are $917,563. The Fiscal Consultant's projections of future Pledged Tax Revenues assume this amount remains constant.

Property Tax Rate. The difference between the $1.00 general tax levy provided under Article XIIIA tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by the Fiscal Consultant by applying a tax rate of $1.00 per $100 of taxable value general levy to incremental taxable values.

Outstanding Indebtedness

After refinancing the Refunded Bonds with the proceeds of the Bonds, the 2002 Bonds will remain outstanding with a lien on the funds deposited into the Redevelopment Obligation Retirement Fund senior to the Bonds.

The 2002 Bonds are capital appreciation bonds and the accreted value is payable at maturity on each December 1, through and including December 1, 2032. The remaining maturity value of the 2002 Bonds is $7,560,000.

The Successor Agency has other enforceable obligations payable from amounts deposited in the Redevelopment Obligation Retirement Fund on a basis subordinate to the 2002 Bonds and the Bonds.

Flow of Funds

Under the Indenture, in the Recognized Obligation Payment Schedule period beginning January 2 of each year, the Successor Agency is required to request funding of the principal and interest due on the 2002 Bonds on December 1 (that is, their accreted value), interest on the Bonds due on March 1 and 75% of the principal and interest due on the Bonds due on September 1. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the trustee for the Bonds and reserved for such debt service.

In the Recognized Obligation Payment Schedule period beginning July 1 of each year, the Indenture also requires the Successor Agency to request funding of the remaining unfunded principal and interest payable on the Bonds on September 1 of such year. Other enforceable obligations may be paid in such Recognized Obligation Payment Schedule period to the extent those amounts are transferred to the Trustee and reserved for such debt service.

Projected Pledged Tax Revenues and Debt Service Coverage

Receipt of projected Tax Revenues shown in Table No. 5 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. The Successor Agency has retained HdL Coren & Cone, Diamond Bar, California to provide projections of taxable valuation and Pledged Tax Revenues in the Combined Project Areas. The Successor Agency believes the assumptions (set forth in "APPENDIX C - FISCAL CONSULTANT'S REPORT") upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "RISK FACTORS"). Therefore, the actual Pledged Tax Revenues received during the forecast period may vary from the projections and the variations may be material, affecting the Successor Agency's ability to timely pay principal of and interest on the Bonds.

Table No. 5 shows the projected debt service coverage for the Bonds, when combined with the 2002 Bonds.

TABLE NO. 5
PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE

Bond Year September	Tax Revenues (1)	2002 Bonds Debt Service (2)	Bonds Debt Service (2)*	Total Debt Service (2)*	Debt Service Coverage*
2026-27	$47,302,034	$970,000	$6,640,311	$7,610,311	6.22x
2027-28	46,529,047	970,000	4,729,750	5,699,750	8.16x
2028-29	47,424,283	965,000	4,688,750	5,653,750	8.39x
2029-30	48,065,224	1,230,000	4,691,250	5,921,250	8.12x
2030-31	48,989,284	1,230,000	4,494,750	5,724,750	8.56x
2031-32	49,936,825	1,225,000	4,488,750	5,713,750	8.74x
2032-33	52,123,216	-	4,533,750	4,533,750	11.50x
2033-34	53,103,836	-	3,921,750	3,921,750	13.54x

Source:

(1) Fiscal Consultant. Based on the tax year, not adjusted for RPTTF distribution. See "SECURITY FOR THE BONDS - Redevelopment Property Tax Trust Fund - Deposits to the Redevelopment Property Tax Trust Fund."

(2) Underwriter.

* Preliminary; subject to change.

RISK FACTORS

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Factors Which May Affect Pledged Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Pledged Tax Revenues as projected herein (see "FINANCIAL INFORMATION - Projected Pledged Tax Revenues and Debt Service Coverage" herein). Projections of Pledged Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues of the Combined Project Areas. Pledged Tax

Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Combined Project Areas, taxed at a rate of $1.00 per $100 of assessed value (1%) and the percentage of taxes collected in the Combined Project Areas, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Pledged Tax Revenues, are outlined below.

Reductions in Assessed Value. Tax Increment Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Combined Project Areas taxed at a rate of $1.00 per $100 of assessed value (1%). The reduction of taxable values of property in the Combined Project Areas caused by economic factors beyond the Successor Agency's control, such as relocation out of a Redevelopment Project by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Pledged Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction of Pledged Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds.

Article XIIIA. Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIIIA to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see "FINANCIAL INFORMATION - Property Taxation in California" herein for a more complete discussion of Article XIIIA). Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Reduction in Inflationary Rate. The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance.

For each fiscal year since Article XIIIA has become effective (the 1978/79 fiscal year), the annual increase for inflation has been at least 2% except in eleven fiscal years as shown below:

Tax Roll	**Percentage**
1981/82	1.000%
1995/96	1.190
1996/97	1.110
1998/99	1.853
2004/05	1.867
2010/11	(0.237)
2011/12	0.753
2014/15	0.454
2015/16	1.998
2016/17	1.525
2021/22	1.036

Proposition 8 Adjustments. Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See "FINANCIAL INFORMATION - Property Taxation in California - Proposition 8 Adjustments" herein.

If Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Pledged Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds.

Assessment Appeals. Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County's Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Pledged Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency's ability to pay debt service on the Bonds. As of May 1, 2026, there were 148 pending appeals filed within the last five years by property owners within the Combined Project Areas relating to $1.47 billion of current year or prior years' assessed value (see "THE PROJECT AREAS - Assessment Appeals" herein). To the extent these appeals are resolved in favor of the property owner, Pledged Tax Revenues will be reduced.

Earthquake, Flood and Other Risks. Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Combined Project Areas.

Seismic Activity. According to the Seismic Safety Element of the City's General Plan, the City is located in a seismically active region and the property in the Combined Project Areas could be impacted by a major earthquake originating from the numerous faults in the area. Seismic hazards encompass both potential surface rupture, ground shaking and may give rise to localized flooding if surface rupture is sustained in the Palmdale or Littlerock reservoirs or the California Aqueduct. These hazards could result in damage to the property within the Combined Project Areas. Approximately 480 acres of the Merged Project Area in the southern area of the City are within the inundation area of the Palmdale reservoir.

The San Andreas Fault is located immediately south of the City. The major fault traces for the San Andreas Fault located in the City are the Cemetery Fault, the Nadeau Fault and the Littlerock Fault. Other faults of concern are the Sierra Madre-San Fernando, Garlock, Owens Valley and White Wolf Faults, located between 20 and 60 miles from the City, although other faults exist in the area.

Fire Hazards. Risk of wildfire is not a significant hazard within the boundaries of the Combined Project Areas due to the urbanized nature of the immediate area.

Flooding. Rainfall in the Antelope Valley is relatively sparse due to its location on the leeward side of the Sierra Pelona and San Gabriel Mountains. Only a small section in the southwest of the City features south-facing slopes of the Sierra Pelona Mountains. Except in years of El Nino weather patterns, the average annual rainfall is 5.15 inches in Palmdale and approximately 20 inches in the mountains. However, throughout most of the year, very little surface runoff from the upper watersheds ever reaches the City.

Sheetwash occurs along major drainages and adjoining areas on scattered sites. Areas with flood hazards are the natural drainage channels of Amargosa Creek, Anaverde Creek, Little Rock Wash, and Big Rock Wash. Flat plains and natural depressions are also subject to possible flooding.

The amount and frequency of rain is variable, and although flood waters may be diverted, the lack of a completed regional drainage system will continue to result in local flooding problems. The City has an adopted Drainage Master Plan. It will take approximately 20 years to complete construction of the entire system. The plan addresses storm water runoff from higher slopes and existing and future developments.

The City has adopted its Natural Hazards Mitigation Plan. This plan includes a hazard analysis for earthquake, flood, landslide and fire risk and is required to comply with FEMA requirements for disaster relief funding.

The occurrence of any natural or man-made disaster or hazard may significantly reduce Tax Increment Revenues received by the Successor Agency and may adversely impact the Successor Agency's ability to pay debt service on the Bonds.

Hazardous Substances. An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Combined Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Combined Project Areas be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

Development Risks. The Successor Agency's collection of Pledged Tax Revenues is directly affected by the economic strength of the Combined Project Areas. Potential development within the Combined Project Areas will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Combined Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Combined Project Areas is delayed or halted, the economy of the Combined Project Areas could be affected, causing a reduction in Pledged Tax Revenues available to pay debt service on the Bonds, however, no new development is assumed to be added to the 2025/26 tax roll as a result of new development for the purposes of the Fiscal Consultant's projection of Pledged Tax Revenues.

Certain Bankruptcy Risks. The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Limited Obligations. The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to Taxing Agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Pledged Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

Interpretation of and Future Changes in the Law; Voter Initiatives. The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plan and the Combined Project Areas may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, Taxing Agencies and other interested parties, including with respect to Pass-Through Agreements and Statutory Tax Sharing Amounts and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondholders (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondholders.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Property Taxation in California," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

Major Taxpayers and Concentration of Ownership

The risk of reduction in assessed value as a result of the factors described above may generally increase where the assessed value within a Redevelopment Project is concentrated among a relatively few number of property owners. Ownership of property in Project Area No. 1 is highly concentrated, with the top ten taxpayers accounting for 19.52% of the 2025/26 assessed valuation, of which the largest property owner accounts for 12% of assessed value. See "THE PROJECT AREAS - Major Taxpayers." Significant reductions in the assessed values of the other principal taxpayers, could, by itself or in combination with other factors, have a material adverse effect on the Tax Increment Revenues payable to the Successor Agency from the individual component areas of the Combined Project Areas, and therefore, the Successor Agency's ability to make timely principal and interest payments with respect to the Bonds.

Real Estate and General Economic Risks

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2025/26 Fiscal Year. Redevelopment of real property within the Combined Project Areas by the City, as well as private development in the Combined Project Areas, may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Combined Project Areas encounter significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Combined Project Areas could be adversely affected, causing reduced taxable valuation of property in the Combined Project Areas, a reduction of the Tax Increment Revenues and a consequent reduction in Pledged Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Combined Project Areas may be less able or less willing to make timely payments of property taxes, causing a delay or reduction of Tax Increment Revenues and consequently a reduction in Pledged Tax Revenues available to repay the Bonds.

Global Health Emergencies

A pandemic, epidemic or outbreak of an infectious disease can have significant adverse health and financial impacts on global and local economies. For example, beginning in 2020, the COVID 19 pandemic negatively affected economic activity throughout the world, including the United States and the State of California. The initial impacts of stay-at home orders globally were unprecedented, with commerce, travel, asset values and financial markets experiencing disruptions worldwide. While the declarations of COVID 19 as a public health emergency have been lifted, future pandemics and other widespread public health emergencies can and do arise from time to time. The Successor Agency cannot predict whether another national or localized outbreak of highly contagious or epidemic disease in the future could negatively impact the assessed values within the Combined Project Areas and accordingly Pledged Tax Revenues.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to cyber threats including, but not limited to: hacking, malware, social engineering, and other attacks on its computer systems and sensitive digital networks. In the past five years, the City has not suffered any material cybersecurity attacks. The City carries a cyber-liability insurance policy to cover certain financial losses that may result from data breaches and cyberattacks.

No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the owners of the Bonds.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Pledged Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to any six-month period, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds in Recognized Obligation Payment Schedules for each six-month period of a Fiscal Year and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period of a Fiscal Year, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency").

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a Fiscal Year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than February 1 of each year. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 10th day after the February 1 deadline with respect to a Recognized Obligation Payment Schedule for the subsequent annual period.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS" herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Successor Agency can provide no assurance that federal tax law will not change while the Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. If the exclusion of the interest on the Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Bonds would be adversely impacted.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds).

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants, the interest on the Bonds is excluded from gross income for federal income tax purposes, and interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended ("Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has made certain representations and covenanted to comply with each such requirement. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code, or court decisions may cause interest with respect to the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code, or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Successor Agency or about the effect of future changes in the Tax Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Successor Agency has covenanted, however, to comply with the requirements of the Tax Code.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX F.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond

Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Approval of Legal Proceedings

Best Best & Krieger LLP, Riverside, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX F" for the proposed form of Bond Counsel's opinion.

Certain legal matters will be passed on for the Successor Agency by Alexandra Mae Severino, the City Attorney, acting as general counsel to the Successor Agency. Best Best & Krieger LLP, Riverside, California, will also pass on certain legal matters for the Successor Agency as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth LLP, Newport Beach, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

No Litigation

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

CONCLUDING INFORMATION

Rating on the Bonds

In connection with the issuance and delivery of the Bonds, S&P Global Ratings ("S&P") has assigned its municipal rating of "AA-" to the 2026 Bonds. There is no assurance that the credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P.

The Municipal Advisor

Kosmont Financial Services, El Segundo, California, has served as municipal advisor ("Municipal Advisor") to the Former Agency in connection with the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Continuing Disclosure

The Successor Agency will covenant to provide certain annual financial information (the "Annual Reports") and notices of the occurrence of certain enumerated events in accordance with Rule 15c2-12 of the Securities Exchange Act of 1934 as amended (the "Rule") by not later than March 31 in each year. The specific nature of the information to be contained in the Annual Report or the notices of listed events and certain other terms of the continuing disclosure obligation are found in the form of the Successor Agency's Disclosure Certificate attached in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Within the last five years, the City and the Successor Agency failed to file rating upgrades in 3 instances. The notices of rating upgrades has now been filed.

Other than as described herein, the City and the Successor Agency have complied, in all material respects, with their undertakings to provide continuing disclosure under the Federal securities laws in the preceding five years.

Underwriting

The Bonds were sold to Raymond James & Associates, Inc. (the "Underwriter"), who is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others.

The Underwriter has purchased the Bonds at a price equal to $__________, which amount represents the principal amount of the Bonds plus a net original issue premium of $___________, less an Underwriter's discount of $__________. The Underwriter will pay certain of its expenses relating to the offering from the Underwriter's discount.

References

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

Execution

The execution and delivery of this Official Statement by the Executive Director of the Successor Agency has been duly authorized by the Successor Agency.

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

By: ___________________________________
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture of Trust not otherwise described in the text of this Official Statement. This summary is not intended to be definitive, and reference is made to the text of the Indenture of Trust for the complete provisions thereof.

DEFINITIONS

Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of the Indenture, of any Supplemental Indenture, and of any certificate, opinion or other document mentioned in the Indenture, have the meanings specified in the Indenture.

"Agency" means the former Community Redevelopment Agency of the City of Palmdale.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds and Parity Debt are retired as scheduled, and (b) the principal or sinking fund amount of the Outstanding Bonds and Parity Debt payable by their terms in such Bond Year.

"Bond Insurer" means Assured Guaranty Inc., a Maryland Corporation, or any successor thereto or assignee thereof.

"Bonds" means the $[________] Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A, and, when the context requires, any Parity Debt.

"Bond Year" means any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on September 1, 2026.

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks, in Los Angeles and San Francisco, California, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City of Palmdale, California.

"Closing Date" means September __, 2026, being the date on which the Bonds are delivered by the Successor Agency to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, operating expenses, rating agency fees, filing and recording-fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, fiscal consultants, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, and any other cost, charge or fee in connection with the original issuance of the Bonds.

"County" means the County of Los Angeles, California.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Defeasance Obligations" means any one or more of the following:

(a) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGS").

(b) Direct obligations of the Treasury which have been stripped by the Treasury itself.

(c) Pre-refunded municipal bonds rated both Aaa by Moody's and AAA by S&P

(d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States:

1) U.S. Export-Import Bank (Eximbank)

i. Direct obligations or fully guaranteed certificates of beneficial ownership

2) Federal Financing Bank

3) General Services Administration

i. Participation certificates

4) U.S. Department of Housing and Urban Development (HUD)

i. Project Notes

ii. Local Authority Bonds

iii. New Communities Debentures - U.S. government guaranteed debentures

iv. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

"Dissolution Act" means Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended.

"Event of Default" means any of the events described in the Indenture.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (c) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

“Fiscal Year” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

“Indenture” means the Indenture of Trust (A-9841) by and between the Successor Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions of the Indenture.

“Independent Accountant” means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is in fact independent and not under domination of the Successor Agency; (b) does not have any substantial interest, direct or indirect, with the Successor Agency, other than as original purchaser of the Bonds or any Parity Debt; and (c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be -regularly retained to make reports to the Successor Agency.

“Independent Redevelopment Consultant” means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom: (a) is judged by the Successor Agency to have experience in matters relating to the collection of Pledged Tax Revenues or otherwise with respect to the financing of redevelopment projects; (b) is in fact independent and not under domination of the Successor Agency; (c) does not have any substantial interest, direct or indirect, with the Successor Agency; and (d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at http://emina.msrb.org) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information with respect to called bonds as the Successor Agency may designate in a Written Certificate of the Successor Agency delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means March 1 and September 1 in each year, commencing March 1, 2027, so long as any of the Bonds remain Outstanding under the Indenture.

"Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year following the anticipated issuance of Bonds and Parity Debt.

"Moody's" means Moody's Investors Service, its successors and assigns.

"Negotiated Pass-Through Amounts" means amounts paid to affected taxing agencies pursuant to the Pass-Through Agreements.

"Original Purchaser" means Raymond James Public Finance, the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning set forth in the Indenture; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant to the Indenture.

"Oversight Board" means the oversight board of the Successor Agency duly constituted from time to time pursuant to section 34179 of the Dissolution Act.

"Owner" or "Bondowner" or "Bond Owner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means any loans, advances or indebtedness issued or incurred by the Successor Agency and secured by a pledge of the Pledged Tax Revenues on a parity with the Bonds pursuant to the Indenture.

"Pass-Through Agreements" means: (a) the agreement entitled "Amended and Restated Agreement for Allocation of Tax Increment Funds," entered into as of June 30, 1993, among the Agency, the City, the Consolidated Fire Protection District of Los Angeles County and the County, (b) the agreement entitled "Amended and Restated Agreement to Allocate Tax Increment Funds," entered on December 31, 1993, among the City, the Agency and the Palmdale Water District, and (c) the agreement entitled "Agreement to Allocate Tax Increment Funds Pursuant to Health and Safety Code Section 33401," entered into on February 10, 1983, between the Agency and the Antelope Valley East Kern Water Agency.

"Permitted Investments" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(1) U.S. Export-Import Bank (Eximbank)

i. Direct obligations or fully guaranteed certificates of beneficial ownership

(2) Federal Financing Bank

(3) Federal Housing Administration Debentures (FHA)

(4) General Services Administration

i. Participation certificates

(5) General Services Administration

i. GNMA- guaranteed mortgage-backed bonds

ii. GNMA - guaranteed pass-through obligations

iii. not acceptable for certain cash-flow sensitive issues

(6) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

i. Project Notes

ii. Local Authority Bonds

iii. New Communities Debentures - U.S. government guaranteed debentures

iv. U.S. Public Housing Notes and Bonds- U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(1) Federal Home Loan Bank System Senior debt obligations

(2) Farm Credit System Consolidated system wide bonds and notes

(d) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

(e) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BEE and SAIF.

(f) Bonds or notes issued by any state or municipality whose underlying ratings from Moody's and S&P are in the highest rating categories assigned by such agencies.

(g) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed, obligation rating of Prime- 1 or A3 or better by Moody's and A-1 or A or better by S&P.

(h) Repurchase Agreements for 30 days or less, subject to the following criteria:

(1) Repos must be between the municipal entity and a dealer bank or securities firm

i. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody's, or

ii. Banks rated "A" or above by S&P and Moody's...

"Pledged Tax Revenues" means the moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the Law, as provided in Section 34183 of the Law, excluding (a) Statutory Pass-Through Amounts, (b) Negotiated Pass-Through Amounts to the extent not subordinated to the Bonds, and (c) the portion of such funds needed to pay the Senior Indebtedness. If, and to the extent, that the provisions of Section 34172 of the Law or Section 34183 of the Law are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to Section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution, subject in any event to the prior use thereof, each Fiscal Year, to pay the Senior Indebtedness.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Principal Corporate Trust Office" means such principal corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency, initially being at 633 West Fifth Street, 29th Floor, Los Angeles, CA 90071, Attention: Global Corporate Trust Services; except that, with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted initially in St. Paul, Minnesota.

"Prior Trustee" means U.S. Bank Trust Company, National Association, as trustee for the 2016 Bonds.

"Rating Category" means any generic rating category of Moody's or S&P, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

“Recognized Obligation Payment Schedule” means a Recognized Obligation Payment Schedule, prepared and approved from time to time pursuant to subdivision (1) of section 34177 of the Dissolution Act.

“Record Date” means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

“Redevelopment Obligation Retirement Fund” means the fund by that name referenced in the Indenture of the Indenture.

“Redevelopment Projects” has the meaning given to such term in the third Recital to the Indenture.

“Refunding Bond Law” means, collectively, Section 34177.5(a)(1) of the Law and Section 53580 et seq. of the California Government Code

“Refunding Instructions” means the Irrevocable Refunding Instructions, dated as of the Closing Date, and delivered by the Successor Agency for the refunding of the 2016 Bonds.

“Registration Books” means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

“Report” means a document in writing signed by an Independent Financial Consultant or an Independent Redevelopment Consultant and including: (a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

“Reserve Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Account Insurance Policy” means the Debt Service Reserve Surety Bond issued by the Bond Insurer in lieu of a cash funded reserve fund for the Bonds issued on the Closing Date, in an amount equal to the Reserve Requirement as of the Closing Date, to be held for the credit of the Reserve Account. The Reserve Account Insurance Policy shall constitute a permitted Reserve Account investment instrument for purposes of the Indenture.

“Reserve Requirement” means, as of any date of calculation, to be equal to the least of (a) Maximum Annual Debt Service for the then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for the then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds and any Parity Debt

“Responsible Officer” means any Vice President, Assistant Vice President or Trust Officer of the Trustee with responsibility for matters related to the Indenture.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

"Securities Depositories" means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Successor Agency may designate in a Certificate of the Successor Agency delivered to the Trustee.

"Senior Indebtedness" means the Agency's 2002 Subordinate Lien Tax Allocation Bonds (Merged Redevelopment Project Areas).

"State" means the State of California.

"Statutory Pass-Through Amounts" means all amounts required to be paid to affected taxing agencies pursuant to Sections 33607.5 and/or 33607.7 of the Law.

"Successor Agency" means the Successor Agency to the Community Redevelopment Agency of the City of Palmdale, as successor to the Agency, being a public body corporate and politic duly organized and existing under the Law.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Trustee" means U.S. Bank Trust Company, National Association, as trustee under the Indenture, or any successor thereto appointed as trustee under the Indenture in accordance with the provisions of therein.

"2016 Bonds" means the 2016A Bonds and the 2016B Bonds.

"2016A Bonds" means the $31,490,000 original principal amount of Successor Agency to the Community Redevelopment Agency of the City of Palmdale Subordinate Tax Allocation Refunding Bonds, 2016 Series A.

"2016B Bonds" means the $41,645,000 original principal amount of Successor Agency to the Community Redevelopment Agency of the City of Palmdale Subordinate Tax Allocation Refunding Bonds, 2016 Series B.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Chair, the Executive Director or the Treasurer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Rules of Construction

All references in the Indenture to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture, and the words "herein," "hereof," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision of the Indenture.

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS; PARITY DEBT

Costs of Issuance Fund

The Indenture establishes a separate fund to be known as the "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Successor Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Interest Account, and the Trustee shall then close the Costs of Issuance Fund.

Issuance of Parity Debt

In addition to the Bonds, the Successor Agency may issue or incur Parity Debt to refund all or any portion of the Bonds, or previously issued Parity Debt, or any of the Senior Indebtedness, in each case in such principal amount as shall be determined by the Successor Agency, pursuant to a separate or Supplemental Indenture adopted or entered into by the Successor Agency and Trustee if (a) the Successor Agency is in compliance with all covenants set forth in the Indenture, and (b) the Parity Debt is in compliance with the requirements of Section 34177.5(a)(1) of the Dissolution Act.

The Supplemental Indenture providing for the issuance of the Parity Debt shall provide that:

(a) Interest on the Parity Debt is payable on March 1 and September 1 in each year of the term thereof;

(b) The principal of the Parity Debt is payable on September 1 in any year in which principal is payable;

(c) The trustee for the Parity Debt is the same entity which performs the duties of Trustee for the Bonds; and

(d) A reserve account shall be established for the Parity Debt in an initial amount equal to the least of 10% of the par amount of the Parity Debt, maximum annual debt service on the Parity Debt, or 125% of average annual debt service on the Parity Debt, and which may be funded in cash or in the form of a surety bond or other credit facility issued by a financial institution having a rating at least equal to the rating then applicable to the Bonds, provided that such reserve account shall only secure the repayment of such Parity Debt and shall not secure the Bonds or any other issue of Parity Debt.

Validity of Bonds

The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion to the Community Redevelopment Project or upon the performance by any person of his obligation with respect to the Redevelopment Project.

SECURITY OF BONDS; FLOW OF FUNDS

Security of Bonds; Equal Security

Except as provided in the Indenture, the Bonds and any Parity Debt shall be equally secured (a) by a pledge of, security interest in and lien on all of the Pledged Tax Revenues excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds on March 1 of such year, but including all Pledged Tax. Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the September 1 payment of principal on the Bonds in such Bond Year; and (b) by a first and exclusive pledge and lien upon all of the moneys in the Redevelopment Obligation Retirement Fund without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery; provided, however, that so long as any of the Senior Indebtedness remains outstanding, the Successor Agency shall first use the amounts deposited to the Redevelopment Obligation Retirement Fund as required to satisfy its scheduled obligations with respect to such outstanding Senior Indebtedness. The Bonds (exclusive of any Parity Debt) are also secured by an exclusive pledge of, security interest in and lien on amounts in the Reserve Account. Except for the Pledged Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

In consideration of the acceptance of the Bonds by those who shall own the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Trustee for the benefit of the Owners from time to time of the Bonds, and the covenants and agreements in the Indenture set forth to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

Redevelopment Obligation Retirement Fund; Deposit of Pledged Tax Revenues

There has been established a special trust fund known as the “Redevelopment Obligation Retirement Fund,” which shall be held by the Successor Agency pursuant to section 34170.5 of the Dissolution Act. The Indenture establishes a special trust fund known as the “Debt Service Fund” and the accounts therein referred to below which shall be held by the Trustee. The Successor Agency shall deposit all of the Pledged Tax Revenues (including for this purpose amounts described in clause (c) of the definition thereof in the Indenture) received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency. Amounts in the Redevelopment Obligation Retirement Fund, after deductions for amounts due on any outstanding Senior Indebtedness, shall be promptly transferred (a) to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund under the Indenture equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account, and the Reserve Account (including amounts owed by the Successor Agency under the Financial Guaranty Agreement) of the Debt Service Fund in such Bond Year pursuant to the Indenture of the Indenture excluding the Pledged Tax Revenues distributed on January 2 in each Bond Year not required for debt service on the Bonds on March 1 of such year, but including all Pledged Tax Revenues distributed on January 2 in each Bond Year to be reserved for 50% of the September 1 principal on the Bonds payable in such Bond Year; and (b) for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture.

In the event that the amount of Pledged Tax Revenues (available after payment of debt service on the Senior Indebtedness) is not sufficient to pay the Bonds and any Parity Debt outstanding, any such insufficiency shall be allocated among the Bonds and any Parity Debt on a pro rata basis (based on the amount of debt service coming due during any such period of insufficiency).

Any Pledged Tax Revenues received during a Bond Year and held in the Redevelopment Obligation Retirement Fund, to the extent remaining after payment of amounts due on any Senior Indebtedness, and making the foregoing transfers to the Debt Service Fund and in respect of any Parity Debt in such Bond Year, shall be released from the pledge and lien under the Indenture which secures the Bonds and any Parity Debt and may be applied for any lawful purposes of the Successor Agency, including but not limited to administrative costs of the Successor Agency.

Deposit of Amounts by Trustee

There are created accounts under the Indenture within the Debt Service Fund as set forth below, to be known respectively as the Interest Account, the Principal Account and the Reserve Account. Moneys in the Debt Service Fund will be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective accounts within the Debt Service Fund, in the following order of priority:

(a) *Interest Account*. On or before the fifth Business Day preceding each Interest Payment Date, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds and Parity Debt of the interest coming due on the Bonds to be redeemed. Subject to the Indenture, all moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds and Parity Debt as it becomes due and payable (including accrued interest on any Bonds and Parity Debt redeemed prior to maturity pursuant to the Indenture).

(b) *Principal Account*. On or before the fifth Business Day preceding each Interest Payment Date, commencing with the Interest Payment Date occurring on September 1, 2026, to the extent there are moneys available, the Trustee shall transfer funds from the Debt Service Fund for deposit in the Principal Account an amount equal to one-half of the principal payments becoming due and payable on Outstanding Bonds and Parity Debt on the next September 1, to the extent monies on deposit in the Debt Service Fund are available therefor. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal payments to become due on the next September 1 on all Outstanding Bonds and Parity Debt. Subject to the Indenture, all moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal payments of the Bonds and Parity Debt as it becomes due and payable.

(c) *Reserve Account*.

(i) In lieu of a cash deposit to the Reserve Account, the Reserve Account Insurance Policy shall be delivered to the Trustee on the Closing Date, and shall be held by the Trustee for the credit of the Reserve Account solely for the benefit of the Bonds issued on the Closing Date (and not for the benefit of any Parity Debt).

If, on the third Business Day prior to any Interest Payment Date, the moneys available in the Interest Account and, Principal Account, do not equal the amount of the principal and interest on the Bonds (not including any Parity Debt) then coming due and payable, the Trustee shall first apply any moneys available in the Reserve Account to make delinquent amounts with respect to the Bonds (not including any Parity Debt) by transferring the amount necessary for this purpose to the Interest Account and, Principal Account, and then shall (subject to provisions of the Indenture) draw on the Reserve Account Insurance Policy to the extent an insufficiency still exists and apply amounts received from such draw to make delinquent amounts on the Bonds (and not on any Parity Debt) by transferring the amount necessary for this purpose to the Interest Account and, Principal. To the extent there is cash or investments on deposit in the Reserve Account, such cash or investments shall be applied first before there is any draw on the Reserve Account Insurance Policy or any other credit facility credited to the Reserve Account in lieu of cash (a "Credit Facility"). Payment of any Reserve Account Insurance Policy Costs (hereinafter defined) shall be made prior to replenishment of any such cash amounts.

Draws on all Credit Facilities (including the Reserve Account Insurance Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of amounts owed by the Successor Agency under the Financial Guaranty Agreement as necessary to reimburse any draw on the Reserve Account Insurance Policy and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro rata basis prior to replenishment of any cash drawn from the Reserve Account.

The Trustee shall ascertain the necessity for a claim upon the Reserve Account Insurance Policy, and provide notice to the Bond Insurer in accordance with the terms of the Reserve Account Insurance Policy at least three (3) Business Days prior to each date upon which interest or principal is due with respect to the Bonds issued on the Closing Date.

The Successor Agency has no obligation to replace the Reserve Account Insurance Policy or to fund the Reserve Account with cash if, at any time the Bonds are outstanding, amounts are unavailable under the Reserve Account Insurance Policy.

(ii) The Successor Agency agrees to repay any draws under the Reserve Account Insurance Policy and pay all related reasonable expenses incurred by the Bond Insurer as provided in the Financial Guaranty Agreement.

The Successor Agency agrees by the Indenture to amend its then current Recognized Obligation Payment Schedule in order to include any amount owed by it under the Financial Guaranty Agreement not so included on such Recognized Obligation Payment Schedule. To the extent that such repayment and payment cannot be made in full within the current Recognized Obligation Payment Schedule period, the Successor Agency shall include the payment and repayment on the next available Recognized Obligation Payment Schedule and on successive Recognized Obligation Payment Schedules until such amounts so owed have been paid in full.

The obligation of the Successor Agency to pay amounts owed by it under the Financial Guaranty Agreement shall be secured by a valid lien on the Pledged Tax

Revenues, the Redevelopment Obligation Retirement Fund and all moneys in the Debt Service Fund, subject only to the priority of payment provisions set forth in the Indenture.

(iii) Draws under the Reserve Account Insurance Policy or on any funds in the Reserve Account may only be used to make payments on Bonds issued on the Closing Date.

(iv) The Indenture shall not be discharged until all amounts due and owing to the Bond Insurer under the Financial Guaranty Agreement or any other document between the Successor Agency and the Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(v) The Reserve Account Insurance Policy shall expire on the earlier of the date the Bonds issued on the Closing Date are no longer outstanding and the final maturity date of the Bonds issued on the Closing Date.

OTHER COVENANTS OF THE AGENCY

Covenants of the Successor Agency

As long as the Bonds are outstanding and unpaid, the Successor Agency shall (through its proper members, officers, agents or employee's) faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture or in any Bond issued under the Indenture, including the following covenants and agreements for the benefit of the Bondowners which are necessary, convenient and desirable to secure the Bonds and any Parity Debt; provided, however, that the covenants do not require the Successor Agency to expend any funds other than the Pledged Tax Revenues:

(a) *Use of Proceeds; Management and Operation of Properties*. The Successor Agency covenants and agrees that the proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture and that it will manage and operate all properties owned by it comprising any part to the Redevelopment Projects in a sound and businesslike manner.

(b) *No Priority*. The Successor Agency covenants and agrees that it will not issue any obligations payable, either as to principal or interest, from the Pledged Tax Revenues which have any lien upon the Pledged Tax Revenues prior or superior to the lien of the Bonds. Except as permitted by the Indenture, it will not issue any obligations, payable as to principal or interest, from the Pledged Tax Revenues, which have any lien upon the Pledged Tax Revenues on a parity with the Bonds authorized in the Indenture. Notwithstanding the foregoing, nothing in the Indenture shall prevent the Successor Agency (i) from issuing and selling pursuant to law, refunding obligations payable from and having any lawful lien upon the Pledged Tax Revenues, if such refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the Outstanding Bonds and Parity Debt, (ii) from issuing and selling obligations which have, or purport to have, any lien upon the Pledged Tax Revenues which is junior to the Bonds, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Pledged Tax Revenues. As used in the Indenture "obligations" includes, without limitation, bonds, notes, interim certificates, debentures or other obligations.

(c) *Punctual Payment*. The Successor Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds on the date, at the place and in the manner provided in the Bonds.

(d) *Payment of Taxes and Other Charges*. The Successor Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Successor Agency or any of the properties then owned by it in the Redevelopment Project, or upon the revenues and income therefrom, and will pay all lawful claims for labor, materials and supplies which if unpaid might become a lien or charge upon any of the properties, revenues or income or which might impair the security of the Bonds or the use of Pledged Tax Revenues or other legally available funds to pay the principal of and interest on the Bonds, all to the end that the priority and security of the Bonds shall be preserved; provided, however, that nothing in this covenant shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of the payment.

(e) *Books and Accounts; Financial Statements*. The Successor Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Pledged Tax Revenues and other funds relating to the Redevelopment Project. The Successor Agency will prepare within one hundred eighty (180) days after the close of each of its Fiscal Years a post-audit of the financial transactions and records of the Successor Agency for the Fiscal Year to be made by an Independent Certified Public Accountant appointed by the Successor Agency, and will furnish a copy of the post-audit to the Trustee and any rating agency which maintains a rating on the Bonds, and, upon written request, to any Bondowner. The Trustee-shall have no duty to review such post-audits.

(f) *Eminent Domain Proceeds*. The Successor Agency covenants and agrees that if all or any part to the Community Redevelopment Project should be taken from it without its consent, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, it shall take all steps necessary to adjust accordingly the base year property tax roll of the Redevelopment Projects.

(g) [intentionally omitted]

(h) *Protection of Security and Rights of Bondowners*. The Successor Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondowners and to contest by court action or otherwise (i) the assertion by any officer of any government unit or any other person whatsoever against the Successor Agency that (A) the Law is unconstitutional or (B) that the Pledged Tax Revenues pledged under the Indenture cannot be paid to the Successor Agency for the debt service on the Bonds or (ii) any other action affecting the validity of the Bonds or diluting the security therefor, including, with respect to the Pledged Tax Revenues, the senior lien position of the Bonds to the Statutory Pass-Through Amounts.

(i) *Tax Covenants*. The Successor Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any departments or agency thereof that the interest received by the Bondowners is includable in gross income of the recipient under federal income tax laws on the date of issuance of the Bonds. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest with respect to the Bonds and Parity Debt will not be adversely affected for federal income tax purposes, the Successor Agency covenants to comply with all applicable requirements of the Tax Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(i) Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government. In the event that the Successor Agency shall determine that any amounts are due and payable to the United States of America under the Indenture and that the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the Interest Account and, the Principal Account, or the Reserve Account and excluding any other moneys required to pay the principal of or interest on the Bonds) to make such payment, the Successor Agency shall promptly pay from available Pledged Tax Revenues or any other source of legally available funds the sum of (A) one hundred percent (100%) of the amounts determined to be due and payable to the United States of America as a result of the investment of amounts on deposit in any fund or account established under the Indenture, plus (B) all other amounts due and payable to the United States of America.

(ii) Private Business Use Limitation. The Successor Agency shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Tax Code.

(iii) Private Loan Limitation. The Successor Agency shall assure that no more than five percent (5%) of the net proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting non-purpose obligations as defined in the Tax Code or constituting assessments) to persons other than state or local-government units.

(iv) Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

(v) No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Tax Code.

(j) *Compliance with Dissolution Act; Recognized Obligation Payment Schedules*. The Successor Agency covenants that it will comply with all of the requirements of the Dissolution Act applicable to it and to the Bonds. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to take all actions required under the Dissolution Act to prepare and file Recognized Obligation Payment Schedules so as to enable the Los Angeles County Auditor-

Controller to distribute from the Redevelopment Property Tax Trust Fund (as such term is used in the definition "Pledged Tax Revenues" in the Indenture) for deposit in the Redevelopment Obligation Retirement Fund all amounts as shall be required to enable the Successor Agency to timely pay the principal of, and interest on, all outstanding Senior Indebtedness and all Outstanding Bonds coming due in each Fiscal Year, including any amounts due and owing to the Bond Insurer in respect of the Reserve Account Insurance Policy, or required to replenish the Reserve Account, and the respective reserve accounts established for the Senior Indebtedness or any Parity Debt.

Without limiting the generality of the foregoing, the Successor Agency shall take all actions required under the Dissolution Act to file a Recognized Obligation Payment Schedule by February 1 in each year, commencing February 1, 2027, in accordance with Section 34177(0) of the Redevelopment Law. For the semiannual period ending each June 30, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

(i) 100% of the amount of principal of and interest on the Senior Indebtedness coming due and payable on the next succeeding March 1, June 1, July 1, September 1, December 1 and January 1,

(ii) 100% of the amount of interest on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding March 1,

(iii) 50% of the amount of principal on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1,

(iv) any amount -then required to replenish the full amount of the Reserve Requirement in the Reserve Account and to replenish the amount in any reserve account established for all outstanding Senior Indebtedness or Parity Debt; and

(v) any amount then required to make payments due to the Bond Insurer in respect of the Reserve Account Insurance Policy.

For the semiannual period ending each December 31, the Recognized Obligation Payment Schedule which includes such period shall request the payment to the Successor Agency of an amount of Pledged Tax Revenues which is at least equal to the following:

(i) 100% of the interest due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1,

(ii) the remaining principal due on the Bonds and all Outstanding Parity Debt coming due and payable on the next succeeding September 1, and not reserved in the period ending June 30, and

(iii) reserves and amounts due to any bond insurer as described under (iv) and (v) of the preceding paragraph.

The foregoing actions shall include, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and the California Department of Finance, to the extent required, the amounts to be held by the Successor Agency as a reserve for the timely payment of principal of and interest on the Bonds, the Senior Indebtedness, and all Outstanding Parity Debt coming due in the succeeding Fiscal Year.

The Successor Agency further agrees (i) to the extent permitted by law, to amend any Recognized Obligation Payment Schedule filing for any period during which amounts owed to the Bond Insurer either with respect to the Reserve Account Insurance Policy are not included on such Recognized Obligation Payment Schedule filing, and (ii) not to submit a Last and Final Recognized Obligation Payment Schedule under the Dissolution Act without the prior written consent of the Bond Insurer.

(a) *Further Assurances*. The Successor Agency covenants and agrees to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture.

(b) *Continuing Disclosure*. The Successor Agency covenants and agrees by the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any participating underwriter, holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants, duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of its own affairs.

(b) The Successor Agency may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) if at any time the Successor Agency has knowledge that the Trustee shall cease to be eligible in accordance with the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Successor Agency to the Trustee, whereupon the Successor Agency shall immediately appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Successor Agency and by giving the Owners notice of such resignation by first class mail, postage prepaid, at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Successor Agency shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction at the expense of the Successor Agency for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing, acknowledging and delivering to the Successor Agency and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Successor Agency or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Successor Agency shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the Successor Agency shall mail a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which then has a current rating on the Bonds and to the Owners at their respective addresses shown on the Registration Books. If the Successor Agency fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Successor Agency.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall be a financial institution having a corporate trust office in the State, having (or in the case of a corporation or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least $75,000,000, and subject to supervision or examination by federal or state authority. If such financial institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture the combined capital and surplus of such financial institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, the Trustee shall resign immediately in the manner and with the effect specified in this the Indenture.

Merger or Consolidation

Any bank, corporation or trust company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank, corporation or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, corporation or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, corporation or trust company shall be eligible under the Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything to the contrary notwithstanding in the Indenture.

Liability of Trustee

(a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Successor Agency, and the Trustee shall not assume responsibility for the correctness of the same, nor make any representations as to the validity or sufficiency of the Indenture or of the security for the Bonds or the tax status of interest thereon nor shall incur any responsibility in respect thereof, other than as expressly stated in the Indenture. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or intentional misconduct. The Trustee shall not be liable for the acts of any agents of the Trustee selected by it with due care. The Trustee and its officers and employees may become the Owner of any Bonds with the same rights it would have if they were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made by a responsible employee or officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture, except for actions arising from the negligence or intentional misconduct of the Trustee. The permissive right of the Trustee to do things enumerated under the Indenture shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default under the Indenture unless and until a Responsible Officer shall have actual knowledge thereof, or shall have received written notice thereof from the Successor Agency at its Principal Corporate Trust Office. In the absence of such actual knowledge or notice, the Trustee may conclusively assume that no default has occurred and is continuing under the Indenture. Except as otherwise expressly provided in the Indenture, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Indenture or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee may rely conclusively on the Successor Agency's certificates to establish the Successor Agency's compliance with its financial covenants under the Indenture, including, without limitation, its covenants regarding the deposit of Pledged Tax Revenues into the Redevelopment Obligation Retirement Fund and the investment and application of moneys on deposit in the Redevelopment Obligation Retirement Fund (other than its covenants to transfer such moneys to the Trustee when due under the Indenture).

The Trustee shall have no liability or obligation to the Bond Owners with respect to the payment of debt service by the Successor Agency or with respect to the observance or performance by the Successor Agency of the other conditions, covenants and terms contained in the Indenture, or with respect to the investment of any moneys in any fund or account established, held or maintained by the Successor Agency pursuant to the Indenture or otherwise.

No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers. The Trustee shall be entitled to interest on all amounts advanced by it at the maximum rate permitted by law.

The Trustee may execute any of the trusts or powers under the Indenture or perform any duties under the Indenture either directly or by or through agents, attorneys or receivers and shall be entitled to opinion and advice of counsel concerning all matters of trust and its duties under the Indenture. The Trustee shall not be responsible for any action taken or not taken on the part of any agent, attorney or receiver appointed with due care by it under the Indenture.

The Trustee shall have no responsibility, opinion, or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

Before taking any action under the Indenture at the written request of a majority of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds. The Trustee shall not be accountable for the use or application by the Successor Agency or any other party of any funds which the Trustee has released in accordance with the terms of the Indenture. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, agents and attorneys. Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of the Indenture.

The Trustee shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Right to Rely on Documents and Opinions

The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, opinion or other paper or document believed by it to be genuine and to have been signed or prescribed by the proper party or parties, and shall not be required to make any investigation into the facts or matters contained thereon. The Trustee may consult with counsel, including, without limitation, counsel of or to the Successor Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under the Indenture in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Successor Agency, which shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or Report of any Independent Accountant or Independent Redevelopment Consultant appointed by the Successor Agency.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions pursuant to the Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee shall have received a current incumbency certificate containing the specimen signature of such designated person.

Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Successor Agency and any Owner, and their agents and representatives duly authorized in writing, during regular business hours and under reasonable conditions.

Compensation and Indemnification

The Successor Agency shall pay to the Trustee from time to time reasonable compensation for all services rendered under the Indenture in accordance with the letter proposal from the Trustee approved by the Successor Agency and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel), agents and employees, incurred in and about the performance of its powers and duties under the Indenture. The Trustee shall have a first lien on the Pledged Tax Revenues and all - funds and accounts held by the Trustee under the Indenture to secure the payment to the Trustee of all fees, costs and expenses, including reasonable compensation to its experts, attorneys and counsel (including the allocated costs and disbursement of in-house counsel to the extent such services are not redundant with those provided by outside counsel).

The Successor Agency further covenants and agrees to indemnify, defend and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, including legal fees and expenses, which it may incur arising out of or in connection with the exercise and performance of its powers and duties under the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to _ the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the Successor Agency and the rights of the Trustee under this the Indenture shall survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Deposit and Investment of Moneys in Funds

Subject to the provisions of the Indenture, all moneys held by the Trustee in the Debt Service Fund and, Costs of Issuance Fund shall, at the written direction of the Successor Agency, be invested only in Permitted Investments. If the Trustee receives no written directions from the Successor Agency as to the investment of moneys held in any fund or account, the Trustee shall request such written direction from the Successor Agency and, pending receipt of instructions, shall invest such moneys solely in Permitted Investments described in the Indenture of the definition thereof.

(a) Moneys in the Redevelopment Obligation Retirement Fund shall be invested by the Successor Agency only in obligations permitted by the Law which will by their terms mature not later than the date the Successor Agency estimates the moneys represented by the particular investment will be needed for withdrawal from the Redevelopment Obligation Retirement Fund.

(b) Moneys in the Interest Account and, the Principal Account of the Debt Service Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that before each interest and principal payment date, there will be in such account, from matured obligations and other moneys already in such account, cash equal to the interest and principal payable on such payment date.

(c) Moneys in the Reserve Account shall be invested in (i) obligations which will by their terms mature on or before the date of the final maturity of the Bonds or five (5) years from the date of investment, whichever is earlier or (ii) an investment agreement which permits withdrawals or deposits without penalty at such time as such moneys will be needed or in order to replenish the Reserve Account.

Obligations purchased as an investment of moneys in any of the funds or accounts shall be deemed at all times to be a part of such respective Fund or Account and the interest accruing thereon and any gain realized from an investment shall be credited to such Fund or Account and any loss resulting from any authorized investment shall be charged to such Fund or Account without liability to the Trustee. The Successor Agency or the Trustee, as the case may be, shall sell or present for redemption any obligation purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such Fund or Account as required by the Indenture and shall incur no liability for any loss realized upon such a sale. All interest earnings received on any monies invested in the Interest Account, Principal Account, or Reserve Account, to the extent they exceed the amount required to be in such Account, shall be transferred on each Interest Payment Date to the Debt Service Fund. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this the Indenture. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Indenture. The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The value of Permitted Investments shall be determined as follows: (i) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (ii) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (iii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (iv) as to any investment not specified above: the value thereof established by prior agreement between the Successor Agency and the Trustee. If more than one provision of this definition of "value" shall apply at any time to any particular investment, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such investment; provided, notwithstanding the foregoing, in making any valuations under the Indenture, the Trustee may utilize and conclusively rely upon such pricing services as may be regularly available to it, including, without limitation, those within its regular accounting system.

Accounting Records and Financial Statements

The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds made by it and all funds and accounts held by the Trustee established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Successor Agency upon reasonable prior notice, at reasonable hours and under reasonable circumstances. The Trustee shall furnish to the Successor Agency, at least monthly, an accounting of all transactions in the form of its customary statements relating to the proceeds of the Bonds and all funds and accounts held by the Trustee pursuant to the Indenture. The Trustee shall maintain and store such records for a period of one year after the stated maturity of the Bonds.

Appointment of Co-Trustee or Agent

It is the purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under the Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted in the Indenture to the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate trustee or co-trustee. The following provisions of the Indenture are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them; provided, however, in no event shall the Trustee be responsible or liable for the acts or omissions of any co-trustee.

Should any instrument in writing from the Successor Agency be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Successor Agency. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Other Transactions with Successor Agency

The Trustee, either as principal or agent, may engage in or be interested in any financial or other transaction with the Successor Agency.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendment

The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved to or conferred upon the Successor Agency in the Indenture; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to provide for the issuance of Parity Debt in accordance with the Indenture; or

(d) to amend any provision of the Indenture relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of nationally recognized bond counsel.

Except as set forth in the preceding paragraph, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal, or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners and that all conditions precedent for any supplement or amendment has been satisfied.

Effect of Supplemental Indenture

From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment

After the effective date of any amendment or modification of the Indenture pursuant to the Indenture, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency, the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Principal Corporate Trust Office, without cost to such Owners.

Amendment by Mutual Consent

The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Events of Default and Acceleration of Maturities

The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal or sinking fund payment of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in this. Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 60 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 60 day period and the Successor Agency thereafter diligently and in good faith cures such failure within 120 days; or

(c) if the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Promptly upon receiving written notice or actual knowledge (of a Responsible Officer) of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone confirmed in writing. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel) to and any and all other defaults of which the Trustee has notice (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in -every such case, with the prior written approval of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration

All of the Pledged Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

> *First*, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and
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> *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or

interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Limitation on Owner's Right to Sue

No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made Written Request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such Written Request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared by the Indenture, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture or any other provision of the Indenture.

Non-Waiver

Nothing in the Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is ¬absolute and unconditional, to pay from the Pledged Tax Revenues and other amounts pledged under the Indenture, the principal of and interest on the Bonds to the respective Owners on the respective Interest Payment Dates, as provided in the Indenture, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact

Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is appointed by the Indenture (and the successive respective Owners by taking and holding the Bonds or Parity Debt shall be conclusively deemed so to have 'appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things-for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable- in the opinion of the Trustee as such attorney-in-fact; provided, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel).

Remedies Not Exclusive

No remedy conferred upon or reserved to the Owners in the Indenture is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or thereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Parties Interested in the Indenture

Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Successor Agency, the Trustee, the Bond Insurer, their -officers, employees and agents, and the Owners any right, remedy or claim under or by reason of the Indenture, or any covenant, condition or stipulation of the Indenture, and all covenants, stipulations, promises and agreements in the Indenture shall be for the sole and exclusive benefit of the Successor Agency, the Trustee, the Bond Insurer, their officers, employees and agents, and the Owners.

MISCELLANEOUS

Benefits Limited to Parties

Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Successor Agency, the Trustee and the Owners, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Successor Agency shall be for the sole and exclusive benefit of the Trustee and the Owners.

Successor is Deemed Included in All References to Predecessor

Whenever in the Indenture or any Supplemental Indenture either the Successor Agency or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Successor Agency or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Discharge of Indenture

If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or another fiduciary, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal and, interest, or;

(c) by irrevocably depositing with the Trustee or another fiduciary, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion of (including all principal and, interest) at or before maturity;

and, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Pledged Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency under the Indenture with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (c) the obligations of the Successor Agency under of the Indenture, (d) all amounts owed to the Bond Insurer under the Financial Guaranty Agreement or any other document between the Successor Agency and the Bond Insurer have been paid in full, and (e) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for, payment of amounts due the Trustee pursuant to the Indenture shall be paid over to the Successor Agency.

To accomplish defeasance the Successor Agency shall cause to be delivered (i) a Report of an Independent Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or earlier redemption date ("Verification"), (ii) an escrow deposit agreement, and (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Successor Agency and the Trustee.

Execution of Documents and Proof of Ownership by Owners

Any request, declaration or other instrument which the Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Indenture, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports -to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Successor Agency or the Trustee and in accordance therewith, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned by or for the account of the Successor Agency unless the Successor Agency is the registered Owner or the Trustee has received written notice that any other registered Owner is such an affiliate.

Disqualified Bonds

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned or held by or for the account of the Successor Agency or the City (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Upon request of the Trustee, the Successor Agency shall specify to the Trustee those Bonds disqualified pursuant to the Indenture.

Waiver of Personal Liability

No member, officer, agent or employee of the Successor Agency shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing contained in the Indenture shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Destruction of Canceled Bonds

Whenever in the Indenture provision is made for the surrender to the Trustee of any Bonds which have been paid or canceled pursuant to the provisions of the Indenture, the Trustee shall destroy such bonds and upon request of the Successor Agency provide the Successor Agency a certificate of destruction. The Successor Agency shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

RESERVE ACCOUNT INSURANCE POLICY

Reserve Account Insurance Policy Provisions

The following provisions shall apply with respect to the Bonds and the Reserve Account Insurance Policy:

(a) The prior written consent of the Bond Insurer shall be a condition precedent to the deposit of any credit facility (a "Credit Facility") credited to the Reserve Fund Account in substitution of the Reserve Account Insurance Policy or in lieu of a cash deposit into the Reserve Account. Amounts drawn under the Reserve Account Insurance Policy shall be available only for the payment of scheduled principal and interest on the Bonds when due.

(b) The Successor Agency shall repay any draws under the Reserve Account Insurance Policy and pay all related reasonable expenses incurred by the Bond Insurer and shall pay interest thereon from the date of payment by the Bond Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) 12% and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify. If the interest provisions of this subparagraph (c) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the Successor Agency had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Bond Insurer on account of principal due, the coverage under the Reserve Account Insurance Policy will be increased by a like amount, subject to the terms of the Reserve Account Insurance Policy . The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Bonds (subject only to the priority of payment provisions set forth under the Indenture).

(c) All cash and investments in the Reserve Fund shall be transferred to the debt service fund for payment of debt service on Bonds before any drawing may be made on the Reserve Account Insurance Policy or any other Credit Facility. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Account Insurance Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. Repayment of all Policy Costs and the replenishment of the Reserve Account shall be made on a pari passu basis with payments and replenishments required to be made under the Indenture with respect to debt service reserve funds, if any, securing any outstanding parity obligations. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(d) The Successor Agency shall include on each Recognized Obligation Payment Schedule submittal (i) all debt service due on the Bonds, including amounts required to replenish the Reserve Account (which includes amounts payable under a credit instruments deposited into the Reserve Account in lieu of a cash deposit), (ii) any reserve account established for the Bonds, and (iii) all amounts payable to the Bond Insurer. If any amounts, including amounts payable to the Bond Insurer are not included on any current Recognized Obligation Payment Schedule and the Successor Agency is then legally permitted to amend such Recognized Obligation Payment Schedule, the Successor Agency will amend its current Recognized Obligation Payment Schedule to include such amounts, including amounts due and payable to the Bond Insurer. The Successor Agency agrees not to submit the final amendment permitted for its Last and Final Recognized Obligation Payment Schedule without the prior consent of the Bond Insurer, unless all amounts that could become due to the Bond Insurer are included as a line item on the Last and Final Recognized Obligation Payment Schedule.

(e) Upon a failure to pay Policy Costs when due or any other breach of the terms of the Indenture, the Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect owners of the Bonds.

(f) The Indenture shall not be discharged until all Policy Costs owing to the Bond Insurer shall have been paid in full. The Successor Agency's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

(g) The Successor Agency shall include any Policy Costs then due and owing the Bond Insurer in the calculation of Parity Bonds under the Indenture.

(h) The Trustee shall ascertain the necessity for a claim upon the Reserve Account Insurance Policy in accordance with the provisions of the Indenture and provide notice to the Bond Insurer in accordance with the terms of the Reserve Account Insurance Policy at least five Business Days prior to each date upon which interest or principal is due on the Bonds. Where deposits are required to be made by the Successor Agency with the Trustee to the debt service fund for the Bonds more often than semi-annually, the Trustee shall give notice to the Bond Insurer of any failure of the Successor Agency to make timely payment in full of such deposits within two Business Days of the date due.

(i) The Successor Agency shall pay or reimburse the Bond Insurer, solely from the Pledged Tax Revenues, any and all charges, fees, costs, losses, liabilities and expenses which the Bond Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Account Insurance Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture or any document executed in connection with the Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Successor Agency) relating to Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Reserve Account Insurance Policy or any other Related Document whether or not executed or completed, or (v) any action taken by the Bond Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Bond Insurer spent in connection with the actions described in clauses (ii) through (v) above. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Successor Agency under the Indenture shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Bond Insurer until the date the Bond Insurer is paid in full.

(j) The obligation of the Successor Agency to pay all amounts due to the Bond Insurer shall be an absolute and unconditional obligation of the Successor Agency and will be paid or performed strictly in accordance with the provisions of the Indenture, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Bonds, the Indenture or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the Reserve Account Insurance Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Bonds, the Indenture or any other Related Documents; (iv) whether or not such Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Reserve Account Insurance Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Successor Agency may have at any time against the Trustee or any other person or entity other than the Bond Insurer, whether in connection with the transactions contemplated in the Indenture or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Account Insurance Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Bond Insurer under the Reserve Account Insurance Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Account Insurance Policy.

(k) The Successor Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Bond Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into the Indenture by reference solely for the benefit of the Bond Insurer as if set forth directly in the Indenture. No provision of the Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of the Bond Insurer, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Successor Agency under the Indenture or the priority accorded to the reimbursement of Policy Costs under the Indenture. The Bond Insurer is expressly made a third-party beneficiary of the Indenture by the Indenture and each other Related Document.

(l) The Successor Agency covenants to provide to the Bond Insurer, promptly upon request, any information regarding the Bonds or the financial condition and operations of the Successor Agency as reasonably requested by the Bond Insurer. The Successor Agency will permit the Bond Insurer to discuss the affairs, finances and accounts of the Successor Agency or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Successor Agency and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the Successor Agency on any Business Day upon reasonable prior notice.

(m) Notices and other information to the Bond Insurer shall be sent to the following address (or such other address as the Bond Insurer may designate in writing):

Assured Guaranty Inc.
1633 Broadway
New York, New York 10019
Attention: Managing Director – Municipal Surveillance
Re: Policy No.______-S
Telephone: (212) 974-0100
Email: munidisclosure@agltd.com

APPENDIX B

CITY OF PALMDALE INFORMATION STATEMENT

The following information concerning the City of Palmdale is presented as general background data. The Bonds are payable solely from Pledged Tax Revenues as described in the Official Statement. The Bonds are not an obligation of the City, and the taxing power of the City is not pledged to the payment of the Bonds.

General Information

The City is located in northern Los Angeles County, in an area known as the Antelope Valley, approximately 62 miles north of downtown Los Angeles. It encompasses approximately 104 square miles. The southern portion of the Antelope Valley is significantly urbanized and focused around the City and its neighboring community, the City of Lancaster. Nearly half of the Antelope Valley's population live in these two cities and are connected to the metropolitan employment center of the Los Angeles Basin via the Antelope Valley Freeway (State Highway 14) and Interstate 5. Access to the Inland Empire from Palmdale is via State Highway 18.

In 1933, the United States government established Muroc Air Base six miles north of Lancaster in Kern County, now known as Edwards Air Force Base. They also bought Palmdale Airport in 1952 and established an aerospace development and testing facility called United States Air Force Plant 42. One year later, in 1953, Lockheed established a facility at the airport. After this point in time, the aerospace industry took over as the primary local source of employment, where it has remained ever since. Today the City is even referred to as the "Aerospace Capital of America" because of its rich heritage in being the home of many of the aircraft used in the United States military.

Population

Table No. B-1 summarizes population growth between 2022 and 2026 for the City of Palmdale and Los Angeles County.

TABLE NO. B-1
CHANGE IN POPULATION
CITY OF PALMDALE AND LOS ANGELES COUNTY
2022 – 2026

	PALMDALE		LOS ANGELES COUNTY	
January 1 Year	Population	Percentage Change	Population	Percentage Change
2022	166,444			
2023	166,308	-0.082%	9,864,220	0.026%
2024	166,333	0.015%	9,882,296	0.183%
2025	166,554	0.133%	9,900,914	0.188%
2026	166,118	-0.262%	9,837,286	0.643%
% Change Between 2022 - 2026		-0.196%		-0.247%

Source: State of California, Department of Finance, *"E-4 Population Estimates for Cities, Counties and the State, 2022-2026, with 2020 Census Benchmark"* Sacramento, California, June 2026.

Per Capita Personal Income

Per capita personal income information for the City of Palmdale, Los Angeles County, the State of California and the United States are summarized in the following table.

TABLE NO. B-2
PER CAPITA PERSONAL INCOME
CITY OF PALMDALE, LOS ANGELES COUNTY,
CALIFORNIA AND UNITED STATES (1)
2019-2023

Year	City of Palmdale	Los Angeles County	State of California	United States
2019	$22,962	$62,591	$64,219	$53,683
2020	22,718	67,904	70,090	56,514
2021	22,299	73,343	77,113	59,365
2022	25,155	74,378	77,230	57,104
2023	28,022	78,302	81,231	58,088

(1) For Los Angeles County, State of California and United States, per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2019-2023 reflect county population estimates available as of May 2026.

Note: All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis, City of Palmdale Comprehensive Annual Financial Report.

Employment

As of December 2025, the civilian labor force for the City was approximately 72,400 of whom 65,800 were employed. Civilian labor force, employment and unemployment statistics for the City, County, the State and the nation, for the years 2021 through 2025 are shown in the following table:

TABLE NO. B-3
CITY OF PALMDALE
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
2021				
City of Palmdale	73,800	65,800	8,000	10.8%
Los Angeles County	5,019,900	4,569,800	450,100	9.0%
California	19,013,800	17,619,300	1,394,500	7.3%
United States[1]	161,200,000	152,600,000	8,600,000	5.3%
2022				
City of Palmdale	73,200	68,600	4,600	6.3%
Los Angeles County	5,036,800	4,786,000	250,800	5.0%
California	19,267,400	18,441,400	716,000	3.7%
United States	164,300,000	153,300,000	11,000,000	6.6%
2023				
City of Palmdale	73,000	68,700	4,300	5.9%
Los Angeles County	5,064,700	4,808,300	256,500	5.1%
California	19,514,600	18,593,600	921,000	4.7%
United States	166,900,000	161,900,000	5,000,000	3.0%
2024				
City of Palmdale	74,100	68,900	5,200	7.0%
Los Angeles County	5,106,400	4,812,40	294,000	5.8%
California	18,692,800	18,650,700	1,042,200	5.3%
United States	168,900,000	161,900,000	7,000,000	4.1%
2025				
City of Palmdale	72,400	68,000	4,400	6.1%
Los Angeles County	5,098,800	4,810,600	288,200	5.7%
California	19,823,800	18,738,500	1,085,300	5.5%
United States	170,500,000	163,200,000	7,300,000	4.2%

Source: California State Employment Development Department.
[1]For United States, U.S. Bureau of Labor Statistics

Industry

The City is located in the Los Angeles-Long Beach-Glendale Metropolitan Division. As of December 2025, six dominant job categories constituted approximately 70% of the non-farm work force. They are health care and social assistance (28%), professional and business services (21.0%), government (11.0%), leisure and hospitality (9%), Retail Trade (8.0%) and manufacturing (6.0%). The number of wage and salary workers by industry for each of the years 2021 through 2025 in the Metropolitan Division is presented in Table No. B-4 below.

TABLE NO. B-4
LOS ANGELES-LONG BEACH-GLENDALE METROPOLITAN DIVISION
WAGE AND SALARY WORKERS BY INDUSTRY [1]
2021 - 2025
(in Thousands)

Industry	2021	2022	2023	2024	2025
Government	560.2	570.0	583.1	601.7	603.2
Other Services	135.7	153.0	157.4	159.0	158.0
Leisure and Hospitality	434.2	512.4	534.1	537.5	533.1
Private Education and Health Services	843.9	870.6	919.0	967.0	1,007.1
Health Care and Social Assistance	718.6	739.5	779.9	820.0	858.4
Professional and Business Services	631.3	667.4	657.2	657.4	660.2
Financial Activities	213.2	215.7	210.5	207.7	203.4
Information	208.8	234.9	193.1	189.6	177.0
Transportation, Warehousing and Utilities	215.2	223.6	217.9	218.5	216.5
Service Providing	3,841.3	4,057.4	4,077.2	4,131.9	4,141.2
Retail Trade	396.1	405.5	404.8	398.8	393.6
Wholesale Trade	202.6	204.4	200.1	194.8	189.2
Manufacturing	313.1	321.7	318.4	312.6	303.3
Nondurable Goods	127.1	132.2	128.3	124.9	121.5
Durable Goods	186.0	189.5	190.2	187.8	181.8
Goods Producing	463.8	4,747.0	471.3	465.9	451.4
Construction	149.0	151.3	151.2	151.6	146.5
Mining and Logging	1.6	1.7	1.7	1.7	1.7
Total Nonfarm	4,305.1	4,532.1	4,548.5	4,597.8	4,592.7
Farm	4.6	4.8	4.7	4.7	4.2
Total (all industries)	4,309.7	4,536.9	4,553.2	4,602.5	4,596.9

[1] Annually, as of December.

Note: The unemployment rate is calculated using unrounded data. Data may not add due to rounding.

Source: State of California Employment Development Department, Labor Market Information Division, "*Industry Employment & Labor Force - March 2025 Benchmark, revised.*

The largest employers operating in the Antelope Valley and their respective number of employees as of June 2024 are as follows:

TABLE NO. B-5
CITY OF PALMDALE
LARGEST EMPLOYERS

Name of Company	Employment [1]	Type of Business/Service
Northrop Grumman Corp.	8,680	Aerospace/Aviation
Lockheed Martin	4,597	Aerospace/Aviation
Palmdale Regional Medical Center	1,081	Healthcare/Healing
Wal-Mart Supercenters (3 stores)	942	Retail
Target Stores (2 Stores + Optical)	452	Retail
Keller Williams Realty Antelope Valley	399	Realtor Services
Vallarta Supermarket (3 Stores)	370	Grocery/Retail
Allied Universal Security Services	295	Security Services
The Home Depot (2 Stores)	283	Construction/Retail
Lowe's Home Centers (2 Stores)	257	Home Improvement/Retail

Source: City of Palmdale Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024.

Commercial Activity

The following table summarizes the volume of retail sales and taxable transactions for the City of Palmdale for 2021 through 2025 (the most recent year for which statistics are available from the California Department of Tax and Fee Administration for the full year).

TABLE NO. B-6
CITY OF PALMDALE
TOTAL TAXABLE TRANSACTIONS
(in $ Thousands)
2021-2025

Year	Retail and Food Services ($000's)	% Change	Retail and Food Services Permits	Total Taxable Transactions ($000's)	% Change	Issued Sales Permits
2021	2,027,552	-	2,573	2,233,318		3,845
2022	2,057,371	1.5%	2,556	2,304,831	3.2%	3,849
2023	2,033,984	-1.1%	2,348	2,033,984	-12%	3,549
2024	1,941,162	-4.8%	2,354	2,217,856	9.0%	3,583
2025	1,925,017	-.08%	2,343	2,181,902	-1.6	3,580

Source: California Department of Tax and Fee Administration, *"Taxable Sales in California."* Updated April 6, 2026.

Taxable transactions by type of business for the City of Palmdale for 2021 through 2025 are summarized in Table No. B-7.

TABLE NO. B-7
CITY OF PALMDALE
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
(in $ Thousands)
2021-2025

	2021	2022	2023	2024	2025
Retail and Food Services					
Clothing and Clothing Accessories Stores	$ 176,968	$ 161,436	$ 157,643	$ 162,109	$ 167,609
General Merchandise Stores	393,250	407,405	402,591	385,751	383,453
Food and Beverage Stores	102,320	109,009	110,078	109,120	129,155
Food Services and Drinking Places	317,784	332,983	349,119	359,865	362,240
Home Furnishings and Appliance Stores	116,487	103,170	90,737	85,058	87,214
Building Materials and Garden Equipment and Supplies	178,988	166,537	168,139	163,614	162,036
Motor Vehicle and Parts Dealers	338,659	342,329	338,611	285,282	287,901
Gasoline Stations	265,140	297,458	285,387	269,425	232,973
Other Retail Group	137,955	137,044	131,680	120,938	112,435
Total Retail and Food Services	**2,027,552**	**2,057,371**	**2,033,984**	**1,941,162**	**1,925,017**
All Other Outlets	205,766	247,460	262,030	276,694	256,885
Total All Outlets	**$2,233,318**	**$2,304,831**	**$2,296,014**	**$2,217,856**	**$2,181,902**

Note: Detail may not compute to total due to rounding.

Source: California Department of Tax and Fee Administration, *"Taxable Sales in California.."* Updated April 6, 2026.

APPENDIX C

FISCAL CONSULTANT’S REPORT

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SUCCESSOR AGENCY
TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

Redevelopment Project Area 1
And Merged Redevelopment Project Area

PROJECTED TAXABLE VALUES AND
ANTICIPATED TAX INCREMENT REVENUES

August 11, 2026

I. Introduction

The Successor Agency to the Community Redevelopment Agency of the City of Palmdale Subordinate Tax Allocation Revenue Refunding Bonds 2026 Bonds (the "Bonds") are being issued by the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Successor Agency") to refinance outstanding amounts of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Subordinate Tax Allocation Bonds, 2016 Series A and B (the "Former Bonds").

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Agency's Redevelopment Project No. 1 and Merged Redevelopment Project Area (the "Project Areas") on a basis subordinate to certain Senior Indebtedness as defined in the Official Statement. The debt service on the Bonds is payable from the pledged Tax Revenues and amounts held in the Redevelopment Obligation Repayment Fund (the "RORF"), and the Successor Agency is not obligated to pay them except from the Tax Revenues and amounts held in the RORF. The Bonds are not a debt of the City of Palmdale (the "City"), the State of California or any of its political subdivisions (other than the Successor Agency), and neither said City, said State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency.

On June 29, 2011, the California Legislature and Governor enacted Assembly Bill x1 26 (AB 1x 26), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. In accordance with Section 34177.5(g) of the California Health and Safety Code, the Successor Agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

The Agency adopted four redevelopment project areas (the "Combined Project Areas"). These are the Redevelopment Project Area No. 1, including its 1982 Annex (the "Project Area No. 1"); Redevelopment Project Area No. 2 (the "Project Area No. 2"); Redevelopment Project Area No. 3 (the "Project Area No. 3"); and, the Redevelopment Project Area No. 4 (the "Project Area No. 4"). In 1994, Project Area Nos. 2, 3 and 4 were merged to form the Merged Redevelopment Project Area (the "Merged Project Area"). In May 2011, just prior to the dissolution of redevelopment agencies, territory was added to the Merged Project Area (the "Expansion Area"). The Law provided for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California

Constitution, authorized redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Tax Increment Revenues with the addition of Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. For purposes of this report, Pledged Tax Revenues are defined as Gross Tax Revenues less; (i) the SB 2557 County Administrative fees (see Section IV, County Collection Charges); and, (ii) tax sharing payments that have a lien on Gross Tax Revenues that is superior to the lien on Gross Tax Revenues of debt service on the Bonds (see Section VII, Tax Sharing Agreements and Other Obligations). Net Tax Revenues are defined as Pledged Tax Revenues less tax sharing payments that have a lien on Pledged Tax Revenues that is subordinate to the lien of debt service on the Senior Indebtedness and on the Bonds.

The purpose of this fiscal consultant report (the "Report") is to examine the assessed values of the current fiscal year and project for nine fiscal years the amount of tax increment revenues anticipated to be received by the Successor Agency from each of the component Project Areas. The Law and the limits within the component redevelopment plans determine the amount of Project Area Gross Tax Revenues. The amount of the Pledged Tax Revenues available for the payment of debt service on the Bonds is also affected by prior obligations undertaken by the Agency prior to dissolution. Based on our research, we project that the Pledged Tax Revenues that will be pledged to the payment of debt service on the Bonds will be as shown in Tables A, B and C below.

Table A
Combined Project Area Pledged Tax Revenues
(000's omitted)

Fiscal Year	Gross Tax Revenues	SB 2557 Charges	Negotiated Tax Sharing	Statutory Tax Sharing	2002 Senior Bonds Debt Service	Pledged Tax Revenues
2026-27	$93,655	($1,185)	($36,553)	($7,645)	($970)	**$47,302**
2027-28	91,956	(1,164)	(36,086)	(7,207)	(970)	**46,529**
2028-29	93,818	(1,187)	(36,793)	(7,448)	(965)	**47,424**
2029-30	95,713	(1,211)	(37,512)	(7,694)	(1,230)	**48,065**
2030-31	97,645	(1,236)	(38,245)	(7,945)	(1,230)	**48,989**
2031-32	99,616	(1,260)	(38,993)	(8,201)	(1,225)	**49,937**
2032-33	101,627	(1,286)	(39,756)	(8,462)	0	**52,123**
2033-34	103,678	(1,312)	(40,534)	(8,728)	0	**53,104**
2034-35	105,769	(1,338)	(41,328)	(8,999)	0	**54,104**
2035-36	107,903	(1,365)	(42,137)	(9,313)	0	**55,087**

Table B
Project Area No. 1 Pledged Tax Revenues
(000's omitted)

Fiscal Year	Gross Tax Revenues	SB 2557 Charges	Negotiated Tax Sharing	Statutory Tax Sharing	Tax Revenues
2026-27	$15,345	($194)	($655)	0	**$14,496**
2027-28	15,499	(196)	(662)	0	**14,641**
2028-29	15,792	(200)	(673)	0	**14,920**
2029-30	16,087	(204)	(680)	0	**15,203**
2030-31	16,387	(207)	(688)	0	**15,491**
2031-32	16,693	(211)	(697)	0	**15,785**
2032-33	17,005	(215)	(705)	0	**16,085**
2033-34	17,323	(219)	(713)	0	**16,391**
2034-35	17,648	(223)	(722)	0	**16,703**
2035-36	17,980	(228)	(731)	0	**17,021**

Table C
Merged Project Area Pledged Tax Revenues
(000's omitted)

Fiscal Year	Gross Tax Revenues	SB 2557 Charges	Negotiated Tax Sharing	Statutory Tax Sharing	Tax Revenues
2026-27	$78,310	($991)	($35,898)	($7,645)	**$33,776**
2027-28	76,457	(967)	(35,424)	(7,207)	**32,858**
2028-29	78,026	(987)	(36,121)	(7,448)	**33,469**
2029-30	79,626	(1,008)	(36,832)	(7,694)	**34,093**
2030-31	81,259	(1,028)	(37,557)	(7,945)	**34,728**
2031-32	82,924	(1,049)	(38,297)	(8,201)	**35,377**
2032-33	84,622	(1,071)	(39,051)	(8,462)	**36,038**
2033-34	86,354	(1,093)	(39,821)	(8,728)	**36,713**
2034-35	88,121	(1,115)	(40,606)	(8,999)	**37,401**
2035-36	89,923	(1,138)	(41,406)	(9,313)	**38,066**

The taxable values of property and the resulting Tax Revenues for each portion of the Combined Project Areas summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Areas and the property tax assessment and property tax apportionment procedures of Los Angeles County (the "County"). The projection illustrates the entire amount of Pledged Tax Revenues projected as being available from each component Project Area. Future year assessed values and Pledged Tax Revenues are projections based upon the assumptions described in this Report and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Areas

The Agency was activated March 25, 1975 by Ordinance No. 255 of the City Council at which time the City Council declared itself to be the governing board of the Agency.

Redevelopment Project No. 1

Redevelopment Project No.1 of the Agency was established on June 25, 1975, by Ordinance No. 265, and includes approximately 680 acres. Redevelopment Project No. 1-A was adopted as an amendment to the original Redevelopment Project No.1 in February 1981 (the "1981 Addition"), adding an additional 240 acres. Project Area No.1, as amended, includes a total of approximately 920 acres.

Merged Redevelopment Project

The Merged Project Area was created in 1994. The merger combined the Agency's Project Area No. 2, Project Area No. 3 and Project Area No. 4, as described below, creating a project with a combined 7,468 acres. The Redevelopment Plan for Redevelopment Project Area No. 2 ("Project Area No. 2") was adopted by the City Council in 1978. Project Area No. 2 encompasses 1,400 acres. The Redevelopment Plan for Redevelopment Project Area No. 3 ("Project Area No. 3") was adopted by the City Council in 1983. Project Area No. 3 encompasses 1,153 acres. The Redevelopment Plan for Redevelopment Project Area No. 4 ("Project Area No. 4") was also adopted by the City Council in 1983. Project Area No. 4 encompasses 4,915 acres. In May 2011, the City Council amended the Redevelopment Plan for the Merged Project Area, adding 7,787 acres to the Merged Project Area (the "Expansion Area").

Project Area No. 1 and the Merged Project Area are collectively referred to herein as the "Project Areas," an individual redevelopment project is referred to herein as a "Redevelopment Project" or when referring to more than one individual redevelopment project, "Redevelopment Projects," and the Redevelopment Plans for all the individual redevelopment projects comprising the Project Areas are referred to herein as the "Redevelopment Plans."

A. Land Use

Tables D and E represent the breakdown of land use in the component Project Areas by the number of parcels and by assessed value for fiscal year 2026-27. Unsecured values are connected with parcels that are already accounted for in other categories. It should be noted that the figures below include the net taxable value for all parcels. This information is based on County land use designations as provided by the County.

Table D
Combined Project Area Land Use Summary

Category	No. Parcels	Taxable Value	% of Value
Residential	16,282	5,302,014,192	52.43%
Commercial	579	1,605,585,415	15.88%
Industrial	164	1,386,129,642	13.71%
Vacant	1,564	354,305,839	3.50%
Irrigated	1	37,641	0.00%
Recreational	10	45,074,077	0.45%
Govt. Owned	1	0	0.00%
Institutional	50	350,921,584	3.47%
Dry Farm	4	3,047,533	0.03%
Exempt	544	0	0.00%
Subtotal:	**19,199**	**9,047,115,923**	89.47%
SBE Nonunitary		166,253	0.00%
Cross Reference		232,078,407	2.30%
Unsecured		832,721,284	8.23%
Subtotal:		**1,064,965,944**	10.53%
Totals:	**19,199**	**10,112,081,867**	**100.00%**

Table E
Component Project Area Land Use Summary

	Project Area 1			**Merged Project Area**		
Category	No. Parcels	Taxable Value	% of Value	No. Parcels	Taxable Value	% of Value
Residential	1,488	589,384,186	38.33%	14,794	4,712,630,006	54.96%
Commercial	132	346,970,254	22.57%	447	1,258,615,161	14.68%
Industrial	25	110,908,978	7.21%	139	1,275,220,664	14.87%
Vacant	139	55,546,575	3.61%	1,425	298,759,264	3.48%
Irrigated			0.00%	1	37,641	0.00%
Recreational			0.00%	10	45,074,077	0.53%
Govt. Owned			0.00%	1	0	0.00%
Institutional	4	302,842,828	19.70%	46	48,078,756	0.56%
Dry Farm			0.00%	4	3,047,533	0.04%
Exempt	12	0	0.00%	532	0	0.00%
Subtotal:	**1,800**	**1,405,652,821**	91.42%	**17,399**	**7,641,463,102**	89.12%
SBE Nonunitary			0.00%		166,253	0.00%
Cross Reference		3,014,720	0.20%		229,063,687	2.67%
Unsecured		128,917,895	8.38%		703,803,389	8.21%
Subtotal:		**131,932,615**	8.58%		**933,033,329**	10.88%
Totals:	**1,800**	**1,537,585,436**	**100.00%**	**17,399**	**8,574,496,431**	**100.00%**

B. Redevelopment Plan Limits

Chapter 942, Statutes of 1993 (See Section VI B below), as codified in Section 33333.6 of the Law, limits the life of redevelopment plans adopted prior to January 1, 1994 to 40 years from the date of adoption or January 1, 2009, whichever is later. It also limits the period within which a redevelopment project area may receive tax increment to the life of the redevelopment plan plus ten years beyond the termination of redevelopment activities except to accommodate certain specific low and moderate-income housing obligations or to pay debt service on bonds, indebtedness or other financial obligations authorized prior to January 1, 1994. Such redevelopment plans are further required to include a limitation on the number of tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan.

Pursuant to Senate Bill 1045 (see Section VI) the Redevelopment Agency of the City of Santa Monica (the "Former Agency") was permitted to extend the term of redevelopment plan effectiveness of all component project areas by one year as compensation for required payments into the County Educational Revenue Augmentation Fund (the "ERAF"). These extensions in turn extended the terms of the redevelopment plan's effectiveness and the period within which the project areas may repay indebtedness by one year. Pursuant to Senate Bill 1096 (see Section VI) the Former Agency was permitted to extend the term of the redevelopment plans and the period within which the Former Agency was allowed to repay indebtedness within the component project areas by two additional years as compensation for additional deposits of funds into the County ERAF for 2005-06 and 2006-07.

On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented a number of revisions to the Health and Safety Code including an amendment to Section 34189 that impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of both annual and cumulative tax increment limits and time limits on repayment of indebtedness for all enforceable obligations (as defined under Health and Safety Code Sections 34171(d)(1) and 34191.4), except in cases where contractual agreements that contain specific terms to terminate payment based on a project area reaching its tax increment and/or time limits. The Auditor Controller will not limit the amount of tax increment revenue deposited into the RPTTF due to time limits or due to any annual tax increment limits that may be contained in the redevelopment plan for the Project Area. Pursuant to SB 107, Tax Revenues will continue to be allocated from the Project Area until such time as all authorized enforceable obligations, including the 2026 Bonds, have been repaid.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of each component Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous with the boundaries of the component Project Area. The historic reported taxable values for the Project Areas were reviewed in order to ascertain the rate of taxable property valuation growth over the most recent ten fiscal years beginning with 2017-18.

Between 2017-18 and 2026-27 the taxable value within Project Area No. 1 increased by $523,407,716 (51.61%). This represents an average annual growth of 4.75%. Growth was reasonably even over the years with growth in 2018-19, 2019-20 and 2022-23 at over 5% .

Between 20217-18 and 2026-27 the taxable value within the Merged Project Area increased by $3.78 billion (78.7%). Growth since 2017-18 has been steady and has averaged 6.7% per year. This growth has strong for secured values, averaging 6% annually. Unsecured values is substantially driven by values among aerospace related taxpayers. Unsecured values jumped by 172.1 % in 2019-20 and has remained strong in most years. Unsecured value growth has averaged 29.75% from 2017-18 through 2026-27. Unsecured values since 2019-20 have about 8% of the total values in the Merged Project Area.

The component Project Areas have grown at differing rates since 2017-18. The table below shows the taxable values for each of the component project areas and the percentage by which these values have increased above the prior year values.

Table F
Taxable Value and Percentage Growth from Prior Year
By Component Project Area

	Combined Project Area	Project Area No. 1	Merged Project Area
2017-18	5,813,283,521	1,014,177,720	4,799,105,801
2018-19	6,151,524,055	1,092,005,166	5,059,518,889
	5.82%	7.67%	5.43%
2019-20	6,553,578,564	1,146,508,875	5,407,069,689
	6.54%	4.99%	6.87%
2020-21	6,986,716,379	1,176,836,363	5,809,880,016
	6.61%	2.65%	7.45%
2021-22	7,104,646,000	1,201,650,755	5,902,995,245
	1.69%	2.11%	1.60%
2022-23	7,714,494,226	1,287,173,736	6,427,320,490
	8.58%	7.12%	8.88%
2023-24	8,144,958,319	1,328,619,350	6,816,338,969
	5.58%	3.22%	6.05%
2024-25	8,493,625,900	1,384,916,976	7,108,708,924
	4.28%	4.24%	4.29%
2025-26	9,007,827,231	1,433,552,337	7,574,274,894
	6.05%	3.51%	6.55%
2026-27	10,112,081,867	1,537,585,436	8,574,496,431
	12.26%	7.26%	13.21%

The detailed history of assessed values for the Combined Project Areas from 2017-18 to 2026-27 is illustrated on Table 3 (attached).

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Areas for fiscal year 2026-27 was conducted and broken down within each of the component Combined Project Areas. Within the Combined Project Areas, the aggregate total taxable value for the ten largest taxpayers totaled $2,486,470,553. This amount is 26.81% of the $9.3 billion Combined Project Areas incremental value. The top taxpayer in the Combined Project Areas is Lockheed Corporation that controls 1 secured parcel, 2 cross reference parcels and 2 unsecured assessments with a combined valuation of $1,060,483,809. The value of the Lockheed Corporation parcels is 11.44% of the Combined Project Areas total incremental value. The second largest taxpayer in the Project Areas is Trader Joes Company that controls a total of $609,518,824 in secured assessed value on 1 parcels. This amount is 6.57% of the Combined Project Areas incremental value. Table G, below, illustrates the percentage of incremental value for the top ten taxpayers in the Combined Project Areas and their relative importance to the incremental value of the Combined Project Areas.

There are 2 property owners listed as top taxpayers within the Combined Project Area that are located within the Expansion Area; 3 property owners are located within Project Area No. 1 and there are 6 property owners located within Project Area No. 4. The top ten taxpayers within the Combined Project Areas are shown on Table 4 of the Combined Project Area projections.

Table G
Top Ten Property Taxpayers for the Combined Project Area

Property Owner	Combined Value	% of Total Assessed Value	% of Total Inc. Value	Primary Land Use
Lockheed Martin Corporation	1,060,483,809	10.49%	11.44%	Aerospace Manufacturing
Trader Joes Company	609,518,824	6.03%	6.57%	Industrial Food Processing
Lancaster Hospital Corporation	284,444,369	2.81%	3.07%	Lancaster Regional Hospital
Mershop Antelope LLC	162,097,733	1.60%	1.75%	Antelope Valley Mall Parcels
Northrop Grumman Systems Corp.	111,944,271	1.11%	1.21%	Aerospace Manufacturing
Allegra Palmdale LLC	64,621,198	0.64%	0.70%	Amazon Hub Facility
Walmart Real Estate Business Trust	63,185,572	0.62%	0.68%	Walmart and Sam's Club Stores
SIFI Networks Palmdale LLC	52,827,897	0.52%	0.57%	Fiber Optic Communications
W2005 Fargo Hotels Realty LP	40,100,231	0.40%	0.43%	Courtyard and Residence Inn Hotels
Antelope Valley Shop LLC	37,246,649	0.37%	0.40%	Antelope Valley Mall Parcels
Top Taxpayer Total Value	**2,486,470,553**	**24.59%**	**26.81%**	
Project Area Assessed Value		**10,112,081,867**		
Project Area Inc. Value			**9,273,782,785**	

Among the Project Areas top ten taxpayers, Lockheed Martin Corporation, Lancaster Hospital Corporation, Mershop Antelope , Allegra Palmdale LLC, Antelope Valley Shop LLC and W2005 Fargo Hotels Realty LP have assessment appeals pending (see Section IV F below).

In Table H below, the top taxpayers for Project Area No. 1 are listed.

Table H
Top Ten Property Taxpayers for Project Area No. 1

Property Owner	Combined Value	% of Total Assessed Value	% of Total Inc. Value	Primary Land Use
Lancaster Hospital Corporation	284,444,369	18.50%	18.71%	Lancaster Regional Hospital
SIFI Networks Palmdale LLC	52,827,897	3.44%	3.48%	Fiber Optic Communications
SNR 24 Rancho Village Owner LLC	37,206,101	2.42%	2.45%	Senior Housing Development
Universal Health Services of Palmdale	34,018,501	2.21%	2.24%	Palmdale Regional Med. Center
Post Palmdale Chaparral LP	32,388,047	2.11%	2.13%	Chaparral Apartments
Walmart Real Estate Business Trust	32,304,820	2.10%	2.13%	Walmart and Sam's Club Stores
CC Knollview LLC	26,185,145	1.70%	1.72%	Multifamily Residential
HPC Palmdale 24 LLC	25,194,000	1.64%	1.66%	Gateway Shopping Center
Life Storage LLC	18,207,000	1.18%	1.20%	Mini-storage Facility
Palmdale Park LLC	18,089,119	1.18%	1.19%	Staybridge Suites Hotel
Top Taxpayer Total Value	**560,864,999**	**36.48%**	**36.90%**	
Project Area Assessed Value		**1,537,585,436**		
Project Area Inc. Value			**1,519,961,308**	

Among the Project Area No. 1 top ten taxpayers, Lancaster Hospital Corporation and SNR 24 Rancho Village Owner LLC have assessment appeals pending (see Section IV F below).

In Table I below, the top taxpayers for the Merged Project Area are listed.

Table I
Top Ten Property Taxpayers for Merged Project Area

Property Owner	Combined Value	% of Total Assessed Value	% of Total Inc. Value	Primary Land Use
Lockheed Martin Corporation	1,060,483,809	12.37%	13.68%	Aerospace Research/Development
Trader Joes Company	609,518,824	7.11%	7.86%	Industrial Food Processing
Mershop Antelope LLC	162,097,733	1.89%	2.09%	Antelope Valley Mall Parcels
Northrop Grumman Corporation	111,944,271	1.31%	1.44%	Aerospace Research/Development
Allegra Palmdale LLC	64,621,198	0.75%	0.83%	Amazon Hub Facility
W2005 Fargo Hotels Realty LP	40,100,231	0.47%	0.52%	Courtyard and Residence Inn Hotels
Antelope Valley Shop LLC	37,246,649	0.43%	0.48%	Antelope Valley Mall Parcels
CARMAX Auto Superstores Inc.	27,674,963	0.32%	0.36%	Automobile Sales
Sierra Commons SPE LLC Lessor	26,430,128	0.31%	0.34%	Sierra Commons Shopping Center
Sl and C Palmdale LLC	25,616,878	0.30%	0.33%	Element Hotel
Top Taxpayer Total Value	**2,165,734,684**	**25.26%**	**27.93%**	
Project Area Assessed Value		**8,574,496,431**		
Project Area Inc. Value			**7,753,821,477**	

Among the Merged Project Area top ten taxpayers, Lockheed Martin Corporation, Mershop Antelope LLC, Allegra Palmdale LLC, Antelope Valley Shop LLC, W2005 Fargo Hotels Realty LP and CARMAX Auto Superstores Inc. have assessment appeals pending (see Section IV F below).

IV. Los Angeles Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reason for reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or new construction occurs. Following the fiscal year that a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not refer to the base year value of a project area. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through fiscal year 2025-26 there were ten occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reduction to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Table J below reflects the inflation adjustment factors for the fiscal years from 2016-17 forward and prospectively including 2026-27.

Table J
Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2016-17	1.525%
2017-18	2.000%
2018-19	2.000%
2019-20	2.000%
2020-21	2.000%
2021-22	1.036%
2022-23	2.000%
2023-24	2.000%
2024-25	2.000%
2025-26	2.000%
2026-27	2.000%

The Board normally determines the inflationary adjustment for the coming fiscal year during December. Because of the recent Federal Government shutdown in October and early November, data needed by the Board was unavailable. As a result, the Board has not yet determined the inflation adjustment for 2026-27. Once the adjustment is determined by the Board, it will be used to adjust the 2025-26 values to be published by the Assessor for the 2026-27 fiscal year. Based on the known CCPI prior to the shutdown, we are confident that the 2026-27 inflation adjustment will be 2.00%. For purpose of the revenue projection, we have assumed that the inflation adjustment will be 2.00% for 2026-27 and all future years.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have not included tax revenues resulting from Supplemental Assessments in the projections. Table M illustrates the amounts of Supplemental Revenues that have been received by the Successor Agency for the Project Area during fiscal years 2015-16 through 2024-25. Revenue data for fiscal year 2025-26 is not yet available.

Table K
Combined Project Areas
Supplemental Revenue Allocation History

Fiscal Year	Total Project Area Rev.	Supplemental Revenue	Supplemental As % of Total
2015-16	45,691,755	398,482	0.872%
2016-17	48,949,180	1,069,565	2.185%
2017-18	51,295,477	1,233,257	2.404%
2018-19	55,575,092	1,187,786	2.137%
2019-20	58,367,566	1,190,236	2.039%
2020-21	64,630,345	2,244,662	3.473%
2021-22	64,893,156	1,424,105	2.195%
2022-23	70,929,031	1,806,741	2.547%
2023-24	70,192,367	221,063	0.315%
2024-25	79,984,500	1,293,783	1.618%

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable value and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time. Prior to the dissolution of redevelopment agencies, there were two tax rates levied within the Project Areas that had been approved by voters prior to 1989 and that produced tax revenue for repayment of debt. These tax rates included a tax rate levied by the Palmdale Water District on land value and a tax rate levied by the Antelope Valley East Kern Water Agency that was levied on all taxable value.

Section 34183(a)(1) of the Law as amended by AB1x 26 requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This was interpreted by the County to include none of the revenues resulting from over-ride tax rates that were previously being allocated to redevelopment agencies except for tax rates levied to cover pension fund obligations based on their determination that these tax rates are not being levied for repayment of indebtedness for acquisition or improvement of real property. There are no tax rates levied within the Project Areas to fund pension fund obligations. As a result, the tax increment revenues being deposited into the RPTTF include only those revenues derived from the general levy tax rate. No tax revenue derived from the tax levies by the Palmdale Water District or Antelope Valley East Kern Water Agency have been allocated to the Successor Agency since 2011-12.

Project Area No. 1 contains a total of 68 Tax Rate Areas (TRAs), the Merged Project Area contains a total of 183 TRAs and the Expansion Area contains 25 TRAs. A TRA is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that over-ride tax rate. The tax increment projections are based only on the 1% general levy tax rate.

As the result of the enactment of SB 107, the Law has been changed such that tax revenue from debt service override tax rates is now clearly required to be allocated directly to the taxing entity levying that tax rate except to the extent that this revenue has been pledged to the payment of bonded indebtedness. Within the Project Areas, all tax revenue including that revenue produced by the Palmdale Water District and Antelope Valley East Kern Water Agency's debt service override tax rate was pledged to the payment of debt service on the bonds that are being refunded by issuance of the Bonds. Under the law as revised by SB 107, this revenue will continue to be made available to the Successor Agency for payment of bonded indebtedness, however, any such revenue that is not necessary for payment of debt service on the Bonds will be allocated by the County to the two water districts and will not be deposited into the RPTTF. Because of the amount of debt service coverage within the Project Areas, for purposes of the projections we have assumed that the revenue from the debt service override tax rate will not be allocated to the Successor Agency's RPTTF revenues.

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. The County apportions secured tax increment revenue to all redevelopment agencies from November through August with approximately 35% of secured revenues being apportioned by the end of December. A total of 75% of the secured revenue are apportioned by the end of the following April. Unsecured revenues are apportioned from October through August of each fiscal year with approximately 95% of the unsecured revenues being apportioned in October. The Los Angeles County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by Los Angeles County for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue apportionment.

As of February 1, 2012, the allocation of apportioned tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Apportioned tax increment revenue is now allocated to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue collections are deposited by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the Former Agency.

Prior to receiving revenues on June 1 and January 2, the Successor Agency must adopt a ROPS that lists the debt obligations of the Former Agency that must be paid during the next two upcoming six-month periods of July 1 through December 31 and January 1 through June 30 respectively. This ROPS must be approved by a board made up of taxing entity representatives established as required by the ABx1 26 legislation (the "Oversight Board") and submitted to the State Department of Finance (the "DOF") by February 1 of each year. There is a provision in the legislation for a Successor Agency to request a change in the approved payment amounts for the approved January 2 ROPS payment, if necessary, to adjust payment amounts but no new payment obligations may be added with this revision. The ROPS must receive approval from the DOF. Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the Former Agency. This amount is set by ABx1 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

By passage of SB 107, revisions to Section 34171(b)(3) and (4) require that commencing July 1, 2016, the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and City loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to taxing entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue from receipt of tax sharing payments, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations).

The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The Los Angeles County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Collection rates for the Project Areas have been consistently high. The following table illustrates the final tax revenue collections for the previous six fiscal years. To calculate the rate of collections, the revenue allocated to the component project areas for current year revenues (secured, unsecured and Homeowners exemption revenues) are compared to the original tax charge for that year. Occasionally, a collection rate of greater than 100% or an abnormally low collection rate occurs when roll corrections are made by the Assessor after publication of the tax roll.

The low collection rate within the Expansion Area for 2024-25 was driven by delinquency within secured revenues. The top two taxpayers within the Expansion Area command over 66% of the secured incremental value. We suppose that the low collection was based on delinquency by one or both of these taxpayers. Overall Project Areas collections for 2024-25 was still over 92%. The consistent collections rate over time would indicate that this low collections rate in 2024-25 is an anomaly and is not likely to be ongoing. Collections data for fiscal year 2025-26 is not yet available.

Table L
Combined Project Areas
Current Year Collection Rates for the Most Recent 5 Years

	Combined Project Areas	Project Area No. 1	Merged Project Area
2020-21	98.20%	98.55%	98.12%
2021-22	98.41%	98.54%	98.37%
2022-23	98.49%	98.85%	98.41%
2023-24	98.12%	97.86%	98.18%
2024-25	92.22%	98.59%	90.99%

F. Assessment Appeals

Assessment appeals data from the County and through July 14, 2026 has been reviewed to determine the potential impact that pending appeals may have on the projected Tax Revenues. We have determined that there are 451 pending appeals within the Project Areas. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, we have reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. We have then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals. The expected loss of value due to the pending assessment appeals has been deducted from the projected values in fiscal year 2027-28 in each of the component project area projections.

The table below summarizes the projected loss of assessed value will result from the assessment appeals that are currently pending within the component project areas. The projected reductions in value from successful appeals have been factored into the projection of value for 2027-28.

Table M
Assessment Appeals Summary By Component Project Area

Project Area	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Avg. Reduction	No. of Pending Appeals	Value Under Pending Appeal	Est. No of Appeals to be Allowed	Est. Reduction on Pending Appeals Allowed
Project Area 1	77	49	39	11.04%	28	$397,490,332	23	$35,669,425
Merged Project	374	234	202	47.87%	140	$1,072,733,956	119	$376,543,548
Project Areas	**451**	**283**	**241**		**168**	**$1,470,224,288**	**141**	**$412,212,974**

Eight of the Project Areas top ten taxpayers have pending appeals of their assessed value. These taxpayers are Lockheed Corporation; Lancaster Hospital Corporation; Mershop Antelope LLC; Allegra Palmdale LLC; Antelope Valley Shop LLC; W2005 Fargo Hotels Realty LP and CARMAX Auto Superstores LLC. The table below reflects those currently pending assessment appeals among the top taxpayers by component project area.

Table N
Pending Assessment Appeals Among Top Taxpayers by Component Project Area

Taxpayer	FY of Appeal	No. of Parcels Under Appeal	Value Under Appeal	Owner Opinion of Value	Potential Max. Value Reduction
Project Area No. 1					
Lancaster Hospital Corp.	2022-23	2	262,782,636	130,178,202	132,604,434
	2023-24	1	249,609,610	124,804,805	124,804,805
	2024-25	2	273,399,051	136,699,525	136,699,526
	2025-26	1	278,399,051	129,846,920	148,552,131
SNR 24 Rancho Village Owner LLC	2025-26	1	21,861,652	0	21,861,652
Merged Project Area					
Lockheed Martin Corporation	2025-26	1	449,179,125	326,500,000	122,679,125
Mershop Antelope LLC	2022-23	1	11,460,664	6,000,000	5,460,664
	2023-24	7	214,400,450	109,728,051	104,672,399
	2024-25	7	155,803,295	77,939,813	77,863,482
	2025-26	7	158,919,353	87,918,737	71,000,616
Allegra Palmdale LLC	2023-24	1	60,894,000	30,447,000	30,447,000
	2024-25	1	62,111,880	31,055,940	31,055,940
	2025-26	1	63,354,117	31,677,059	31,677,058
Antelope Valley Shop LLC	2023-24	3	55,357,078	27,678,538	27,678,540
	2024-25	3	35,800,321	17,900,161	17,900,160
	2025-26	3	36,516,324	20,666,031	15,850,293
W2005 Fargo Hotels Realty LP	2022-23	2	32,166,060	22,445,486	9,720,574
	2023-24	2	32,809,378	26,218,394	6,590,984
	2024-25	2	33,465,563	26,292,760	7,172,803
	2025-26	2	34,134,872	17,066,000	17,068,872
Carmax Auto Superstores Inc	2023-24	1	17,321,291	8,660,645	8,660,646
	2024-25	1	24,033,228	12,016,614	12,016,614

G. County Collection Charges

Chapter 466 (SB 2557) allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. For fiscal year 2025-26, the County collection charges are $1,045,326 within the Project Areas. Based on the original tax charge for 2025-26, this amount is 1.265% of the anticipated Gross Revenue. We have projected the County SB 2557 collection charges for 2026-27 and future years at 1.265% of Gross Tax Revenue. The actual SB 2557 amount for 2026-27 is not yet available. For purposes of these projections, we have assumed that the County will continue to charge the Agency for property tax administration and that such charge will increase proportionally with any increases in revenue. This charge is calculated on the amount of gross property tax revenue allocated to the Successor Agency.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of the project area, therefore, the base year of project areas have been reduced by the amount of utility value that existed originally in the base year. The Auditor Controller is allocating an aggregate total of $917,563 of unitary tax revenue to the Project Areas for 2025-26. The unitary tax revenue amount for 2026-27 is not yet available. For purposes of the projections, we estimate that this same amount of unitary tax revenue will be allocated for each fiscal year of the projection. The unitary tax revenue amounts that were allocated for 2025-26 are listed by component project area in Table O below.

Table O
Unitary Revenue Allocated

Project Area	Unitary Revenue
Project Area No. 1	$145,836
Merged Project Area	771,727
Combined Project Areas	**$917,563**

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of AB1x 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area.

Prior to dissolution, the Agency issued several bonds secured by the Housing Set-aside Requirement. The 2003C Bonds, the 2003D Bonds, the 2005E Bonds and the 2005F Bonds are collectively referred to herein as the "Housing Obligations." The Housing Obligations have a first lien on the portion of the RPTTF deposits that would have been the former Housing Set-Aside Requirement. The Housing Obligations are payable on a basis senior to the Bonds.

VI. Legislation

ABx1 26 and ABx1 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. ABx1 26 provided for the dissolution of redevelopment agencies statewide effective

October 1, 2011 and suspended all redevelopment activities as of its effective date. ABx1 27 would have allowed redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2012, the Supreme Court ruled that ABx1 27 was unconstitutional and that ABx1 26 was not unconstitutional; as a result, all redevelopment agencies in the State of California were dissolved effective February 1, 2012. On June 27, 2012, the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of ABx1 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the annual preparation of a ROPS and approval thereof by the Oversight Board. Membership of the Oversight Board is dictated by Section 34179 of the Law. Effective July 1, 2018, there is now a single Oversight Board in each county that (with exceptions not relevant to the Successor Agency) is responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six-month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June1 of each year.

In 2015, the legislature adopted SB 107. Among the changes to the dissolution statutes that were included in SB 107 was the affirmative elimination of the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas for purposes of paying enforceable obligations. Section 34189(a) provides that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached.

Numerous lawsuits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections of Tax Revenues could be impacted as a result of future legislation or court decisions.

VII. Tax Sharing Agreements and Other Obligations

The legislation that dissolved redevelopment agencies also required that the calculation and payment of tax sharing amounts be taken over by the County Auditor-Controllers. Since February, 2012, the tax sharing obligations outlined below have been administered by the Auditor-Controller's office.

A. Tax Sharing Agreements

<u>Project Area No. 1</u>

The Agency did not enter into any tax sharing agreements and has no tax sharing obligations within the original portion of Project Area No. 1.

Pursuant to an agreement with the County of Los Angeles, the County General Fund receives 37.12% of the Amendment Area's general levy tax increment revenue. The Los Angeles County Consolidated Fire Protection District receives 17.5% of the Amendment Area's general levy tax increment revenue.

The Antelope Valley-East Kern Water Agency participated in the financing of the California State Water Project and annually levies an over-ride tax rate to amortize their portion of the debt. This over-ride tax rate is authorized through the 2034-35 fiscal year. Pursuant to a tax sharing agreement the District was entitled to its full share of the Amendment Area's debt service over-ride tax revenue. Since the dissolution of redevelopment agencies and the allocation of the revenue from this debt service over-ride tax rate directly to the Water Agency, no revenue is passed through to the Water Agency pursuant to this agreement.

Merged Project Area

The Agency entered into tax sharing agreements with a number of taxing entities at the time of adoption of the Project Areas 2, 3 and 4. They are described below.

County of Los Angeles and Consolidated Fire Protection District

The Agency entered into a Tax Sharing Agreement for the Merged Project Area with the County of Los Angeles and the Consolidated Fire Protection District of Los Angeles County on June 30, 1993. This Tax Sharing Agreement raises the limit on tax increment revenue that can be received by the Agency from the Merged Project Area from $86,500,000 to $1,871,000,000. The limit on bonded indebtedness was raised from $81,000,000 to $1,449,000,000.

The County is to receive shares of its allocation of general levy property tax increments as follows: 37.12% for Project Area 2 (an additional 11.88% will be deposited into the Agency's Low and Moderate Income Housing Fund), 36.95% for Project Area 3 (an additional 12.05% will be deposited into the Agency's Low and Moderate Income Housing Fund), and 37.65% for Project Area 4 (an additional 12.05% will be deposited into the Agency's Low and Moderate Income Housing Fund). The Agency was committed to assist with certain public safety improvements that were satisfied many years ago.

The Fire District is to receive shares of its allocation of property tax increment as follows: 17.5% for Project Area 2, 18.7% for Project Area 3 and 17.5% for Project Area 4. The Fire District pass through amounts are to be based on each project areas full allocation of general levy revenue.

Antelope Valley East Kern Water Agency

Pursuant to Agreements for Allocation and Distribution of Tax Increment Funds dated February 10, 1983 and November 10, 1983 with respect to Project Areas 3 and 4, respectively, the Water Agency is to receive 100% of its allocation of general levy property tax increment. In addition, the Water Agency received its tax override allocation in the years prior to dissolution. No such tax override allocations are made any longer.

Antelope Valley Union High School District

Pursuant to an Agreement to Allocate Tax Increment Funds dated December 31, 1993, the District is to receive 47.02% of the District's allocation of general levy property tax increment within Project Areas 2, 3 and 4. In addition, the agreement provided for a one-time payment of $800,000 to be made by the Agency to the District; which amount has been paid to the District. Pursuant to the terms of the agreement, payments to the District are subordinate to the payment debt service on all of the Agency's bonded debt without regard to which component project area is pledged to the payment of the bonded debt.

Antelope Valley Community College District

Pursuant to an Amended and Restated Agreement to Allocate Tax Increment Funds dated December 31, 1993, the College District is to receive 40% of the District's allocation of general levy property tax increment from Project Areas 2 and 3, and 100% of the District's general levy property tax allocation from within Project Area No.4. Pursuant to the terms of the agreement, payments to the District are subordinate to the payment debt service on all of the Agency's bonded debt without regard to which component project area is pledged to the payment of the bonded debt.

Palmdale School District
Pursuant to an Agreement to Allocate Tax Increment Funds dated December 31, 1993, the District is to receive 82.05% of the District's allocation of general levy property tax increment from within Project Area 2 and 82.07% of the District's allocation of general levy property tax increment from within Project Areas 3 and 4. In addition, there was a $500,000 one-time cash payment that was made by the Agency to the District The agreement with the Palmdale School District provides that the payment to the District will be calculated on property tax increment net of the Housing Set-Aside Requirement. Pursuant to the terms of the agreement, payments to the District are subordinate to the payment debt service on all of the Agency's bonded debt without regard to which component project area is pledged to the payment of the bonded debt.

Westside Union School District
Pursuant to an Agreement dated December 31, 1993, the District is to receive no annual payments from property tax increments. The Agency was obligated to pay a not to exceed amount of $1,459,000 in a one-time cash payment to the District. Of this amount, $1,312,500 was paid to the District from tax increment revenues and $146,500 was paid by the Agency from proceeds a 1994 Loan. No additional amounts are payable by the Agency under the Agreement.

Palmdale Water District
Pursuant to an Amended and Restated Agreement to Allocate Tax Increment Funds dated December 31, 1993, the Water District is to receive 80% of its allocation of general levy tax increment from within Project Areas 3 and 4. The agreement with the Palmdale Water District provides that the payment to the District will be calculated on property tax increment net of the Housing Set-Aside Requirement.

SB 211 Payments
As the result of amendments made to Project Areas 2, 3 and 4 that eliminated the redevelopment plan limits on incurrence of new debt, these Project Areas are subject to tax sharing payments to all taxing entities that have not entered into tax sharing agreements with the Agency. These payments will be made in accordance with the three-tiered formulas for statutory tax sharing payments required of those project areas or amendment areas adopted after January 1, 1994. These statutory tax-sharing payments began in the fiscal year following the year within which the former limit was passed and using the assessed value of the project area for the fiscal year within which the original time limit was exceeded as an adjusted base year value.

The first tier tax-sharing amount is 25 percent of the gross tax increment revenue produced by the incremental growth in value above the project area value in the fiscal year that the original limit would have been exceeded less 20% for the Housing Set-Aside Requirement. The City has elected to receive its share of this first tier of tax-sharing payments as permitted by the Law. The second tier payments began in the eleventh year after the tier one payments are initiated. This second tier payments are 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the component area in year ten. The City may not receive any portion of the second tier tax-sharing payments. The third tier payments begins in the 31st year after the initiation of the tier one payments. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement that is derived from the growth in assessed value that is in excess of the assessed value of the component area in the 30th year. The City may not receive any portion of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through termination of the component area's repayment of debt.

Table P below shows the fiscal years that are or will be the adjusted base years for the three tiers of statutory tax sharing in Project Areas 2, 3 and 4. The adjusted base year values are shown where they have been determined.

Table P
SB 211 Statutory Tax Sharing Payment
Adjusted Base Year Values

	Tier 1 Adj. Base Year	Tier 2 Adj. Base Year	Tier 3 Adj. Base Year
Project Area 2	2003-04	2013-14	2033-34
	$362,141,705	$453,381,273	TBD
Project Area 3	2003-04	2013-14	2033-34
	$470,579,851	$584,581,232	TBD
Project Area 4	2003-04	2013-14	2033-34
	$1,293,422,620	$1,841,123,119	TBD

Expansion Area

Within the Expansion Area, statutory tax sharing payments required by Section 33607.5 of the Law began in the current, 2015-16 fiscal year, and will continue for as long as these component project areas are entitled to repay indebtedness. Within the first tier of tax sharing, the taxing entities receive their proportionate shares of an amount that is 25% of all tax increment apportioned to the component project area net of the Housing Set-Aside Requirement. Beginning in 2025-26, the 11th year after the fiscal year that tax increment is first received within the component project area, the taxing entities begin to receive their proportionate shares of an amount that is 21% of the revenue derived from the incremental increase in assessed values above the component project area values for the tenth year (fiscal year 2024-25). This payment is in addition to the first tier payments. Beginning in 2045-46, the 31st year after the fiscal year that tax increment revenue is first received, a third tier of tax sharing is initiated. The taxing entities receive their proportionate shares of an amount that is 14% of the revenue derived from the increase in assessed values above the component project area values for the 30th year (fiscal year 2044-45). These payments are in addition to the first and second tier payments.

Under the Law, the City is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts.

VIII. Development Activities

Changes in value due to transfers of ownership occurring after the January 1, 2026 lien date for the 2026-27 fiscal year will affect the taxable values for fiscal year 2027-28. New development continues to occur within the Project Areas that is above and beyond changes of ownership but no additional value has been included in the projections for new construction. The Table Q below reflects the values changes incorporated into the projected values for 2027-28 as a result of the transfers of ownership occurring after January 1, 2026 and through 2026 to date.

Table Q
Project Area Transfers of Ownership

After 2027-28 Lien Date	No. of Transfers	Combined Sales Price	Combined Enrolled Value	Total Change in Value
Project Area No. 1	28	59,418,500	35,708,465	23,710,035
Merged Project Area	179	111,410,400	84,885,436	26,524,964
Expansion Area	76	30,427,500	18,797,604	11,629,896
		Total Value to be added for 2027-28		**61,864,895**

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but eleven years since 1981. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%), 2016-17 (1.525%) and 2021-22 (1.036%). For purposes of the projections, we have assumed that the inflationary adjustment in subsequent fiscal years will be 2%. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Palmdale Successor Agency
Redevelopment Projects Total
Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

HdL Coren & Cone
8/7/2026

Taxable Values (1)		**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**
Real Property (2)		9,456,640	9,286,705	9,472,915	9,662,373	9,855,621	10,052,733	10,253,788	10,458,863	10,668,041	10,881,401
Personal Property (3)		655,442	655,442	655,442	655,442	655,442	655,442	655,442	655,442	655,442	655,442
Total Projected Value		**10,112,082**	**9,942,146**	**10,128,356**	**10,317,815**	**10,511,062**	**10,708,175**	**10,909,229**	**11,114,305**	**11,323,482**	**11,536,843**
Taxable Value over Base	**838,299**	**9,273,783**	**9,103,847**	**9,290,057**	**9,479,516**	**9,672,763**	**9,869,876**	**10,070,930**	**10,276,006**	**10,485,183**	**10,698,544**
Gross Tax Increment Levy (4)		**92,738**	**91,038**	**92,901**	**94,795**	**96,728**	**98,699**	**100,709**	**102,760**	**104,852**	**106,985**
Unitary Tax Revenue		918	918	918	918	918	918	918	918	918	918
Gross Revenue		**93,655**	**91,956**	**93,818**	**95,713**	**97,645**	**99,616**	**101,627**	**103,678**	**105,769**	**107,903**
LESS:											
SB 2557 Admin. Fee (5)		(1,185)	(1,164)	(1,187)	(1,211)	(1,236)	(1,260)	(1,286)	(1,312)	(1,338)	(1,365)
Pass Throughs											
Los Angeles County Taxing Entities (7)		(23,699)	(23,396)	(23,855)	(24,321)	(24,796)	(25,281)	(25,775)	(26,279)	(26,794)	(27,318)
Consolidated Fire Protection District (8)		(11,503)	(11,361)	(11,583)	(11,810)	(12,041)	(12,276)	(12,516)	(12,761)	(13,011)	(13,266)
Palmdale Water District (9)		(556)	(556)	(567)	(578)	(589)	(601)	(613)	(625)	(637)	(650)
Antelope Valley/East Kern Water Agency (10)		(795)	(773)	(788)	(804)	(820)	(836)	(852)	(869)	(886)	(903)
Statutory Tax Sharing Tier 1 (11)		(5,381)	(5,139)	(5,277)	(5,417)	(5,561)	(5,707)	(5,856)	(6,009)	(6,164)	(6,323)
Statutory Tax Sharing Tier 2 (11)		(2,264)	(2,069)	(2,172)	(2,277)	(2,384)	(2,494)	(2,605)	(2,719)	(2,835)	(2,954)
Statutory Tax Sharing Tier 3 (11)		0	0	0	0	0	0	0	0	0	(37)
2002 Senior Bonds Debt Service		(970)	(970)	(965)	(1,230)	(1,230)	(1,225)				
Pledged Tax Revenues		**47,302**	**46,529**	**47,424**	**48,065**	**48,989**	**49,937**	**52,123**	**53,104**	**54,104**	**55,087**
Subordinate Pass Throughs											
Antelope Valley Community College Dist. (12)		(1,244)	(1,213)	(1,238)	(1,264)	(1,291)	(1,318)	(1,346)	(1,374)	(1,403)	(1,432)
Palmdale School District (12)		(1,830)	(1,808)	(1,857)	(1,906)	(1,957)	(2,009)	(2,061)	(2,115)	(2,169)	(2,225)
Antelope Valley Union High School District (12)		(3,216)	(3,157)	(3,241)	(3,326)	(3,413)	(3,501)	(3,591)	(3,683)	(3,777)	(3,873)
Net Tax Revenues		**41,013**	**40,351**	**41,088**	**41,569**	**42,329**	**43,109**	**45,125**	**45,932**	**46,754**	**47,556**

F:\Bond Services\Tax Allocation Bonds\Palmdale - 2026\Palmdale TARB 2026 - Projection v3

Palmdale Successor Agency
Redevelopment Projects Total
Table 1
Footnotes

HdL Coren & Cone

8/7/2026

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reducec by $412.2 million for estimated loss on pending appeals and increased by $61.9 million for sales so far in 2026.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.
(6) Project 2's obligation for the 1987 Refunding Certificates of Participation Aggregate Lease Payment Schedule, adjusted by July 15, 1992 Partial Refunding.
(7) L.A. County Taxing Entities receive stipulated shares of general levy tax increment revenue (37.12% for Project Area 1-Annex and Project Area 2, 36.95% for Project Area 3, and 37.65% for Project Area 4).
(8) Consolidated Fire Protection District receives stipulated shares of general levy tax increment revenue (17.5% for Project Areas 1-Annex, 2 & 4, and 18.7% for Project Area 3).
(9) For Project Areas 3 and 4, Palmdale Water District receives 100% of its proportional of general levy net of Low-Moderate Income Housing Set-Aside.
(10) For Project Areas 3 and 4, the Antelope Valley-East Kern Water District receives 100% of its proportional of general levy revenue.
(11) For Project Areas 2, 3 and 4, by the adoption of amendments to the Redevelopment Plans under the terms of SB 211, the Agency has eliminated the Plans' time limit for incurrences of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is requirec to make statutory tax sharing payments beginning in the fiscal year following the date of the eliminated time limit. Using the assessed values for 2003-04 as the adjusted base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of tax increment revenue net of Housing Set-Aside until termination of receipt of tax increment revenue. See individual projections for details.
For Merged RP Amendment 2012, Taxing Entities receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. After year 30, Taxing Entities receive 14% of tax revenue on incremental value above the year 30 assessed value net of Housing Set-Aside.
(12) Antelope Valley Community College District receives 40% of it's share (2.64% and 2.76%) of the general levy generated in Project Areas 2 and 3 and 100% of its share of the general levy (2.71%) from Project Area 4. The pass throughs are based on a 1993-94 base year in Project Areas 2 & 3, and a base year of 1983-84 in Project Area 4. The District's share is reduced for the Project Area's County administration charges. The District payment is subordinate to debt service.
The Palmdale School District receives 82.05% of its share (5.83% from Project Area 2, 6.11% from Project Area 3 and 6.01% from Project Area 4) of the general levy on growth in taxable values above the 1993-94 fiscal year. The District's share is reduced for the Project Area's County administrative charges. The District payment is subordinate to debt service.
Antelope Valley Union High School District receives 47.02% of its share (14.17% from Project Area 2, 14.83% from Project Area 3, and 14.63% from Project Area 4) of the general levy on growth in taxable values above the 1993-94 fiscal year. The District's share is reduced for the Project Area's County administrative charges. The District payment is subordinate to debt service.

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Palmdale Successor Agency
Redevelopment Project #1
Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

HdL Coren & Cone

8/7/2026

Taxable Values (1)		**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**
Real Property (2)		1,357,740	1,371,746	1,399,181	1,427,165	1,455,708	1,484,822	1,514,519	1,544,809	1,575,705	1,607,219
Personal Property (3)		58,185	58,185	58,185	58,185	58,185	58,185	58,185	58,185	58,185	58,185
Total Projected Value		**1,415,925**	**1,429,931**	**1,457,366**	**1,485,350**	**1,513,893**	**1,543,007**	**1,572,704**	**1,602,994**	**1,633,890**	**1,665,404**
Taxable Value over Base	**15,852**	**1,400,074**	**1,414,080**	**1,441,515**	**1,469,498**	**1,498,041**	**1,527,156**	**1,556,852**	**1,587,142**	**1,618,039**	**1,649,553**
Gross Tax Increment (4)		**14,001**	**14,141**	**14,415**	**14,695**	**14,980**	**15,272**	**15,569**	**15,871**	**16,180**	**16,496**
Unitary Tax Revenue		139	139	139	139	139	139	139	139	139	139
Gross Tax Revenues		**14,140**	**14,280**	**14,555**	**14,834**	**15,120**	**15,411**	**15,708**	**16,011**	**16,320**	**16,635**
LESS:											
SB 2557 Admin. Fee (5)		(179)	(181)	(184)	(188)	(191)	(195)	(199)	(203)	(206)	(210)
Tax Revenues		**13,961**	**14,099**	**14,370**	**14,647**	**14,928**	**15,216**	**15,509**	**15,808**	**16,113**	**16,424**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reduced by $35.67 million for estimated loss on pending appeals and increased by $23.2 million for sales so fay in 2026.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.

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Palmdale Successor Agency
Redevelopment Project #1-82 Annex

Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

HdL Coren & Cone
8/7/2026

Taxable Values (1)		**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**
Real Property (2)		68,667	70,040	71,917	73,355	74,822	76,319	77,845	79,402	80,990	82,610
Personal Property (3)		52,993	52,993	52,993	52,993	52,993	52,993	52,993	52,993	52,993	52,993
Total Projected Value		**121,660**	**123,034**	**124,910**	**126,349**	**127,816**	**129,312**	**130,839**	**132,395**	**133,983**	**135,603**
Taxable Value over Base	**1,772**	**119,888**	**121,261**	**123,138**	**124,576**	**126,043**	**127,540**	**129,066**	**130,623**	**132,211**	**133,831**
Gross Tax Increment Levy (4)		**1,199**	**1,213**	**1,231**	**1,246**	**1,260**	**1,275**	**1,291**	**1,306**	**1,322**	**1,338**
Unitary Tax Revenue		6	6	6	6	6	6	6	6	6	6
Gross Revenues		**1,205**	**1,219**	**1,238**	**1,252**	**1,267**	**1,282**	**1,297**	**1,313**	**1,329**	**1,345**
LESS:											
SB 2557 Admin. Fee (5)		(15)	(15)	(16)	(16)	(16)	(16)	(16)	(17)	(17)	(17)
Pass Throughs											
Los Angeles County Taxing Entities (6)		(445)	(450)	(457)	(462)	(468)	(473)	(479)	(485)	(491)	(497)
Consolidated Fire Protection District (7)		(210)	(212)	(215)	(218)	(221)	(223)	(226)	(229)	(231)	(234)
Tax Revenues		**535**	**541**	**550**	**556**	**562**	**569**	**576**	**583**	**590**	**597**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are unchanged for estimated loss on pending appeals and increased by $475,911 for sales so far in 2026.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.
(6) L.A. County Tax Entities receive a stipulated share (37.12%) of general levy tax increment revenue.
(7) Consolidated Fire Protection District receives a stipulated share (17.5%) of general levy tax increment revenue.

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Palmdale Successor Agency
Project Area # 2

HdL Coren & Cone

Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

8/7/2026

Taxable Values (1)		**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**2035-36**
Real Property (2)		916,694	937,042	955,783	974,898	994,396	1,014,284	1,034,570	1,055,261	1,076,367	1,097,894
Personal Property (3)		11,218	11,218	11,218	11,218	11,218	11,218	11,218	11,218	11,218	11,218
Total Projected Value		**927,912**	**948,259**	**967,000**	**986,116**	**1,005,614**	**1,025,502**	**1,045,788**	**1,066,479**	**1,087,584**	**1,109,112**
Taxable Value over Base	**28,961**	**898,951**	**919,298**	**938,039**	**957,155**	**976,653**	**996,541**	**1,016,827**	**1,037,518**	**1,058,623**	**1,080,151**
Gross Tax Increment Levy (4)		**8,990**	**9,193**	**9,380**	**9,572**	**9,767**	**9,965**	**10,168**	**10,375**	**10,586**	**10,802**
Unitary Tax Revenue		208	208	208	208	208	208	208	208	208	208
Gross Revenues		**9,197**	**9,401**	**9,588**	**9,779**	**9,974**	**10,173**	**10,376**	**10,583**	**10,794**	**11,009**
LESS:											
SB 2557 Admin. Fee (5)		(116)	(119)	(121)	(124)	(126)	(129)	(131)	(134)	(137)	(139)
Pass Throughs											
Los Angeles County Taxing Entities (6)		(3,389)	(3,464)	(3,533)	(3,603)	(3,675)	(3,748)	(3,823)	(3,899)	(3,977)	(4,056)
Consolidated Fire Protection District (7)		(1,657)	(1,693)	(1,727)	(1,762)	(1,797)	(1,833)	(1,869)	(1,906)	(1,944)	(1,983)
SB 211 Statutory Tax Sharing Tier 1 (8)		(380)	(394)	(406)	(419)	(432)	(446)	(459)	(473)	(487)	(502)
SB 211 Statutory Tax Sharing Tier 2 (8)		(216)	(226)	(234)	(243)	(252)	(261)	(270)	(280)	(289)	(299)
SB 211 Statutory Tax Sharing Tier 3 (8)		0	0	0	0	0	0	0	0	0	(7)
Tax Revenues		**3,439**	**3,505**	**3,566**	**3,629**	**3,692**	**3,757**	**3,823**	**3,891**	**3,959**	**4,023**
Subordinate Pass Throughs											
Antelope Valley Community College Dist. (9)		(58)	(60)	(62)	(64)	(66)	(68)	(70)	(72)	(74)	(76)
Palmdale School Dist. (9)		(261)	(270)	(279)	(288)	(297)	(307)	(316)	(326)	(336)	(346)
Antelope Valley Union HSD (9)		(363)	(376)	(389)	(401)	(414)	(427)	(440)	(454)	(468)	(482)
Net Tax Revenues		**2,758**	**2,799**	**2,837**	**2,876**	**2,915**	**2,955**	**2,997**	**3,038**	**3,081**	**3,118**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reduced by $2.1 million for estimated loss on pending appeals and increased by $4.2 million for sales so far in 2026.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.
(6) L.A. County Taxing Entities receive a stipulated share (37.12%) of general levy tax increment revenue.
(7) Consolidated Fire Protection District receives a stipulated share (17.5%) of general levy tax increment revenue.
(8) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date of the eliminated time limit. Using the assessed values for 2003-04 as the adjusted base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of Housing Set-Aside. Beginning in the 31st year after initiation of statutory tax sharing payments, Taxing Entities also receive 14% of tax revenue on incremental value above the 30th year value net of Housing Set-Aside.
(9) The Antelope Valley College District (2.64%) receives 40.0% of its share of general levy tax increment net of SB2557 charges.
The Palmdale School District (5.83%) receives 82.07% of its share of general levy tax increment net of SB2557 charges.
The Antelope Valley Union HSD (14.17%) receives 47.02% of its share of general levy tax increment net of SB2557 charges.

Palmdale Successor Agency
Project Area #3
Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

8/7/2026

		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Taxable Values (1)											
Real Property (2)		1,307,229	1,337,151	1,363,894	1,391,171	1,418,995	1,447,375	1,476,322	1,505,849	1,535,966	1,566,685
Personal Property (3)		8,324	8,324	8,324	8,324	8,324	8,324	8,324	8,324	8,324	8,324
Total Projected Value		**1,315,553**	**1,345,475**	**1,372,218**	**1,399,496**	**1,427,319**	**1,455,699**	**1,484,646**	**1,514,173**	**1,544,290**	**1,575,009**
Taxable Value over Base	**16,025**	**1,299,528**	**1,329,449**	**1,356,192**	**1,383,470**	**1,411,294**	**1,439,673**	**1,468,621**	**1,498,147**	**1,528,264**	**1,558,984**
Gross Tax Increment Levy (4)		**12,995**	**13,294**	**13,562**	**13,835**	**14,113**	**14,397**	**14,686**	**14,981**	**15,283**	**15,590**
Unitary Tax Revenue		128	128	128	128	128	128	128	128	128	128
Gross Revenues		**13,123**	**13,423**	**13,690**	**13,963**	**14,241**	**14,525**	**14,814**	**15,110**	**15,411**	**15,718**
LESS:											
SB 2557 Admin. Fee (5)		(166)	(170)	(173)	(177)	(180)	(184)	(187)	(191)	(195)	(199)
Pass Throughs											
Los Angeles County Taxing Entities (6)		(4,905)	(5,017)	(5,116)	(5,218)	(5,322)	(5,428)	(5,537)	(5,647)	(5,760)	(5,874)
Consolidated Fire Protection District (7)		(2,454)	(2,510)	(2,560)	(2,611)	(2,663)	(2,716)	(2,770)	(2,826)	(2,882)	(2,939)
Palmdale Water District (8)		(325)	(333)	(340)	(346)	(353)	(360)	(367)	(375)	(382)	(390)
Antelope Valley/East Kern Water Agency (9)		(80)	(82)	(83)	(85)	(87)	(88)	(90)	(92)	(94)	(96)
SB 211 Statutory Tax Sharing Tier 1 (10)		(488)	(505)	(520)	(536)	(552)	(569)	(585)	(602)	(620)	(638)
SB 211 Statutory Tax Sharing Tier 2 (10)		(276)	(287)	(298)	(308)	(318)	(329)	(340)	(351)	(363)	(374)
SB 211 Statutory Tax Sharing Tier 3 (10)		0	0	0	0	0	0	0	0	0	(10)
Tax Revenues		**4,429**	**4,519**	**4,600**	**4,681**	**4,765**	**4,850**	**4,937**	**5,026**	**5,116**	**5,199**
Subordinate Pass Throughs											
Antelope Valley Community College Dist. (11)		(98)	(101)	(104)	(107)	(110)	(113)	(117)	(120)	(123)	(126)
Palmdale School District (11)		(446)	(461)	(474)	(488)	(502)	(516)	(530)	(545)	(560)	(575)
Antelope Valley Union HSD (11)		(620)	(641)	(659)	(678)	(697)	(717)	(737)	(757)	(778)	(799)
Net Tax Revenues		**3,264**	**3,316**	**3,361**	**3,408**	**3,456**	**3,504**	**3,554**	**3,604**	**3,656**	**3,698**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reduced by $5.2 million for estimated loss on pending appeals and increased by $9.1 million for sales so far in 202.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.
(6) L.A. County Taxing Entities receive a stipulated share (49.00%) of general levy tax increment revenue net of LMIH Set-aside.
(7) Consolidated Fire Protection District receives a stipulated share (18.7%) of general levy tax increment revenue.
(8) Palmdale Water District receives its proportional share (3.10%) of the general levy tax increment revenue net of Housing Set-Aside.
(9) Antelope Valley-East Kern Water District receives its porportional share (0.61%) of general levy tax increment revenue.
(10) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date of the eliminated time limit. Using the assessed values for 2003-04 as the adjusted base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of Housing Set-Aside. Beginning in the 31st year after initiation of statutory tax sharing payments, Taxing Entities also receive 14% of tax revenue on incremental value above the 30th year value net of Housing Set-Aside.
(11) The Antelope Valley College District (2.76%) receives 40.0% of its share of general levy tax increment net of SB2557 charges.
The Palmdale School District (6.11%) receives 82.07% of its share of general levy tax increment net of SB2557 charges.
The Antelope Valley Union HSD (14.83%) receives 47.02% of its share of general levy tax increment net of SB2557 charges.

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Palmdale Successor Agency

Project Area #4

Projection of Incremental Taxable Value & Tax Increment Revenue

Table 1

(000's Omitted)

HdL Coren & Cone

8/7/2026

		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Taxable Values (1)											
Real Property (2)		4,010,891	3,875,258	3,952,764	4,031,819	4,112,455	4,194,704	4,278,598	4,364,170	4,451,454	4,540,483
Personal Property (3)		89,629	89,629	89,629	89,629	89,629	89,629	89,629	89,629	89,629	89,629
Total Projected Value		**4,100,520**	**3,964,887**	**4,042,392**	**4,121,448**	**4,202,084**	**4,284,333**	**4,368,227**	**4,453,799**	**4,541,083**	**4,630,112**
Taxable Value over Base	**35,061**	**4,065,459**	**3,929,826**	**4,007,332**	**4,086,387**	**4,167,023**	**4,249,272**	**4,333,166**	**4,418,738**	**4,506,022**	**4,595,051**
Gross Tax Increment Levy (4)		**40,655**	**39,298**	**40,073**	**40,864**	**41,670**	**42,493**	**43,332**	**44,187**	**45,060**	**45,951**
Unitary Tax Revenue		387	387	387	387	387	387	387	387	387	387
Gross Revenues		**41,042**	**39,686**	**40,461**	**41,251**	**42,058**	**42,880**	**43,719**	**44,575**	**45,448**	**46,338**
LESS:											
SB 2557 Admin. Fee (5)		(519)	(502)	(512)	(522)	(532)	(543)	(553)	(564)	(575)	(586)
Pass Throughs											
Los Angeles County Taxing Entities (6)		(14,960)	(14,466)	(14,749)	(15,037)	(15,331)	(15,630)	(15,936)	(16,248)	(16,566)	(16,891)
Consolidated Fire Protection District (7)		(7,182)	(6,945)	(7,081)	(7,219)	(7,360)	(7,504)	(7,651)	(7,801)	(7,953)	(8,109)
Palmdale Water District (8)		(230)	(223)	(227)	(232)	(236)	(241)	(245)	(250)	(255)	(260)
Antelope Valley/East Kern Water Agency (9)		(715)	(692)	(705)	(719)	(733)	(747)	(762)	(777)	(792)	(808)
SB 211 Statutory Tax Sharing Tier 1 (10)		(1,524)	(1,450)	(1,492)	(1,535)	(1,579)	(1,624)	(1,669)	(1,716)	(1,763)	(1,811)
SB 211 Statutory Tax Sharing Tier 2 (10)		(801)	(753)	(780)	(808)	(837)	(866)	(896)	(926)	(957)	(989)
SB 211 Statutory Tax Sharing Tier 3 (10)		0	0	0	0	0	0	0	0	0	(21)
Tax Revenues		**15,109**	**14,655**	**14,915**	**15,180**	**15,450**	**15,725**	**16,006**	**16,293**	**16,586**	**16,863**
Subordinate Pass Throughs											
Antelope Valley Community College Dist. (11)		(1,088)	(1,052)	(1,072)	(1,093)	(1,115)	(1,137)	(1,160)	(1,182)	(1,206)	(1,230)
Palmdale School District (11)		(1,123)	(1,077)	(1,103)	(1,130)	(1,158)	(1,186)	(1,215)	(1,244)	(1,274)	(1,304)
Antelope Valley Union High School District (11)		(2,232)	(2,140)	(2,193)	(2,246)	(2,301)	(2,357)	(2,414)	(2,472)	(2,531)	(2,592)
Net Tax Revenues		**10,666**	**10,386**	**10,546**	**10,709**	**10,876**	**11,045**	**11,218**	**11,395**	**11,575**	**11,737**

(1) Taxable values as reported by Los Angeles County.

(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reduced by $224.6 million for estimated loss on pending appeals and increased by $13.2 million for sales so far in 2026.

(3) Personal property is held constant at 2026-27 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.

(6) L.A. County Taxing Entities receive a stipulated share of general levy tax increment revenue net of Housing Set-Aside. The net percentage of tax increment revenue paid to the County Taxing Entities is 36.45%.

(7) The Consolidated Fire Protection District receives a stipulated share (17.5%) of general levy tax increment revenue.

(8) Palmdale Water District receives its proportional share (0.70%) of the general levy tax increment revenue net of Housing Set-Aside.

(9) Antelope Valley-East Kern Water District receives its porportional share (1.74%) of general levy tax increment revenue.

(10) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date of the eliminated time limit. Using the assessed values for 2003-04 as the adjusted base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of Housing Set-Aside. Beginning in the 31st year after initiation of statutory tax sharing payments, Taxing Entities also receive 14% of tax revenue on incremental value above the 30th year value net of Housing Set-Aside.

(11) The Antelope Valley College District (2.71%) receives 100.0% of its share of general levy tax increment net of SB2557 charges.
The Palmdale School District (6.01%) receives 82.07% of its share of general levy tax increment net of SB2557 charges.
The Antelope Valley Union HSD (14.63%) receives 47.02% of its share of general levy tax increment net of SB2557 charges.

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Palmdale Successor Agency
Expansion Area
Projection of Incremental Taxable Value & Tax Increment Revenue
Table 1
(000's Omitted)

8/7/2026

		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Taxable Values (1)											
Real Property (2)		1,795,419	1,695,468	1,729,377	1,763,965	1,799,244	1,835,229	1,871,933	1,909,372	1,947,559	1,986,511
Personal Property (3)		435,092	435,092	435,092	435,092	435,092	435,092	435,092	435,092	435,092	435,092
Total Projected Value		**2,230,511**	**2,130,560**	**2,164,469**	**2,199,057**	**2,234,336**	**2,270,321**	**2,307,026**	**2,344,464**	**2,382,652**	**2,421,603**
Taxable Value over Base	**740,628**	**1,489,884**	**1,389,933**	**1,423,842**	**1,458,429**	**1,493,709**	**1,529,694**	**1,566,398**	**1,603,837**	**1,642,024**	**1,680,975**
Gross Tax Increment Revenue (4)		14,899	13,899	14,238	14,584	14,937	15,297	15,664	16,038	16,420	16,810
Unitary Tax Revenue		48	48	48	48	48	48	48	48	48	48
Gross Revenues		**14,947**	**13,948**	**14,287**	**14,633**	**14,985**	**15,345**	**15,712**	**16,087**	**16,469**	**16,858**
LESS:											
SB 2557 Admin. Fee (5)		(189)	(176)	(181)	(185)	(190)	(194)	(199)	(204)	(208)	(213)
Pass Throughs											
AB 1290 Statutory Tax Sharing Tier 1 (6)		(2,989)	(2,790)	(2,857)	(2,927)	(2,997)	(3,069)	(3,142)	(3,217)	(3,294)	(3,372)
AB 1290 Statutory Tax Sharing Tier 2 (6)		(971)	(803)	(860)	(918)	(977)	(1,038)	(1,099)	(1,162)	(1,226)	(1,292)
AB 1290 Statutory Tax Sharing Tier 3 (6)		0	0	0	0	0	0	0	0	0	0
Tax Revenues		**10,798**	**10,179**	**10,389**	**10,603**	**10,822**	**11,044**	**11,272**	**11,504**	**11,740**	**11,981**

(1) Taxable values as reported by Los Angeles County.
(2) Real property consists of land and improvements. Values increased for inflation at 2.00% annually. Values for 2027-28 are reduced by $144.6 million for estimated loss on pending appeals and increased by $11.6 million for sales so far in 2026.
(3) Personal property is held constant at 2026-27 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) SB 2557 Administrative fee is actual for 2025-26 and estimated at 1.27% of Gross Tax Revenue thereafter.
(6) All Taxing Entities receive their shares of 25% of total tax increment revenue net of Housing Set-Aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of Housing Set-Aside. After year 30, Taxing Entities receive 14% of tax revenue on incremental value above the year 30 assessed value net of Housing Set-Aside. Due to negative tax increment in FY 2011-12 through 2013-14, the first year of statutory tax sharing payments is FY 2014-15.

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Palmdale Successor Agency
Redevelopment Projects Total
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
Table 2
(000s Omitted)

HdL Coren & Cone

8/7/2026

		Total Taxable Value	Taxable Value Over Base Various	Gross Tax Revenue	SB 2557 Charge	Negotiated Tax Sharing Agreements	Statutory Tax Sharing Payments	2002 Senior Bonds Debt Service	Pledged Tax Revenue	Antelope Valley College District	Palmdale School Dist.	Antelope Valley UHSD	Net Tax Revenue
1	2026-27	10,112,082	9,288,644	**93,655**	(1,185)	(36,553)	(7,645)	(970)	**47,302**	(1,244)	(1,830)	(3,216)	**41,013**
2	2027-28	9,942,146	9,118,709	**91,956**	(1,164)	(36,086)	(7,207)	(970)	**46,529**	(1,213)	(1,808)	(3,157)	**40,351**
3	2028-29	10,128,356	9,304,919	**93,818**	(1,187)	(36,793)	(7,448)	(965)	**47,424**	(1,238)	(1,857)	(3,241)	**41,088**
4	2029-30	10,317,815	9,494,377	**95,713**	(1,211)	(37,512)	(7,694)	(1,230)	**48,065**	(1,264)	(1,906)	(3,326)	**41,569**
5	2030-31	10,511,062	9,687,625	**97,645**	(1,236)	(38,245)	(7,945)	(1,230)	**48,989**	(1,291)	(1,957)	(3,413)	**42,329**
6	2031-32	10,708,175	9,884,737	**99,616**	(1,260)	(38,993)	(8,201)	(1,225)	**49,937**	(1,318)	(2,009)	(3,501)	**43,109**
7	2032-33	10,909,229	10,085,792	**101,627**	(1,286)	(39,756)	(8,462)		**52,123**	(1,346)	(2,061)	(3,591)	**45,125**
8	2033-34	11,114,305	10,290,868	**103,678**	(1,312)	(40,534)	(8,728)		**53,104**	(1,374)	(2,115)	(3,683)	**45,932**
9	2034-35	11,323,482	10,500,045	**105,769**	(1,338)	(41,328)	(8,999)		**54,104**	(1,403)	(2,169)	(3,777)	**46,754**
10	2035-36	11,536,843	10,713,406	**107,903**	(1,365)	(42,137)	(9,313)		**55,087**	(1,432)	(2,225)	(3,873)	**47,556**
				991,381	(12,544)	(387,938)	(81,643)	(6,590)	**502,665**	(13,124)	(19,938)	(34,778)	**434,825**

Footnotes: see Table 1

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Palmdale Successor Agency
Redevelopment Projects Total
HISTORICAL VALUES (1)
Table 3

HdL Coren & Cone

8/7/2026

Secured (2)	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**
Land	1,452,620,180	1,538,217,168	1,612,755,242	1,778,305,970	1,865,888,003	2,055,139,596	2,221,411,230	2,323,525,039	2,420,591,272	2,585,764,754
Impts	4,154,622,385	4,389,287,051	4,589,182,078	4,803,309,105	4,958,227,136	5,227,579,435	5,424,815,849	5,624,695,421	6,042,960,419	6,956,736,124
Pers Prop	138,813,740	149,321,716	24,654,205	26,665,813	26,329,369	28,228,526	26,972,862	27,480,915	28,527,090	29,396,250
Exemptions	(122,640,532)	(128,623,205)	(105,780,990)	(116,331,593)	(124,190,082)	(174,520,576)	(184,633,179)	(229,064,787)	(238,966,606)	(292,536,545)
Total Secured	**5,623,415,773**	**5,948,202,730**	**6,120,810,535**	**6,491,949,295**	**6,726,254,426**	**7,136,426,981**	**7,488,566,762**	**7,746,636,588**	**8,253,112,175**	**9,279,360,583**
Unsecured										
Land	0	0	0	0	0	0	0	0	0	0
Impts	63,206,268	66,213,823	195,974,192	182,518,627	124,413,301	148,743,778	170,183,464	208,398,557	205,986,814	206,675,927
Pers Prop	127,165,780	137,562,702	237,987,458	312,915,784	254,896,045	429,510,418	486,334,219	539,681,911	550,083,201	627,124,942
Exemptions	(504,300)	(455,200)	(1,193,621)	(667,327)	(917,772)	(186,951)	(126,126)	(1,091,156)	(1,354,959)	(1,079,585)
Total Unsecured	**189,867,748**	**203,321,325**	**432,768,029**	**494,767,084**	**378,391,574**	**578,067,245**	**656,391,557**	**746,989,312**	**754,715,056**	**832,721,284**
GRAND TOTAL	**5,813,283,521**	**6,151,524,055**	**6,553,578,564**	**6,986,716,379**	**7,104,646,000**	**7,714,494,226**	**8,144,958,319**	**8,493,625,900**	**9,007,827,231**	**10,112,081,867**
Base Year Value:	**839,711,042**	**839,108,190**	**839,085,701**	**838,932,004**	**838,071,248**	**838,175,234**	**838,162,665**	**838,901,090**	**838,270,970**	**838,299,082**
Incremental Value:	4,973,572,479	5,312,415,865	5,714,492,863	6,147,784,375	6,266,574,752	6,876,318,992	7,306,795,654	7,654,724,810	8,169,556,261	9,273,782,785
Percentage Change:		6.81%	7.57%	7.58%	1.93%	9.73%	6.26%	4.76%	6.73%	13.52%

(1) Source: County of Los Angeles
(2) Secured values include state assessed non-unitary utility property.

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Palmdale Successor Agency
Redevelopment Projects Total
TOP TEN TAXABLE PROPERTY OWNERS
For Fiscal Year 2026-27
Table 4

HdL Coren & Cone
08/07/26

		Secured			Unsecured			Total				
		Value	Parcels	% of Sec. AV	Value	Parcels	% of Unsec. AV	Value	% of Total Value	% of Inc. Value	Use Code	Project Area
1.	Lockheed Martin Corporation	$527,860,011	3	5.69%	$532,623,798	2	63.96%	$1,060,483,809	10.49%	11.44%	Aerospace Manufacturing	Expansion Area
2.	Appeals on Parcels Trader Joes Company	$609,518,824	1	6.57%	$0	0	0.00%	$609,518,824	6.03%	6.57%	Industrial Food Processing	Project Area 4
3.	Lancaster Hospital Corporation	$284,444,369	2	3.07%	$0	0	0.00%	$284,444,369	2.81%	3.07%	Lancaster Regional Hospital	Project #1
4.	Appeals on Parcels Mershop Antelope LLC	$162,097,733	7	1.75%	$0	0	0.00%	$162,097,733	1.60%	1.75%	Antelope Valley Mall Parcels	Project Area 4
5.	Appeals on Parcels Northrop Grumman Systems Corp.	$111,944,271	4	1.21%	$0	0	0.00%	$111,944,271	1.11%	1.21%	Aerospace Manufacturing	Expansion Area
6.	Allegra Palmdale LLC	$64,621,198	1	0.70%	$0	0	0.00%	$64,621,198	0.64%	0.70%	Amazon Hub Facility	Project Area 4
7.	Appeals on Parcels Walmart Real Estate Business Trust	$54,860,833	3	0.59%	$8,324,739	3	1.00%	$63,185,572	0.62%	0.68%	Walmart and Sam's Club Stores	Projects #1 and #4
8.	SIFI Networks Palmdale LLC	$0	0	0.00%	$52,827,897	1	6.34%	$52,827,897	0.52%	0.57%	Fiber Optic Communications	Project #1-82 Annex
9.	W2005 Fargo Hotels Realty LP	$39,476,936	2	0.43%	$623,295	1	0.07%	$40,100,231	0.40%	0.43%	Courtyard and Residence Inn Hotels	Project Area 4
10.	Appeals on Parcels Antelope Valley Shop LLC	$37,246,649	3	0.40%	$0	0	0.00%	$37,246,649	0.37%	0.40%	Antelope Valley Mall Parcels	Project Area 4
	Appeals on Parcels Top Ten Property Owner Totals:	$1,892,070,824	26		$594,399,729	7		$2,486,470,553				
	Project Area Totals:	$9,279,360,583		20.39%	$832,721,284		71.38%	$10,112,081,867	24.59%			
	Project Area Incremental Value:	$8,462,448,203		22.36%	$811,334,582		73.26%	$9,273,782,785		26.81%		

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Palmdale Successor Agency
Redevelopment Projects Total
Transfers of Ownership/New Development
Table 4

8/7/2026

000's omitted

Real Property Value	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2027-28	2028-29	2029-30	2030-31
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	lump sum	$0	$0	$0			0	0	0	0
Transfers of Ownership after Jan.1, 2026	283	lump sum	$201,256,400	($139,391,505)	$61,865			61,865	0	0	0
Total Real Property Value			**$201,256,400**	**($139,391,505)**	**61,865**			**61,865**	**0**	**0**	**0**
Total Real Property inc. Inflation Adj. @ 2% per year								61,865	0	0	0

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APPENDIX D

AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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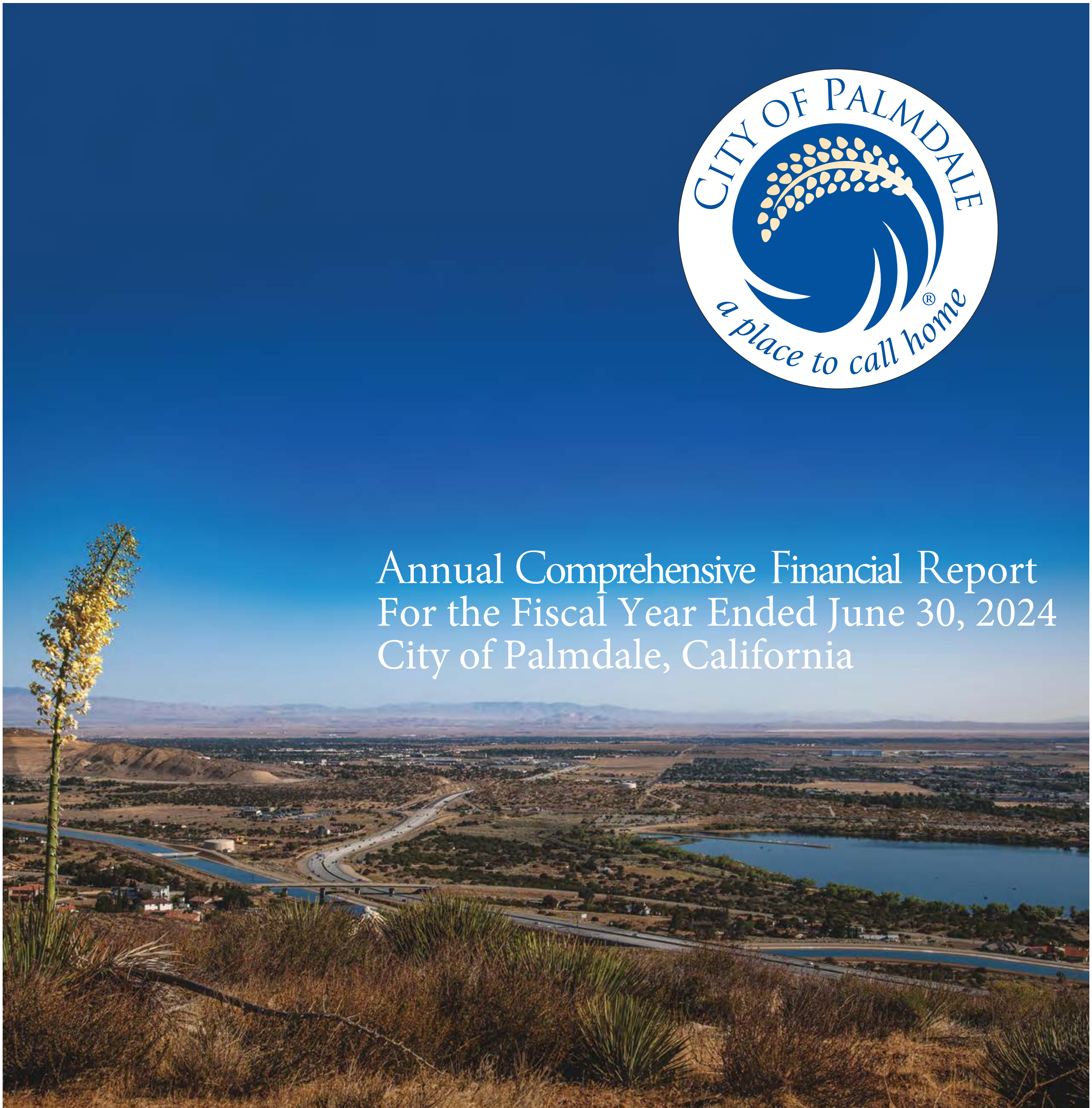

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024
City of Palmdale, California





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Annual Comprehensive Financial Report

City of Palmdale, California

Year Ended June 30, 2024

Prepared By:
Finance Department
Janelle Samson, Director of Operations

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INTRODUCTORY SECTION

FINANCIAL SECTION

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Introductory Section

Palmdale, California

Year Ended June 30, 2024

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PALMDALE
a place to call home

May 1, 2025

RICHARD J. LOA
Mayor

LAURA BETTENCOURT
Mayor Pro Tem

ANDREA ALARCÓN
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 Residents of the City of Palmdale:

It is with great pride and deep respect that we present the Annual Comprehensive Financial Report (ACFR) for the City of Palmdale for the fiscal year ended June 30, 2024. This report, prepared in accordance with generally accepted accounting principles (GAAP) and audited by the independent accounting firm Eide Bailly LLP under generally accepted auditing standards (GAAS), stands as a testament to the City's steadfast commitment to fiscal stewardship, transparency, and public trust.

This document reflects more than just financial results — it represents the City's enduring dedication to prudent management, resilience, and our collective vision for a stronger future. The responsibility for the accuracy, completeness, and fairness of the information contained herein rests with City management. To support this responsibility, we have established and maintained a robust system of internal controls designed to protect public assets and ensure the reliability of financial reporting. While recognizing that no system can offer absolute assurance, we believe the City's internal controls provide reasonable assurance against material misstatement.

The City's financial statements have been independently audited by Eide Bailly LLP. Their thorough examination of our accounting practices, estimates, and disclosures resulted in an unmodified (clean) audit opinion, affirming that the financial statements present fairly the financial position of the City of Palmdale in accordance with GAAP. The independent auditor's report is included in the Financial Section of this document.

Following the auditor's report, the Management's Discussion and Analysis (MD&A) offers readers an accessible and comprehensive overview of the City's financial condition. It highlights key trends, major initiatives, and the financial strategies that continue to position Palmdale for sustainable growth, economic vitality, and a thriving future.

PALMDALE: A CITY OF OPPORTUNITY AND GROWTH

Incorporated on August 24, 1962, and a Charter City since November 2009, Palmdale stands as a vibrant and resilient community in northern Los

Angeles County, approximately 60 miles north of downtown Los Angeles. Nestled in the scenic high desert at an elevation of 2,600 feet, Palmdale enjoys an average temperature of 72°F, offering residents and visitors an exceptional quality of life in a dynamic natural setting. As of January 1, 2024, the California Department of Finance estimated Palmdale's population at 165,917, making it the sixth-largest city in Los Angeles County and one of the fastest-growing.

As of the 2020 U.S. Census, Palmdale, California, encompasses a total area of 106.06 square miles, comprising entirely land. It's important to note that while the city's incorporated area is 106.06 square miles, the broader planning area—which includes the city's sphere of influence and adjacent unincorporated regions—covers approximately 201.6 square miles.
As of the latest available data, the median household income in Palmdale is $81,151, based on the 2023 American Community Survey 1-Year Estimates (dof.ca.gov). This figure represents a 3.5% increase from the previous year's median income of $78,414. The average household income in Palmdale is higher, at $99,706, reflecting the influence of higher-earning households on the average. For context, the median household income in California is approximately $90,330, and the national median is around $74,606. This positions Palmdale's median income below the state average but above the national average.

Operating under a Council-Manager form of government, Palmdale's leadership model reflects a deep commitment to democratic representation and professional management. The City is divided into five geographic districts, each represented by a City Councilmember elected to serve a four-year term. The Mayor and Mayor Pro Tem are selected annually by the Council to guide collective governance, while the City Manager oversees day-to-day operations and policy implementation.

Palmdale is dedicated to delivering a full range of high-quality municipal services designed to enhance the well-being of its residents and to foster a thriving, sustainable community. These services include:

- Public Safety
- Parks and Recreation
- Public Works & Utilities
- Economic Development
- Engineering
- Planning & Zoning
- Environmental Programs
- Building Services
- Human Resources
- Finance

- Information Technology
- Library Services
- Affordable Housing

CHARTING THE PATH FORWARD: BUDGETING WITH PURPOSE

The City's annual budget serves as the cornerstone of financial planning, resource allocation, and policy execution. Departments submit detailed budget requests to the City Manager by 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. Following public hearings and deliberations, the City Council adopts the budget by June 30, ensuring that resources are strategically deployed to meet community needs and support long-term goals.

This Annual Comprehensive Financial Report (ACFR) reflects not only the activities of the primary government but also those of related component units that contribute to Palmdale's continued growth and service to its residents, including:

- Palmdale Financing Authority
- Housing Authority of the City of Palmdale
- Palmdale Community Foundation
- Industrial Development Authority of the City of Palmdale

These entities are included based on the criteria established by the Governmental Accounting Standards Board (GASB), ensuring transparency, accountability, and a comprehensive view of the City's financial landscape. As Palmdale continues to grow, innovate, and lead, it remains committed to prudent financial stewardship, community-centered services, and a bold vision for the future.

A DYNAMIC ECONOMY, A RESILIENT FUTURE

Palmdale's economy is gaining strength, supported by robust business attraction efforts and strategic planning. Highlights for 2024 include:

- **Advanced Film Industry Development:** Created the 10-year Film Palmdale Strategic Plan, partnered with Ghetto Film School for a weeklong film lab, and enhanced the Film Palmdale website to support production.
- **Supported Key Industry Growth:** Launched the Aerospace Incentive Program to attract and expand aerospace and manufacturing businesses.
- **Strengthened Small Business Resilience:** Implemented marketing and grant support programs, including the Small Business Assistance

Program and $10,000 Small Business Grants.
- **Empowered Community Organizations:** Hosted the Nonprofit Grant Bootcamp to help local nonprofits build grant-writing capacity.
- **Expanded Regional Partnerships & Workforce Support:** Collaborated with AV EDGE on economic development initiatives and co-hosted job fairs with the America's Job Center of California.

As Palmdale looks to the future, the City remains focused on fostering a vibrant, resilient economy by attracting new industries, supporting local businesses, and expanding workforce development opportunities. Through these efforts, Palmdale will continue to strengthen its role as a regional hub for innovation, investment, and community prosperity.

INVESTING TODAY, SECURING TOMORROW

The City remains steadfast in its commitment to long-term financial resilience, maintaining a strong General Fund reserve that is strategically designated to:

- **Ensure operational stability** by providing contingencies for unforeseen challenges.
- **Support capital replacement and infrastructure renewal** to preserve and enhance critical assets.
- **Advance technology improvements** that drive innovation, efficiency, and service delivery.
- **Promote economic sustainability** by fostering growth and resilience in changing market conditions.
- **Prepare for emergencies and future liabilities** through disciplined financial planning and risk mitigation.

Through thoughtful stewardship and forward-looking strategies, Palmdale continues to build a strong foundation for lasting prosperity and community success. The City's multi-year financial forecasting, conservative fiscal practices, and active risk management support ongoing fiscal health and service reliability.

The Capital Improvement Program (CIP) supports long-term infrastructure investments. In FY 2023–24, key CIP initiatives included:

- **Rancho Vista Boulevard Grade Separation Project:** Design phase is underway, with project scope including a new grade-separated bridge, roadway realignment, and pedestrian safety improvements. Grant funding is actively being pursued to support construction.
- **5-Year Pavement Management Plan:** A comprehensive, data-driven plan is in development to assess and update pavement current

conditions, prioritize future rehabilitation project efforts, and optimize long-term capital investments. Plan completion is anticipated by Summer 2025, with implementation to follow in Spring 2026.
- **ADA Transition Plan:** Accessibility assessments of the public rights-of-way are ongoing, including inventory and condition evaluations of sidewalks, curb ramps, and intersections. Final plan delivery is anticipated in Fall 2025, with phased implementation to commence in Spring 2026.
- **Avenue N Widening and Street Improvement Project:** The design is approximately 90% complete and includes roadway widening, pavement reconstruction, new roundabouts, drainage improvements, and multimodal infrastructure. Final approvals from Caltrans, right-of-way acquisition, and construction funding are required to proceed to the building phase.
- **Avenue R Regional Drainage Basin Improvement Project:** Currently in the planning phase. The project scope includes new constructing new drainage basins, new inlet/outlet structures, and enhancing erosion control systems. The final design is scheduled to begin in Summer 2025 and be completed by Fall 2026, contingent on construction funding availability.

City of Palmdale Parks and Recreation Master Plan: The City of Palmdale is reimagining the future of community recreation through the active implementation of its Parks and Recreation Master Plan. Guided by a commitment to innovation, inclusivity, and sustainability, the Plan envisions a vibrant network of parks, trails, and recreational spaces that inspire connection, promote well-being, and enhance the City's quality of life. This transformative initiative is a cornerstone of the Palmdale 2045 General Plan, a bold vision for a thriving, resilient, and forward-looking community.

- **DryTown Capital Upgrades:** $2 million mat slide racer and main water tower renovation, along with several other park improvement projects to be completed by summer 2025.
- **Sam Yellen Park:** $11 million approved to complete Phase II construction and upgrade landscaping and lighting in Phase I; completion expected summer 2025.
- **Marie Kerr Pool:** $1 million approved to expand the pool deck; construction scheduled for summer 2025.
- **Best of the West Softball Complex:** Nearly $1 million approved for a new concession stand; project to be completed summer 2025.

A ROADMAP FOR PROGRESS AND POSSIBILITY

The City’s Strategic Plan, originally adopted in 2022 and updated annually, serves as a dynamic roadmap for Palmdale's future — ensuring that priorities are thoughtfully guided by community values and that resources are strategically aligned to achieve meaningful outcomes. Grounded in a shared vision for a vibrant and resilient city, the Strategic Plan focuses on four core pillars:

- **Maintain effective public safety and protection** for life, property and the environment.
- **Ensure long-term fiscal health** of the City and maintain funding for services.
- **Invest in infrastructure** to improve community livability.
- **Maintain a desirable community** where everyone wants to live, work and play.

Each department aligns its Business Plan with these strategic priorities, establishing a strong foundation for accountability, innovation, and results-driven management. Through this disciplined, visionary approach, Palmdale is charting a path toward sustainable success and enduring community prosperity.

RECOGNIZING ACHIEVEMENT AND DEDICATION

The City of Palmdale was once again honored with the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 — marking the City's 33rd consecutive year receiving this prestigious national recognition.

This achievement reflects the unwavering dedication, expertise, and professionalism of the Operations Department – Finance Division, whose commitment to excellence made this report possible. Special recognition is extended to the City's accounting and budget teams for their meticulous attention to detail and collaborative spirit.

The City also expresses profound appreciation to the Mayor, City Council, and City Manager for their visionary leadership and steadfast commitment to transparency, sound financial stewardship, and the highest standards of public service. Their collective efforts continue to shape a stronger, more resilient Palmdale for today and for future generations.

Respectfully submitted,

Janelle Samson

Janelle Samson
Director of Operations / City Treasurer

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 *fax:* 312.977.4806

9/24/2024

Janelle Samson
Director of Operations
City of Palmdale, California

Dear Janelle:

Congratulations!

We are pleased to notify you that your annual comprehensive financial report for the fiscal year ended June 30, 2023 has met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (Certificate Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Congratulations, again, for having satisfied the high standards of the program.

Your electronic award packet contains the following:

- **A "Summary of Grading" form and a confidential list of comments and suggestions for possible improvements**. We strongly encourage you to implement the recommended improvements in your next report. Certificate of Achievement Program policy requires that written responses to these comments and suggestions for improvement be included with your 2024 fiscal year end submission. If a comment is unclear or there appears to be a discrepancy, please contact the Technical Services Center at (312) 977-9700 and ask to speak with a Certificate of Achievement Program in-house reviewer.
- **Certificate of Achievement**. A Certificate of Achievement is valid for a period of one year. A current holder of a Certificate of Achievement may reproduce the Certificate in its immediately subsequent annual comprehensive financial report. Please refer to the instructions for reproducing your Certificate in your next report.
- **Award of Financial Reporting Achievement**. When GFOA awards a government the Certificate of Achievement for Excellence in Financial Reporting, we also present an Award of Financial Reporting Achievement (AFRA) to the department identified in the application as primarily responsible for achievement of the Certificate.
- **Sample press release**. Attaining this award is a significant accomplishment. Attached is a sample news release that you may use to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if first-time recipients or if the government has received the Certificate ten times since it received its last plaque) or a brass medallion to affix to the plaque (if the government currently has a plaque with space to affix the medallion). Plaques and medallions will be mailed separately.

As an award-winning government, we would like to invite one or more appropriate members of the team that put together your annual comprehensive financial report to apply to join the Special Review Committee. As members of the Special Review Committee, peer reviewers get exposure to a variety of reports from around the country; gain insight into how to improve their own reports; achieve professional recognition; and provide valuable input that helps other local governments improve their reports. Please see our website for eligibility requirements and information on completing an application.

Thank you for participating in and supporting the Certificate of Achievement Program. If we may be of any further assistance, please contact the Technical Services Center at (312) 977-9700.

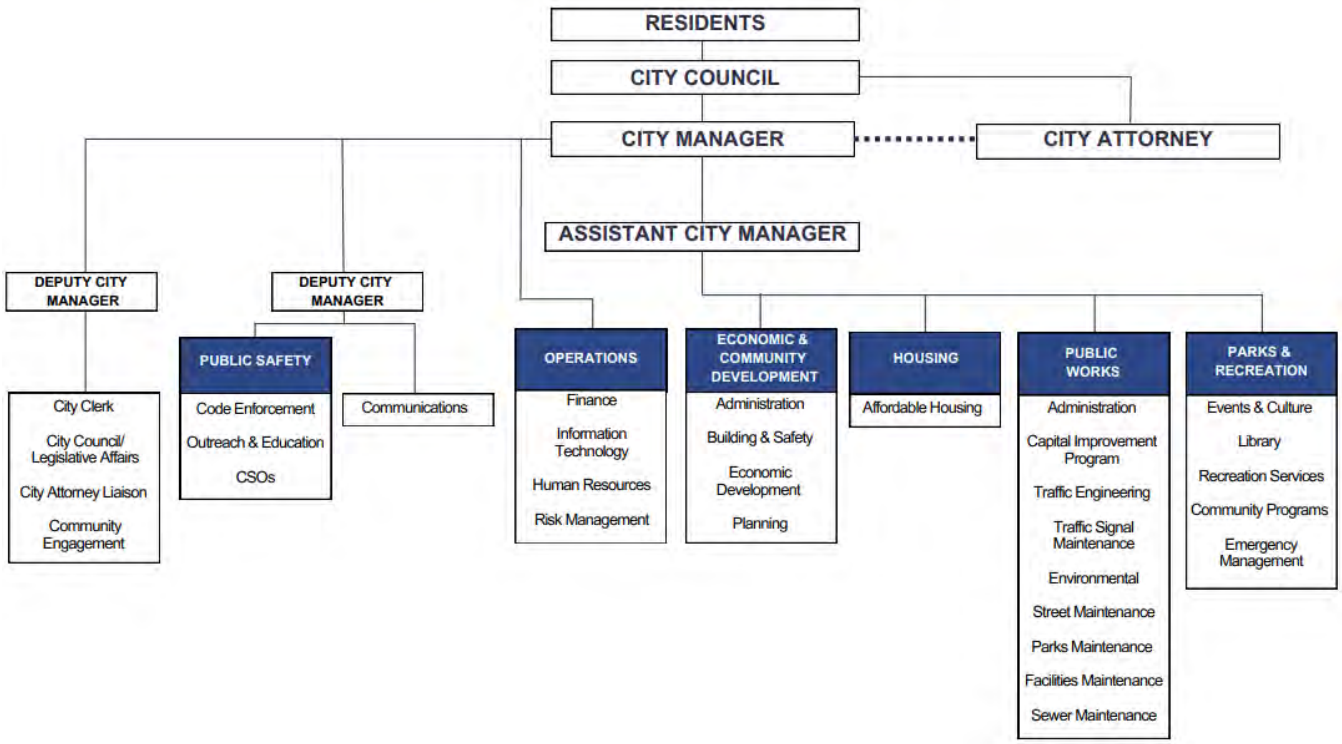
Sincerely,

Michele Mark Levine

Michele Mark Levine
Director, Technical Services

CITY OF PALMDALE

ORGANIZATIONAL STRUCTURE



City Officials

Year Ended June 30, 2024

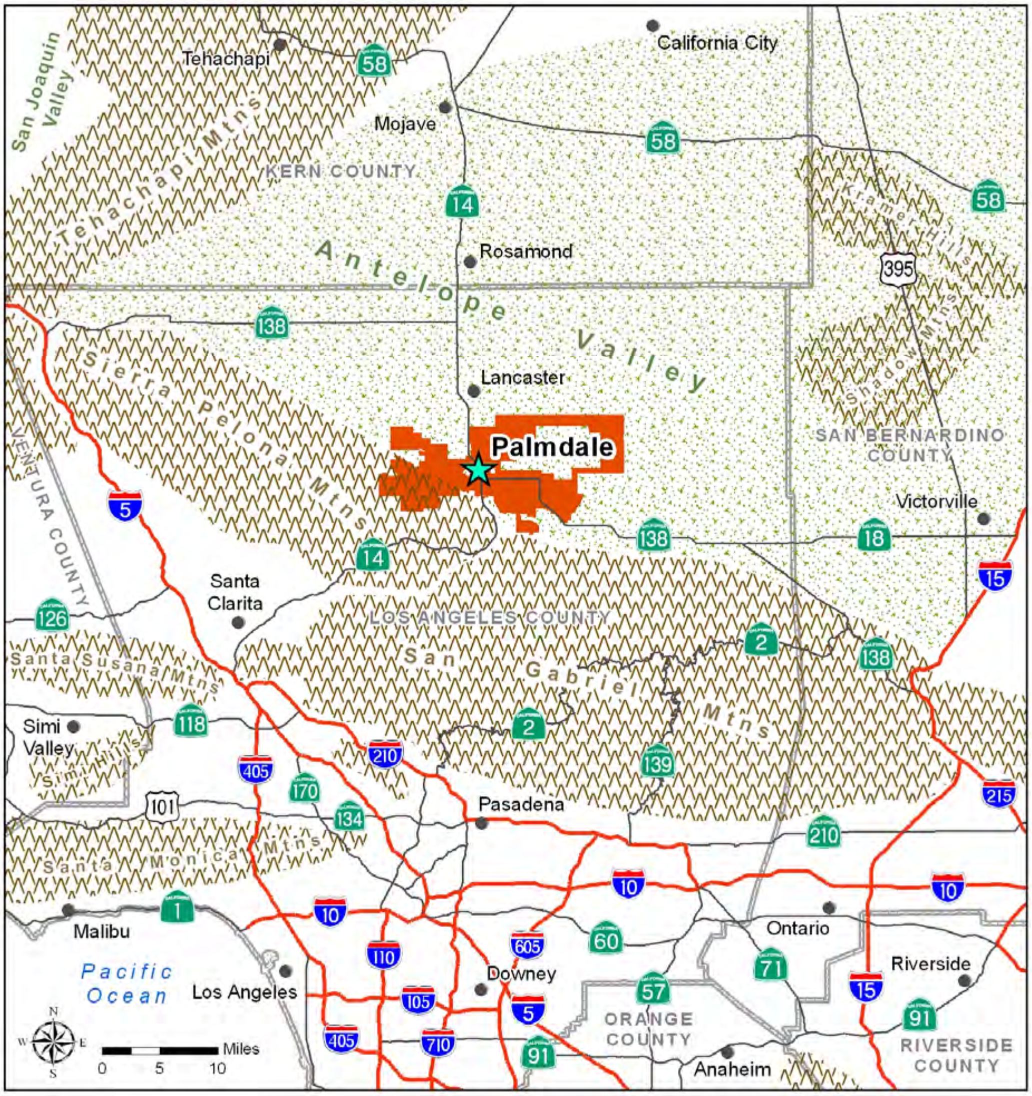
City Council

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

Administration and Department Heads

City Manager	Ronda Perez
Assistant City Manager	Salvador Mendez
City Attorney	William P. Curley
Deputy City Manager	Sara Gallagher
Deputy City Manager	Nardy Lopez
Director of Economic & Community Development	Luis Garibay
Director of Operations	Janelle Samson
Director of Parks & Recreation	Keri Smith
Director of Housing	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, 2024

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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, 2024, 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, 2024, 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.

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 May 1, 2025, 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
May 1, 2025

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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, 2024. 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, 2024, resulting in a Total Net Position of Governmental Activities of $969,266,046. The City's Change in Net Position of Government Activities increased in Fiscal Year 2023-24 by $39,527,692 or 4.3 percent. Further details on reported Fiscal Year Net Position are discussed on page 21.

- Included in the Statement of Net Position (Governmental Activities), Total Assets increased to $1,180,509,215; Deferred Outflows of Resources reported a balance of $19,404,878 for an increase of $644,152 or 3.4 percent; Total Liabilities increased by 22.9 percent to $230,296,645; and Deferred Inflows of Resources decreased by 29.9 percent to $351,402.

- Within Total Net Position, the Net Investment in Capital Assets was reported as $609,871,573, Restricted Net Position was reported as $264,319,596, and Unrestricted Net Position reported as $95,074,877. Unrestricted Net Position increased by 13.5 percent and may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of Fiscal Year 2023-24, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $415,889,480, an increase of $64,742,750 in comparison with the Prior Year. Of the Total Ending Fund Balance of $415,889,480, the General Fund Balance was $102,985,690 or an increase of $10,409,370 from the prior fiscal year. Of the $102,985,690 General Fund Balance, Nonspendable Fund Balance was $1,825,542, Restricted Fund Balance was $9,763,960, Assigned Fund Balance was $11,004,526 and Unassigned Fund Balance was $80,391,662. Details are discussed on page 24.

- The City of Palmdale's Total Governmental Long-Term Liabilities increased by $36,314,997 or 27.1 percent, during the Fiscal Year Ended June 30, 2024. The increase is primarily due to increases in the City's net pension liability. During Fiscal Year 2023-24, Additions and Retirements offsetting the increase in liabilities included:

    - Compensated Absences Additions of $2,523,319 and Retirements of $2,553,532

    - Self-Insurance Liability Claims Additions of $941,403 and Retirements of $932,002

    - Lease Payable Additions of $0 and Retirements of $102,914

    - Bonds Payable Additions of $40,987,856 and Retirements of $8,215,246

    - Note Payable Additions of $0 and Retirements of $1,122,872

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 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 24-27.

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), Measure AV Fund, and Local Transportation Article 8 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 107-164.

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 28-33.

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 34-36.

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 38-39 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 40-98 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 $976,192,257 as of June 30, 2024.

The City of Palmdale's Net Investment in Capital Assets reflects a balance of $609,871,573. Investment in capital assets is defined as land, buildings, machinery and equipment, infrastructure, construction in progress, and right to use assets 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.

City of Palmdale

Management's Discussion and Analysis

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 (16) of the Notes to the Financial Statements.

Separate sections are included and report:

- Total Assets totaling $1,194,523,144 as a sum of Current and Other Assets of $527,383,069 and Capital Assets of $667,140,075.

- Deferred Outflows of Resources totaling $19,404,878 as a sum of Pension Related Amounts for a future period totaling $19,307,580 and Other Postemployment Benefits Related Amounts totaling $97,298. This section represents a consumption of net assets that applies to a future period.

- Total Liabilities totaling $237,384,363 as a sum of Long-Term Liabilities Outstanding (including net pension liability and net OPEB liability) of $177,674,403 and Other Liabilities of $59,709,960.

- Total Deferred Inflows of Resources totaling $351,402 as Other Postemployment Benefit Related Amounts of $179,542 and pension related amounts of $143,581, and lease amounts of $28,279. 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 $976,192,257 represents a sum of the Net Investment in Capital Assets $609,871,573; Restricted Net Position of $264,319,596; and Unrestricted Net Position of $102,001,088.

City of Palmdale's Net Position

	Governmental Activities 2024	Governmental Activities 2023	Business-type Activities 2024	Business-type Activities 2023	Primary Government 2024	Primary Government 2023
Assets						
Current and Other Assets	$ 513,369,140	$ 427,971,448	$ 14,013,929	$ 6,568,323	$ 527,383,069	$ 434,539,771
Capital Assets	667,140,075	670,900,473		-	667,140,075	670,900,473
Total Assets	1,180,509,215	1,098,871,921	14,013,929	6,568,323	1,194,523,144	1,105,440,244
Deferred Outflows of Resources						
Pension Related Amounts	19,307,580	18,483,338	-	-	19,307,580	18,483,338
Other Postemployment Benefits Related Amounts	97,298	277,388	-	-	97,298	277,388
Total Deferred Outflows of Resources	19,404,878	18,760,726	-	-	19,404,878	18,760,726
Liabilities						
Long-term Liabilities Outstanding	170,586,685	134,271,688	7,087,718	7,697,219	177,674,403	141,968,907
Other Liabilities	59,709,960	53,121,401	-	-	59,709,960	53,121,401
Total Liabilities	230,296,645	187,393,089	7,087,718	7,697,219	237,384,363	195,090,308
Deferred Inflows of Resources						
Pension Related Amounts	143,581	277,671	-	-	143,581	277,671
Other Postemployment Benefits Related Amounts	179,542	164,314	-	-	179,542	164,314
Deferred Inflows from Leases	28,279	59,219	-	-	28,279	59,219
Total Deferred Inflows of Resources	351,402	501,204	-	-	351,402	501,204
Net Position						
Net Investment in Capital Assets	609,871,573	609,762,857	-	-	609,871,573	609,762,857
Restricted	264,319,596	236,174,325	-	-	264,319,596	236,174,325
Unrestricted	95,074,877	83,801,172	6,926,211	(1,128,896)	102,001,088	82,672,276
Total Net Position	$ 969,266,046	$ 929,738,354	$ 6,926,211	$ (1,128,896)	$ 976,192,257	$ 928,609,458

The City of Palmdale's Restricted Net Position of $264,319,596 represents resources that are subject to external restrictions on how they may be used. The Unrestricted Net Position of $102,001,088 may be used to meet the government's ongoing obligations to citizens and creditors. The Net Investment in Capital Assets is $609,871,573 which includes capital assets net of accumulated depreciation and reduced by the outstanding debt used to acquire those assets. 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. The flunctuation in Business-type activites is due to Energy for Palmdale's Independent Choice (EPIC). Fiscal Year 2023-24 was Epic's first full year after implementation. EPIC is Palmdale’s local energy provider operating under California’s Community Choice Aggregation (CCA) program. It enables the city to purchase cleaner electricity on behalf of residents and businesses while Southern California Edison (SCE) continues to handle power delivery, infrastructure maintenance, and billing. EPIC offers cleaner energy options, competitive rates and community investment. Revenues are reinvested into local programs such as EV charging infrastrutucture, solar incentives, and worforce development.

City of Palmdale

Management's Discussion and Analysis

City of Palmdale's Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023	Business-type Activities 2024	Business-type Activities 2023	Primary Government 2024	Primary Government 2023
Revenues:						
Program Revenues:						
Charges for Services	$ 62,374,710	$ 54,903,286	$ 67,424,984	$ 29,406,756	$ 129,799,694	$ 84,310,042
Operating Grants and Contributions	16,291,059	19,313,133	-	-	16,291,059	19,313,133
Capital Grants and Contributions	38,302,819	33,403,301	-	-	38,302,819	33,403,301
Total Program Revenues	116,968,588	107,619,720	67,424,984	29,406,756	184,393,572	137,026,476
General Revenue:						
Property Taxes	31,159,311	28,779,848	-	-	31,159,311	28,779,848
Sales and Use Taxes	50,073,637	50,484,537	-	-	50,073,637	50,484,537
Other Taxes	15,883,788	14,642,731	-	-	15,883,788	14,642,731
Unrestricted Investment Earnings/(Loss)	17,264,540	1,417,412	-	1,321	17,264,540	1,418,733
Other	9,086,732	2,666,630	-	-	9,086,732	2,666,630
Total General Revenues	123,468,008	97,991,158	-	1,321	123,468,008	97,992,479
Total Revenues	240,436,596	205,610,878	67,424,984	29,408,077	307,861,580	235,018,955
Expenses:						
General Government	41,711,266	31,726,963	-	-	41,711,266	31,726,963
Public Safety	41,218,066	38,133,053	-	-	41,218,066	38,133,053
Public Service	84,937,841	75,322,520	-	-	84,937,841	75,322,520
Community Development	12,192,625	12,005,237	-	-	12,192,625	12,005,237
Culture and Recreation	15,987,459	13,634,111	-	-	15,987,459	13,634,111
Health and Welfare	550,969	588,116	-	-	550,969	588,116
Transportation	-	305,266	-	-	-	305,266
Interest on Long-term Debt	4,310,678	2,555,060	-	-	4,310,678	2,555,060
Palmdale CCA	-	-	59,369,877	29,459,055	59,369,877	29,459,055
Total Expenses	200,908,904	174,270,326	59,369,877	29,459,055	260,278,781	203,729,381
Transfers	-	1,077,918	-	(1,077,918)	-	-
Change in Net Position	39,527,692	32,418,470	8,055,107	(1,128,896)	47,582,799	31,289,574
Net Position, Beginning of Year	929,738,354	897,138,235	(1,128,896)	-	928,609,458	897,138,235
Change in Accounting Principle GASB 96	-	181,649	-	-	-	181,649
Net Position, Beginning of Year as restated	929,738,354	897,319,884	(1,128,896)	-	928,609,458	897,319,884
Net Position, End of Year	$ 969,266,046	$ 929,738,354	$ 6,926,211	$ (1,128,896)	$ 976,192,257	$ 928,609,458

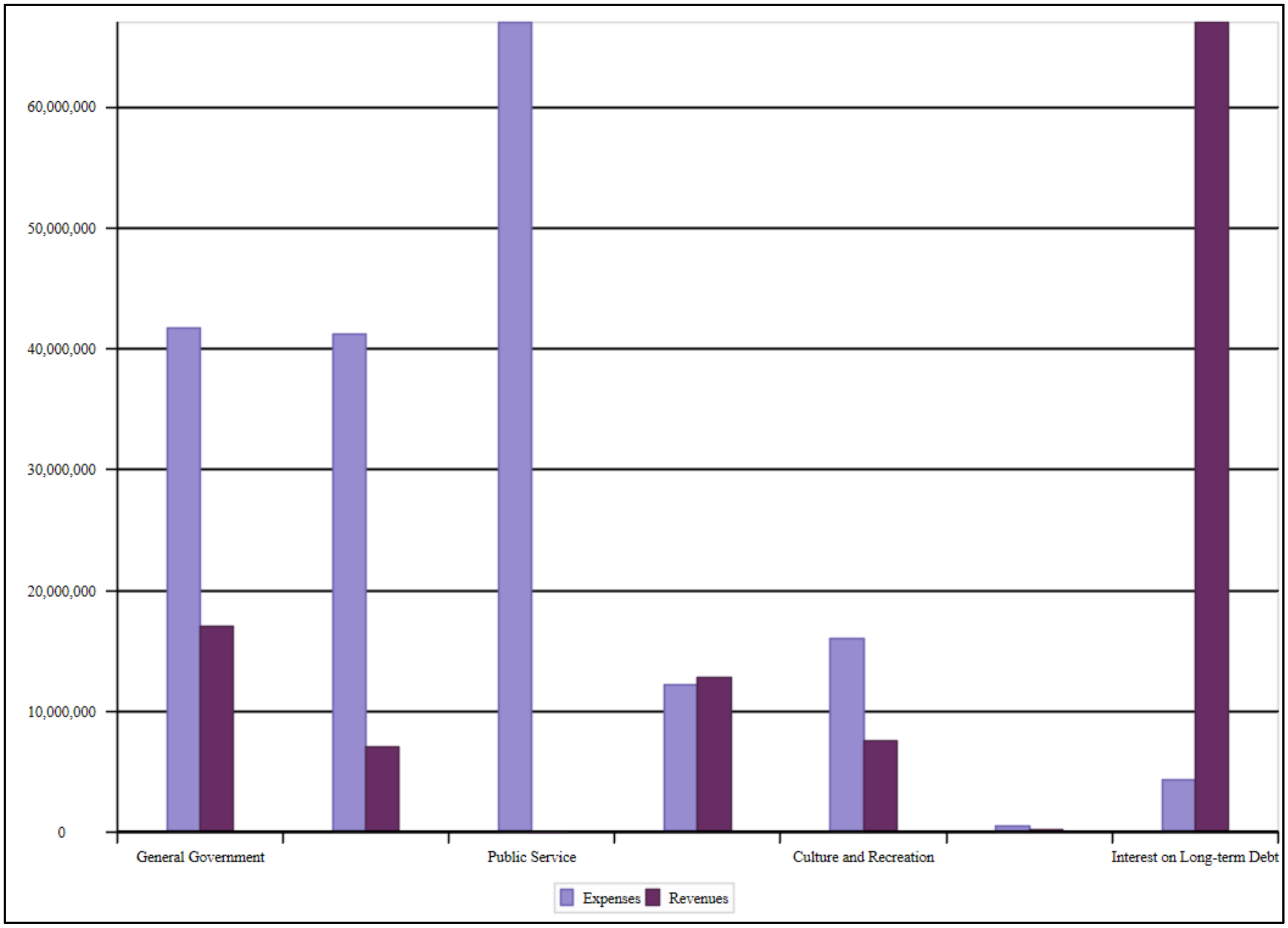
Governmental Activities. Governmental activities increased the City of Palmdale’s net position by $39,527,692 or 4.25 percent, during the Fiscal Year 2023-24. Key elements of the Governmental activities Net Position increase are as follows:

- Charges for Services increased by $7,471,424 or 13.6 percent primarily due to inflationary pressure.
- Operating Grants and Contributions decreased by $3,022,074 or 15.7 percent from the prior fiscal year primarily due to the allocation of American Rescue Plan Act Funds.
- Capital Grants and Contribution proceeds increased by $4,899,518 or 14.7 percent primarily due capital grants awarded during the year for park improvements and other capital projects.
- The City reported increases in Property Taxes of $2,379,463 or 8.3 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 increased by $1,241,057 or 8.5 percent primarily due to increases in franchise tax, transient occupancy tax, motor vehicle license fees and decreases in business license tax and property transfer tax.
- The City’s Unrestricted Investment Earnings increased by $15,847,128 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 $6,420,102 or 240.8 percent due to the sale of City owned property that occurred during the year.
- General Government expenses increased by $9,984,303, or 31.5 percent primarily due to a liability insurance settlement claim paid during the Fiscal Year.
- Public Safety expenses increased $3,085,013 or 8.1 percent. This is largely due to the budgeted increase in the County Sheriff’s contract for services.
- Public Service expenses increased $9,615,321 or 12.8 percent. This is primarily due to City services increasing for programs such as illegal dumping and graffiti abatement.
- Community Development expenses increased $187,388 or 1.6 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 $2,353,348 or 17.3 percent primarily due to park and water park repairs and refurbishments.
- Health and Welfare expenses decreased $37,147 or 6.32 percent due to project studies and demolition expenses.
- Interest on Long-Term Debt increased by $1,755,618 or 68.7 percent due to the newly issued lease revenue bonds series 2023A and 2023B and cost of issuance.

City of Palmdale

Management's Discussion and Analysis

Program Expenses and Program Revenues-Governmental Activities

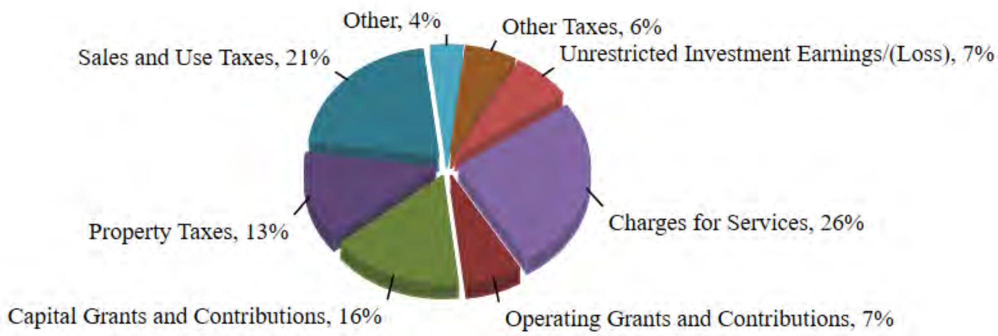


The Statement of Activities reflects total expenses of $200,908,904. Total Revenues in the Statement of Activities for the Year Ended June 30, 2024 were $240,436,596. Of this amount, $116,968,588 of the resources came from Program Revenues, and $123,468,008 came from General Revenues received by the government. The largest revenues are Charges for Services, followed by Sales Tax, Capital Grants and Contributions, Property Taxes, and Other Taxes.

City of Palmdale

Management's Discussion and Analysis

Revenues by Source-Governmental Activities



City of Palmdale

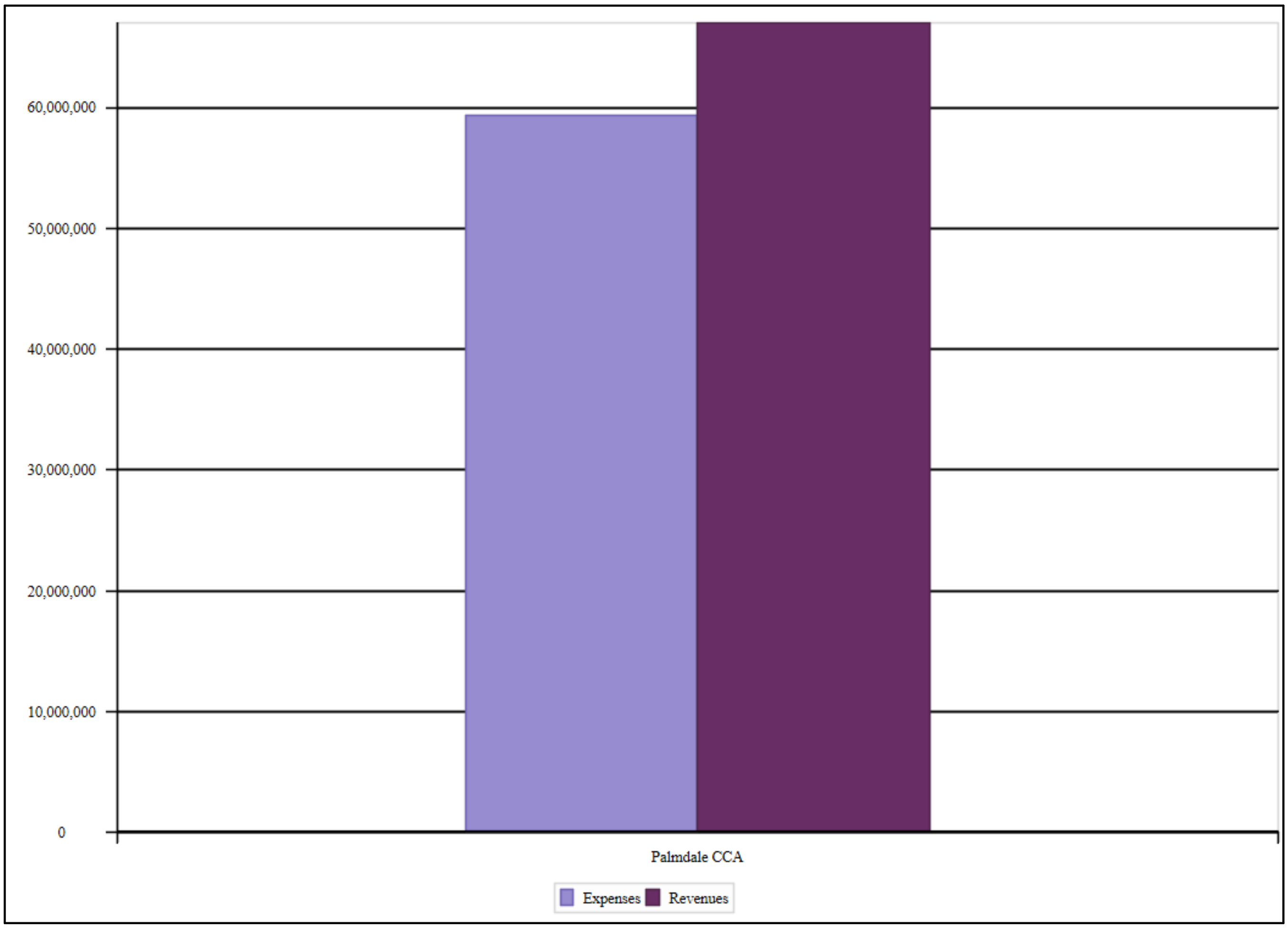
Management's Discussion and Analysis

Business-Type Activities. Total net position for business-type activities for Palmdale Community Choice Aggregate (Palmdale-CCA) totaled $6,926,211 for the Fiscal Year 2023-24. Key elements of this year's activity in relation to the prior year are as follows:

- Charges for services were $67,424,984 for the Fiscal Year 2023-24 as the program began its operations starting on October 1, 2022.

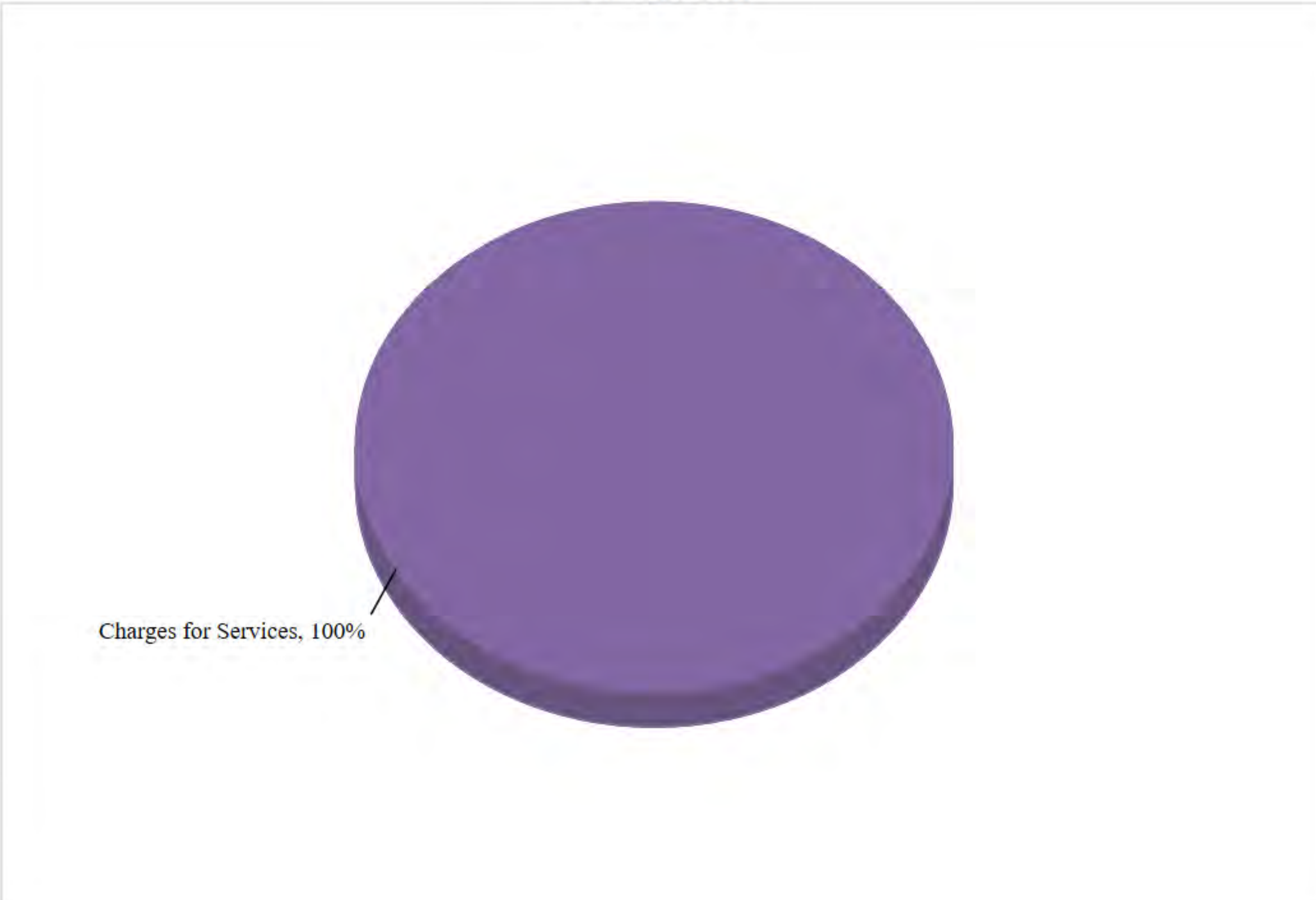
- Overall expenses were $59,369,877 as operational expenses officially began in the Fiscal Year 2023-24.

Program Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities

Palmdale CCA



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.

City of Palmdale

Management's Discussion and Analysis

As of the end of the Fiscal Year 2023-24, the City of Palmdale's Governmental Funds reported Combined Ending Fund Balances of $415,889,480, an increase of $64,742,750 over the prior year. The General Fund is the chief operating fund of the City of Palmdale. At the end of Fiscal Year 2023-24, the Total Fund Balance of the General Fund was $102,985,690. Of the Total Fund Balance:

- **Nonspendable Fund Balance** totaled $1,825,542. "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 $1,173,952; Deposits and Prepaids totaling $651,590.

- **Restricted Fund Balance** totaling $335,220,857. "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 9,763,960.

- **Assigned Fund Balance** totaling $11,004,526. "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 $303,175 and Health Insurance obligations totaling $8,476,981.

- **Unassigned Fund Balance** totaling $67,838,555. "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 2023-24 the Unassigned Fund Balance in the General Fund is 78.1 percent of Total Fund Balance for the General Fund and 90.2 percent of Total General Fund Expenditures.

The Housing Authority - Housing Asset Fund has a Fund Balance of $48,391,728 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 $1,294,697 in the Fiscal Year 2023-24, primarily due to cost and expenditures exceeding program revenue. Program revenues were $799,298, primarily due to gains on investments, and expenditures were $2,333,678 in Fiscal Year 2023-24. 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 2023-24 was at a deficit of $2,462,215. The deficit was reduced by $1,918,226 as the result of a decline in operating expenditures and capital outlay. 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, 2024, the ARPA fund had total revenues of $11,445,576 and total expenditures of $9,416,435 resulting in an increase in the fund balance of $2,029,141. The fund balance at the beginning of the year was $323,465. The beginning fund balance with this net increase results in a fund balance at fiscal year end of $2,352,606.

Measure AV Fund - For the fiscal year ended June 30, 2024, Measure AV had total revenues of $23,387,916, leases issued of $419,161 and total expenditures of $26,756,688 resulting in a decrease in the fund balance of $2,949,611. The fund balance at the beginning of the year was $24,565,678. The beginning fund balance with this net decrease results in a fund balance at fiscal year end of $21,616,067.

Local Transportation Article 8 - For the fiscal year ended June 30, 2024, Local Transportation Article 8 had no revenues, a transfer out of $23,812 and total expenditures of $7,860,847 resulting in a decrease in the fund balance of $7,884,659. The fund balance at the beginning of the year was $2,720,834. The beginning fund balance with this net decrease results in a fund balance at fiscal year end of ($5,163,825).

General Fund Budgetary Highlights

Differences between original budget and final budget resulted in an increase of appropriations for General Fund expenditures of $5,186,720 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 $7,716,596 decrease in appropriations and can be briefly summarized as follows:

- $647,617 decrease in General Governmental expenditures as a result of vacancies in various departments.
- $2,392,518 decrease in Public Safety expenditures as a result of a multi-year I.T. project implementation.
- $3,056,626 decrease in Public Services expenditures primarily due to supply shortages of fleet equipment.
- $253,286 decrease in Community Development program expenditures.
- $1,421,862 decrease in Parks and Recreation program expenditures (see paragraph below).
- $51,903 increase in capital outlay expenditures.
- $3,410 increase in Debt Service Principal and 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 2023-24 (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.

Capital Assets and Debt Administration

Capital Assets. The City of Palmdale's investment in capital assets for Governmental Activities as of June 30, 2024, amounts to $667,140,075 (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 $3,760,399 in Fiscal Year 2023-24 as compared to prior year 2022-23.

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

	Governmental Activities 2024	Governmental Activities 2023
Land and Improvements	$ 122,859,592	$ 122,859,592
Intangible Assets	153,090	153,090
Construction in Progress	63,516,507	30,834,212
Buildings and Structures	51,025,604	53,206,455
Improvements Other than Buildings	865,093	1,018,329
Infrastructure	418,238,388	452,568,964

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

	Governmental Activities 2024	Governmental Activities 2023
Machinery and Equipment	7,937,446	7,407,096
Right to Use Assets	2,544,355	2,852,736
	$ 667,140,075	$ 670,900,474

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

- Additions of Improvements other than Building totaling $117,899
- Additions of Construction In Progress totaling $38,085,297.
- Additions of Machinery and Equipment totaling $1,980,549.
- Additions of Infrastructure Improvement totaling $1,942,735.
- Additions of Total Accumulated Depreciation totaling $39,384,949.
- Deletions of Depreciated and Non-Depreciated Assets totaling $7,142,882.

Additional information on the City of Palmdale's capital assets can be found on page 64, Note 11.

Long-Term Debt. At the end of the current fiscal year, the City of Palmdale had total bonded debt outstanding of $81,161,996. 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 Financing Authority (PFA). The rentals will be used by the 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 2024	Governmental Activities 2023
Lease Revenue Bonds	$ 50,190,000	$ 15,105,000
Mortgage Revenue Bonds	3,540,000	3,640,000
Certificates of Participation	27,250,006	29,438,552
Bond Premiums	181,990	205,834
Loans & Direct Borrowings	11,450,485	12,573,357
Financing Arrangements	3,078,523	3,566,927
Total	$ 95,691,004	$ 64,529,670

The City of Palmdale’s Total Long-Term Liabilities total was $95,691,004 of which $81,161,996 was Revenue Bonds, Mortgage Revenue Bonds, Certificates of Participation and Bond Premiums as noted on the schedule above. The increase in lease revenue bonds is due to the newly issued series 2023A and 2023B bonds.

The remainder of the debt was comprised of Financial Arrangements Payable for Equipment Leases totaling $3,078,523; Notes Payable for Street Light Acquisition totaling $7,767,112; Section 108 HUD Loan totaling $701,000; HOME Loan totaling $2,850,000; SCE Parks LED Retrofit OBF A-5962 totaling $78,441; SCE LED Retrofit OBF A-5807 totaling $4,042, and SCE

LED Retrofit OBF A-7251 totaling $49,890.

Additional information on the City of Palmdale's long-term debt can be found on pages 66-76 Note 13.

Economic Factors and Next Year's Budget

The City took into consideration the following factors in preparing the budget for the 2024-25 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 2023-24 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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	$ 18,037,970	$ 7,147,445	$ 25,185,415
Investments	338,002,139	-	338,002,139
Accounts Receivable	30,401,693	17,875,541	48,277,234
Interest Receivable	10,663,376	-	10,663,376
Property Tax Receivable	688,961	-	688,961
Due from Other Governmental Units	11,773,684	-	11,773,684
Notes and Liens	35,887,109	-	35,887,109
Deposits and Prepaids	761,590	-	761,590
Internal Balances	11,009,057	(11,009,057)	-
Land Held for Development	3,249,136	-	3,249,136
Short-term Lease Receivable	29,337	-	29,337
Restricted Assets:			
Cash and Investments	52,865,088	-	52,865,088
Capital Assets and Right to Use Assets:			
Not Being Depreciated:			
Land	122,859,592	-	122,859,592
Water Credit CFD 16-1	153,090	-	153,090
Construction in Progress	63,516,507	-	63,516,507
Being Depreciated/Amortized, Net of Accumulated Depreciation/Amoritzation:			
Buildings and Structures	51,025,604	-	51,025,604
Machinery, Equipment, and Other Improvements	7,937,446	-	7,937,446
Improvements Other than Buildings	865,093	-	865,093
Infrastructure	418,238,388	-	418,238,388
Machinery and Equipment - Right to Use	312,042	-	312,042
SBITA Assets	2,232,313	-	2,232,313
Total Assets	1,180,509,215	14,013,929	1,194,523,144
Deferred Outflows of Resources			
Pension Related Amounts	19,307,580	-	19,307,580
Other Postemployment Benefits Related Amounts	97,298	-	97,298
Total Deferred Outflows of Resources	19,404,878	-	19,404,878

See Notes to Financial Statements

City of Palmdale
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable	18,772,340	5,636,386	24,408,726
Accrued Salaries and Employee Benefits	3,033,794	-	3,033,794
Due to Other Governmental Units	18,479	-	18,479
Deposits	9,903,202	1,451,332	11,354,534
Accrued Interest Payable	2,205,051	-	2,205,051
Unearned Revenue	25,777,094	-	25,777,094
Noncurrent Liabilities:			
Due within One Year	14,879,798	-	14,879,798
Due in More than One Year	91,719,893	-	91,719,893
Net Pension Liability	63,827,542	-	63,827,542
Net OPEB Liability	159,452	-	159,452
Total Liabilities	230,296,645	7,087,718	237,384,363
Deferred Inflows of Resources			
Pension Related Amounts	143,581	-	143,581
Other Postemployment Benefits Related Amounts	179,542	-	179,542
Deferred Inflows from Leases	28,279	-	28,279
Total Deferred inflows of resources	351,402	-	351,402
Net Position			
Net Investment in Capital Assets	609,871,573	-	609,871,573
Restricted			
Capital Projects	7,256,292	-	7,256,292
Public Safety	17,216,917	-	17,216,917
Public Services	163,518,704	-	163,518,704
Community Development	63,325,807	-	63,325,807
Debt Service	77,780	-	77,780
Culture and Recreation	12,924,096	-	12,924,096
Unrestricted	95,074,877	6,926,211	102,001,088
Total Net Position	$ 969,266,046	$ 6,926,211	$ 976,192,257

See Notes to Financial Statements

City of Palmdale
Statement of Activities
For the Year Ended June 30, 2024

		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	$ 41,711,266	$ 7,563,083	$ 9,484,443	$ -	$ (24,663,740)	$ -	$ (24,663,740)
Public Safety	41,218,066	6,555,792	521,701	-	(34,140,573)	-	(34,140,573)
Community Development	12,192,625	8,361,154	4,421,009	-	589,538	-	589,538
Cultural and Recreational	15,987,459	7,507,733	94,853	-	(8,384,873)	-	(8,384,873)
Health and Welfare	550,969	191,420	-	-	(359,549)	-	(359,549)
Public Service	84,937,841	32,195,528	1,769,053	38,302,819	(12,670,441)	-	(12,670,441)
Interest on Long-term Debt	4,310,678	-	-	-	(4,310,678)	-	(4,310,678)
Total Governmental Activities	200,908,904	62,374,710	16,291,059	38,302,819	(83,940,316)	-	(83,940,316)
Business-type Activities:							
Palmdale CCA	59,369,877	67,424,984	-	-	-	8,055,107	8,055,107
Total Business-type Activities	59,369,877	67,424,984	-	-	-	8,055,107	8,055,107
Total Primary Government	$ 260,278,781	$ 129,799,694	$ 16,291,059	$ 38,302,819	$ (83,940,316)	$ 8,055,107	$ (75,885,209)
General revenues and transfers:							
Taxes:							
Property Taxes					$ 31,159,311	$ -	$ 31,159,311
Sales and Use Taxes					50,073,637	-	50,073,637
Unrestricted Motor Vehicle in Lieu					209,159	-	209,159
Franchise Taxes					9,581,190	-	9,581,190
Transient Occupancy Taxes					5,096,411	-	5,096,411
Property Transfer Taxes					478,671	-	478,671
Business License Taxes					518,357	-	518,357
Unrestricted Investment Earnings/(Loss)					17,264,540	-	17,264,540
Other					9,086,732	-	9,086,732
Total General Revenues and Transfers					123,468,008	-	123,468,008
Change in Net Position					39,527,692	8,055,107	47,582,799
Net Position - Beginning of Year					929,738,354	(1,128,896)	928,609,458
Net Position - End of Year					$ 969,266,046	$ 6,926,211	$ 976,192,257

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.

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

City of Palmdale
Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Special Revenue Funds: HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Local Transportation Article 8	Nonmajor Governmental Funds	Total Governmental Funds
Assets:								
Cash	$ 13,227,157	$ -	$ 3,161,190	$ -	$ -	$ -	$ 271,962	$ 16,660,309
Investments	64,156,249	9,109,219	1,452,850	15,632,729	21,959,254	1,664,609	224,146,259	338,121,169
Receivables:								
Accounts and Interest Receivable	6,906,140	6,185,366	172,316	266,189	3,984,554	10,395,000	13,134,611	41,044,176
Property Tax Receivable	405,002	-	-	-	-	-	283,959	688,961
Due from Other Funds	33,297,267	-	-	-	-	-	62	33,297,329
Due from Custodial Funds	329,984	-	-	-	-	-	-	329,984
Advances Due from Fiduciary Funds	1,173,952	4,659,777	-	-	-	-	583,859	6,417,588
Due from Other Governmental Units	5,013,603	-	-	-	-	-	-	5,013,603
Notes and Liens	-	25,354,495	-	48,677	-	-	10,483,937	35,887,109
Interfund Promissory Note	-	5,278,333	-	-	-	-	-	5,278,333
Advances Due from Other Funds	5,000,000	1,186,001	-	-	-	-	3,800,000	9,986,001
Deposits and Prepaid	651,590	-	-	-	-	-	110,000	761,590
Short-term Lease Receivable	29,337	-	-	-	-	-	-	29,337
Restricted Assets:								
Investments	9,763,960	3,019,115	-	-	-	-	38,467,678	51,250,753
Cash	-	-	1,614,335	-	-	-	-	1,614,335
Land Held for Development	-	3,249,136	-	-	-	-	-	3,249,136
Total Assets	$ 139,954,241	$ 58,041,442	$ 6,400,691	$ 15,947,595	$ 25,943,808	$ 12,059,609	$ 291,282,327	$ 549,629,713
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities:								
Accounts Payable	10,488,781	48,127	317,206	489,876	4,327,741	369,554	5,597,054	21,638,339
Due to Fiduciary Funds	4,405	-	-	-	-	-	1,565	5,970
Due to Other Funds	-	12,509	-	-	-	6,458,880	13,781,360	20,252,749
Self Insurance Liability	6,682,269	-	-	-	-	-	-	6,682,269
Advances Due to Other Funds	-	-	1,186,001	-	-	-	8,800,000	9,986,001
Interfund Promissory Note	-	-	5,278,333	-	-	-	-	5,278,333
Deposits	5,958,986	-	163,140	-	-	-	3,781,076	9,903,202
Unearned Revenue	8,667,342	3,880,000	-	13,105,113	-	-	124,639	25,777,094
Notes Payable	150,674	-	-	-	-	-	3,305	153,979
Total Liabilities	31,952,457	3,940,636	6,944,680	13,594,989	4,327,741	6,828,434	32,088,999	99,677,936
Deferred Inflows of Resources								
Unavailable Revenue	4,987,815	5,709,078	-	-	-	10,395,000	12,942,125	34,034,018
Deferred Inflows Related to Lease Receivables	28,279	-	-	-	-	-	-	28,279
Total Deferred Inflows of Resources	5,016,094	5,709,078	-	-	-	10,395,000	12,942,125	34,062,297
Fund Balances								
Nonspendable	1,825,542	-	-	-	-	-	-	1,825,542
Restricted	9,763,960	48,391,728	-	2,352,606	21,616,067	-	253,096,496	335,220,857
Assigned	11,004,526	-	-	-	-	-	-	11,004,526
Unassigned	80,391,662	-	(543,989)	-	-	(5,163,825)	(6,845,293)	67,838,555
Total Fund Balances (Deficits)	102,985,690	48,391,728	(543,989)	2,352,606	21,616,067	(5,163,825)	246,251,203	415,889,480
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 139,954,241	$ 58,041,442	$ 6,400,691	$ 15,947,595	$ 25,943,808	$ 12,059,609	$ 291,282,327	$ 549,629,713

See Notes to Financial Statements

City of Palmdale
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Fund Balances - Total Governmental Funds		$ 415,889,480
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	1,455,247,163	
Less Accumulated Amortization and Depreciation	(796,949,975)	658,297,188
Accounts receivable not available to pay for current-period expenditures are unavailable in the funds.		34,034,018
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		(2,173,138)
Deferred outflows related to pensions and OPEB benefits are not reported in the Governmental Fund Balance Sheet.		
Deferred Outflows Related to Pensions		19,307,580
Deferred Outflows Related to OPEB Benefits		97,298
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	(3,923,242)	
Claims Payable	(303,175)	
Lease Liability	(272,911)	
Net Pension Liability	(63,827,542)	
Net OPEB liabilities	(159,452)	
Financing Leases Payable	(716,337)	
SCE LED Notes Payable	21,606	
Notes Payable	(11,318,112)	
Bonds & Certificates of Participation Payable	(80,982,045)	
Plus Issuance Premiums	(179,951)	(161,661,161)
Deferred inflows related to pensions and OPEB benefits are not reported in the Governmental Funds Balance Sheet.		
Deferred Inflows Related to Pensions		(143,581)
Deferred Inflows Related to OPEB Benefits		(179,542)
Internal service fund net position less business-type allocation		5,797,904
Net Position of Governmental Activities		$ 969,266,046

See Notes to Financial Statements

City of Palmdale
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2024

		Special Revenue Funds						
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Local Transportation Article 8	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	$ 31,244,698	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,244,698
Sales Taxes	27,486,027	-	-	-	22,587,610	-	-	50,073,637
Other Taxes	15,031,221	-	-	-	-	-	5,433,884	20,465,105
Subventions and Grants	-	-	-	9,416,435	-	-	24,514,011	33,930,446
Park Development Fees	-	-	-	-	-	-	677,938	677,938
Licenses and Permits	6,204,945	-	-	-	-	-	94,444	6,299,389
Motor Vehicle License Fees	209,159	-	-	-	-	-	-	209,159
Fines and Forfeitures	1,345,887	-	-	-	-	-	281,659	1,627,546
Special Assessments	-	-	-	-	-	-	22,641,328	22,641,328
Use of Property	1,040,183	-	8,102,810	-	-	-	-	9,142,993
Charges for Current Services	6,837,890	192,392	-	-	-	-	2,786,186	9,816,468
Drainage Fees	-	-	-	-	-	-	5,085,662	5,085,662
Traffic Impact Fees	-	-	-	-	-	-	2,025,899	2,025,899
Facilities Impact Fees	-	-	-	-	-	-	2,028,686	2,028,686
Interfund Interest	119,600	-	-	-	-	-	83,962	203,562
Interest	3,313,250	484,919	31,791	1,809,220	496,487	-	5,288,195	11,423,862
Net Increase (Decrease) in Fair Value of Investments	1,800,459	121,987	19,414	206,721	303,819	-	3,026,205	5,478,605
Developer Contributions	-	-	-	-	-	-	40,941	40,941
State Contributions	-	-	-	-	-	-	3,219,305	3,219,305
Other Agency Contributions	-	-	-	-	-	-	34,852	34,852
Federal Grants	25,000	-	-	-	-	-	-	25,000
County Contributions	-	-	-	-	-	-	158,083	158,083
Other Revenue	4,803,860	-	-	13,200	-	-	431,879	5,248,939
Lease Interest	1,082	-	-	-	-	-	-	1,082
Total Revenues	99,463,261	799,298	8,154,015	11,445,576	23,387,916	-	77,853,119	221,103,185
Expenditures:								
Current:								
General Government	31,634,743	-	-	-	318,249	137,716	1,663,852	33,754,560
Public Safety	29,574,122	-	-	-	9,227,425	-	679,803	39,481,350
Public Services	13,251,684	-	-	3,975,204	408,974	7,382,122	16,301,609	41,319,593
Community Development	1,004,334	2,333,678	5,263,269	-	274,343	-	2,158,474	11,034,098
Cultural and Recreational	9,328,598	-	-	-	1,200,964	-	2,136,884	12,666,446
Health and Welfare	-	-	-	-	-	-	287,609	287,609
Capital Outlay	1,981,113	-	405,164	5,441,231	15,180,483	341,009	21,431,711	44,780,711
Debt Service:								
Principal	1,675,826	-	100,000	-	146,250	-	3,869,543	5,791,619
Interest	643,414	-	175,326	-	-	-	2,305,037	3,123,777
Interfund Interest	-	-	-	-	-	-	203,562	203,562
Cost of Issuance	-	-	-	-	-	-	1,048,943	1,048,943
Total Expenditures	89,093,834	2,333,678	5,943,759	9,416,435	26,756,688	7,860,847	52,087,027	193,492,268
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,369,427	(1,534,380)	2,210,256	2,029,141	(3,368,772)	(7,860,847)	25,766,092	27,610,917
Other Financing Sources (Uses)								
Transfers In	4,823,544	292,030	-	-	-	-	8,803,567	13,919,141
Transfers Out	(4,783,601)	(52,347)	(292,030)	-	-	(23,812)	(9,267,352)	(14,419,141)
Premium on Issuance of Long-term Debt	-	-	-	-	-	-	59,130	59,130
Leases Issued	-	-	-	-	419,161	-	-	419,161
Issuance of Long-term Debt	-	-	-	-	-	-	37,160,000	37,160,000
Refunding Debt	-	-	-	-	-	-	3,770,000	3,770,000
Payment to Refunding Bond Escrow Agent	-	-	-	-	-	-	(3,776,459)	(3,776,459)
Total Other Financing Sources (Uses)	39,943	239,683	(292,030)	-	419,161	(23,812)	36,748,886	37,131,831
Net Change in Fund Balances	10,409,370	(1,294,697)	1,918,226	2,029,141	(2,949,611)	(7,884,659)	62,514,978	64,742,748
Fund Balances (Deficit) - Beginning of Year, as Previously Reported	92,576,320	49,686,425	(2,462,215)	323,465	24,565,678	-	186,457,059	351,146,732
Restatement of fund balance to establish new fund	-	-	-	-	-	2,720,834	(2,720,834)	-
Fund Balances, Beginning of Year as Restated	92,576,320	49,686,425	(2,462,215)	323,465	24,565,678	2,720,834	183,736,225	351,146,732
Fund Balances (Deficit) - End of Year	$ 102,985,690	$ 48,391,728	$ (543,989)	$ 2,352,606	$ 21,616,067	$ (5,163,825)	$ 246,251,203	$ 415,889,480

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, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 64,742,748
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	35,026,106	
Less Depreciation Expense	(38,213,265)	
Lease Amortization Expense	(138,623)	
Gain(Loss) on Sale of Capital Assets	(490,551)	(3,816,333)
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.		12,897,811
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.		
Bond Proceeds		(37,160,000)
Principal Repayments:		
Financing Arrangements	188,523	
Lease Payments	178,553	
Notes Payable	1,060,997	
Bonds & Certificates of Participation Payable	4,287,433	5,715,506
Internal Service Fund Change in Net Position with Business-type Allocation		(2,527,551)
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	30,212	
Self Insurance Liability Claims Payable	4,032,597	
Pension Expense	(4,255,886)	
OPEB Expense	(155,573)	
Accrued Interest on Debt	(17,076)	
Amortization of Bond Premiums	34,778	
Payment to Refunding Escrow Agent	6,459	(324,489)
Change in Net Position of Governmental Activities		$ 39,527,692

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Property Taxes	$ 26,889,450	$ 31,175,190	$ 31,244,698	$ 69,508
Sales Taxes	28,265,620	27,770,810	27,486,027	(284,783)
Other Taxes	12,826,710	14,638,670	15,031,221	392,551
Licenses and Permits	3,418,270	6,646,090	6,204,945	(441,145)
Motor Vehicle License Fees	180,000	209,160	209,159	(1)
Fines and Forfeitures	549,800	555,290	1,345,887	790,597
Use of Property	1,032,270	1,035,570	1,040,183	4,613
Charges for Current Services	7,650,710	7,749,480	6,837,890	(911,590)
Interfund Interest	119,600	119,600	119,600	-
Interest	800,000	800,000	3,313,250	2,513,250
Net Increase (Decrease) in Fair Value of Investments	-	-	1,800,459	1,800,459
Federal Grants	-	-	25,000	25,000
Other Revenue	10,718,320	4,282,030	4,803,860	521,830
Interest Revenue	-	-	1,082	1,082
Total Revenues	92,450,750	94,981,890	99,463,261	4,481,371
Expenditures:				
Current:				
General Government	26,945,580	32,282,360	31,634,743	647,617
Public Safety	31,780,780	31,966,640	29,574,122	2,392,518
Public Services	16,572,950	16,308,310	13,251,684	3,056,626
Community Development	1,573,700	1,257,620	1,004,334	253,286
Cultural and Recreational	11,075,100	10,750,460	9,328,598	1,421,862
Capital Outlay	1,405,680	1,929,210	1,981,113	(51,903)
Debt service:				
Principal	1,627,860	1,671,340	1,675,826	(4,486)
Interest	642,060	644,490	643,414	1,076
Total Expenditures	91,623,710	96,810,430	89,093,834	7,716,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	827,040	(1,828,540)	10,369,427	12,197,967
Other Financing Sources (Uses):				
Transfers In	4,891,800	4,966,150	4,823,544	(142,606)
Transfers Out	(4,715,660)	(5,514,640)	(4,783,601)	731,039
Capital Contributions	(1,250,000)	(1,250,000)	-	1,250,000
Total Other Financing Sources (Uses)	(1,073,860)	(1,798,490)	39,943	1,838,433
Net Change in Fund Balance	(246,820)	(3,627,030)	10,409,370	14,036,400
Fund Balance - Beginning of Year	92,576,320	92,576,320	92,576,320	-
Fund Balance (Deficit) - End of Year	$ 92,329,500	$ 88,949,290	$ 102,985,690	$ 14,036,400

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for Current Services	$ 184,930	$ 194,130	$ 192,392	$ (1,738)
Interest	675,300	100,000	484,919	384,919
Net Increase (Decrease) in Fair Value of Investments	-	-	121,987	121,987
Other Revenue	250,000	250,000	-	(250,000)
Total Revenues	1,110,230	544,130	799,298	255,168
Expenditures:				
Current:				
Community Development	5,036,740	4,215,690	2,333,678	1,882,012
Total Expenditures	5,036,740	4,215,690	2,333,678	1,882,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,926,510)	(3,671,560)	(1,534,380)	2,137,180
Other Financing Sources (Uses):				
Transfers In	1,355,140	1,358,510	292,030	(1,066,480)
Transfers Out	(55,500)	(55,500)	(52,347)	3,153
Total Other Financing Sources (Uses)	1,299,640	1,303,010	239,683	(1,063,327)
Net Change in Fund Balance	(2,626,870)	(2,368,550)	(1,294,697)	1,073,853
Fund Balance (Deficit) - Beginning of Year	49,686,425	49,686,425	49,686,425	-
Fund Balance (Deficit) - End of Year	$ 47,059,555	$ 47,317,875	$ 48,391,728	$ 1,073,853

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Use of Property	$ 7,412,960	$ 8,235,700	$ 8,102,810	$ (132,890)
Interest	8,700	8,700	31,791	23,091
Net Increase (Decrease) in Fair Value of Investments	-	-	19,414	19,414
Total Revenues	7,421,660	8,244,400	8,154,015	(90,385)
Expenditures:				
Current:				
Community Development	5,943,670	5,817,520	5,263,269	554,251
Capital Outlay	421,000	336,000	405,164	(69,164)
Debt Service:				
Principal	99,300	100,000	100,000	-
Interest	183,600	176,200	175,326	874
Total Expenditures	6,647,570	6,429,720	5,943,759	485,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	774,090	1,814,680	2,210,256	395,576
Other Financing Sources (Uses):				
Transfers Out	(1,360,640)	(1,358,510)	(292,030)	1,066,480
Total Other Financing Sources (Uses)	(1,360,640)	(1,358,510)	(292,030)	1,066,480
Net Change in Fund Balance	(586,550)	456,170	1,918,226	1,462,056
Fund Balance (Deficit) - Beginning of Year	(2,462,215)	(2,462,215)	(2,462,215)	-
Fund Balance (Deficit) - End of Year	$ (3,048,765)	$ (2,006,045)	$ (543,989)	$ 1,462,056

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, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Subventions and Grants	$ 12,721,540	$ 15,779,110	$ 9,416,435	$ (6,362,675)
Interest	300,000	465,000	1,809,220	1,344,220
Net Increase (Decrease) in Fair Value of Investments	-	-	206,721	206,721
Other Revenue	-	13,200	13,200	-
Total Revenues	13,021,540	16,257,310	11,445,576	(4,811,734)
Expenditures				
Current				
Public Services	7,890,600	8,421,560	3,975,204	4,446,356
Capital Outlay	4,830,000	7,442,550	5,441,231	2,001,319
Total Expenditures	12,720,600	15,864,110	9,416,435	6,447,675
Excess (Deficiency) of Revenues Over Expenditures	300,940	393,200	2,029,141	6,082,297
Net Change in Fund Balance	300,940	393,200	2,029,141	6,082,297
Fund Balance (Deficit) - Beginning of Year	323,465	323,465	323,465	-
Fund Balance (Deficit) - End of Year	$ 624,405	$ 716,665	$ 2,352,606	$ 6,082,297

See Notes to Financial Statements

City of Palmdale

Statement of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
Measure AV Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales Taxes	$ 22,923,000	$ 22,580,000	$ 22,587,610	$ 7,610
Interest	-	-	496,487	496,487
Net Increase (Decrease) in Fair Value of Investments	-	-	303,819	303,819
Total Revenues	22,923,000	22,580,000	23,387,916	807,916
Expenditures				
Current				
General Government	688,140	625,500	318,249	307,251
Public Safety	9,963,320	9,459,330	9,227,425	231,905
Public Services	639,650	461,720	408,974	52,746
Community Development	2,540,000	520,000	274,343	245,657
Cultural and Recreational	1,411,890	1,373,740	1,200,964	172,776
Capital Outlay	18,279,660	21,519,540	15,180,483	6,339,057
Debt Service:				
Principal	-	-	146,250	(146,250)
Total Expenditures	33,522,660	33,959,830	26,756,688	7,203,142
Excess (Deficiency) of Revenues Over Expenditures	(10,599,660)	(11,379,830)	(3,368,772)	9,021,393
Other Financing Sources (Uses)				
Proceeds from Financing Related to Leases	-	-	419,161	419,161
Total other financing sources (uses)	-	-	419,161	419,161
Net Change in Fund Balance	(10,599,660)	(11,379,830)	(2,949,611)	9,440,554
Fund Balance (Deficit) - Beginning of Year	24,565,678	24,565,678	24,565,678	-
Fund Balance (Deficit) - End of Year	$ 13,966,018	$ 13,185,848	$ 21,616,067	$ 9,440,554

See Notes to Financial Statements

City of Palmdale
Statement of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
Local Transportation Article 8 Special Revenue Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Interest	$ 10,000	$ 10,000	$ -	$ (10,000)
Subventions and Grants	11,536,140	11,536,140	-	(11,536,140)
Total revenues	11,546,140	11,546,140	-	(11,546,140)
Expenditures				
Current				
General Government	290,540	155,000	137,716	17,284
Public Services	3,640,360	9,537,700	7,382,122	2,155,578
Capital Outlay	1,646,380	4,322,200	341,009	3,981,191
Total expenditures	5,577,280	14,014,900	7,860,847	6,154,053
Excess (Deficiency) of Revenues Over Expenditures	5,968,860	(2,468,760)	(7,860,847)	(3,219,225)
Other Financing Sources (Uses)				
Transfers Out	(116,200)	(116,200)	(23,812)	92,388
Total other financing sources (uses)	(116,200)	(116,200)	(23,812)	92,388
Net Change in Fund Balance	5,852,660	(2,584,960)	(7,884,659)	(3,126,837)
Fund Balance (Deficit) - Beginning of Year	2,720,834	2,720,834	2,720,834	-
Fund Balance (Deficit) - End of Year	$ 8,573,494	$ 135,874	$ (5,163,825)	$ (3,126,837)

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City of Palmdale
Statement of Net Position
Proprietary Funds
June 30, 2024

	Palmdale CCA	Internal Service Funds
Assets		
Current Assets		
Cash	$ 7,147,445	$ -
Investments	-	1,258,631
Receivables	17,875,541	20,893
Total Current Assets	25,022,986	1,279,524
Capital Assets		
Depreciable/Amortizable Capital Assets:		
Vehicles	-	12,793,836
Equipment	-	6,259,544
SBITA Assets	-	3,568,992
Less Accumulated Depreciation/Amortization	-	(13,779,485)
Capital Assets, Net	-	8,842,887
Total Assets	$ 25,022,986	$ 10,122,411
Liabilities		
Current Liabilities		
Accounts Payable	$ 5,636,386	$ 167,795
Interest Payable	-	31,913
Deposits	1,451,332	-
Subscription Liability	-	452,388
Due to Other Funds	10,951,344	2,093,236
Total Current Liabilities	18,039,062	2,745,332
Noncurrent Liabilities		
Subscription Liability	-	1,636,888
Total Liabilities	18,039,062	4,382,220
Net Position		
Net Investment in Capital Assets	-	6,753,611
Unrestricted	6,983,924	(1,013,420)
Total Net Position	$ 6,983,924	$ 5,740,191
Adjustment reflects consolidation of internal service fund activities related to enterprise funds	$ (57,713)	
Total Net Position of Business-type Activities	$ 6,926,211	

See Notes to Financial Statements

City of Palmdale

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

	Palmdale CCA	Internal Service Funds
Operating Revenues:		
Charges for Current Services	$ 67,363,604	$ 2,818,956
Other Revenue	61,380	57,931
Total Operating Revenues	67,424,984	2,876,887
Operating Expenses:		
Salaries, Wages and Benefits	190,437	1,781,771
Material and Supplies	5,913	965,791
Utilities	57,602,330	98,892
Administrative	10,289	14,813
Depreciation/Amortization	-	1,870,544
Repairs and Maintenance	-	1,302,930
Other Expenditures	104,504	2,766
Professional Services	1,387,798	-
Total Operating Expenses	59,301,271	6,037,507
Operating Income (Loss)	8,123,713	(3,160,620)
Nonoperating Revenues (Expenses)		
Interest Income	-	98,337
Net Realized and Unrealized Gains (Losses)	-	60,176
Interest Expense	-	(94,050)
Total Nonoperating Revenues (Expenses)	-	64,463
Transfers In	-	500,000
Transfers Out	-	-
Change in Net Position	8,123,713	(2,596,157)
Net Position - Beginning of Year	(1,139,789)	8,336,348
Net Position - End of Year	$ 6,983,924	$ 5,740,191

Adjustment reflects the consolidation of internal service fund activity related to enterprise funds	$ (68,606)
Change in Net Position of Business-type Activities	$ 8,055,107

See Notes to Financial Statements

City of Palmdale
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Palmdale CCA	Internal Service Funds
Cash from Operating Activities:		
Cash Received from Customers	$ 65,696,639	$ -
Cash Received from Interfund Services Provided	-	2,849,646
Cash Paid to Employees for Services	(190,437)	(1,781,771)
Cash Paid to Suppliers for Goods and Services	(59,639,579)	(2,376,042)
Cash (Paid)/Received for Other Services	-	57,931
Net Cash Provided (Used) by Operating Activities	5,866,623	(1,250,236)
Cash from Non Capital Financing Activities:		
Transfers from Other Funds	-	500,000
Transfers to Other Funds	-	374,144
Net Cash Provided (Used) by Noncapital Financing Activities	-	874,144
Cash from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	-	(1,397,372)
SBITA Arrangements	-	(753,074)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(2,150,446)
Cash from Investing Activities:		
Gain/(Loss) on Investments	-	60,176
Interest Income	-	77,444
Change in Investments	-	1,888,918
Net Cash Provided (Used) by Investing Activities	-	2,026,538
Net Increase/(Decrease) in Cash	5,866,623	(500,000)
Beginning Cash	1,280,822	500,000
Ending Cash	$ 7,147,445	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income/Loss from Operating Activities	$ 8,123,713	$ (3,160,620)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	-	1,870,544
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(7,429,301)	30,690
(Increase) Decrease in Due from Others	5,762,337	-
(Increase) Decrease in Prepaid Expenses	19,375	-
(Decrease) Increase in Accounts Payable	(709,531)	9,150
(Decrease) Increase in Wages Payable	(61,380)	-
(Decrease) Increase in Customer Deposits	161,410	-
Net Cash Provided (Used) by Operating Activities:	5,866,623	(1,250,236)
Schedule of Non-Cash Investing, Capital and Financing Activities		
Subscription Liability for the Acquisition of Rights to Use Subscription Asset	$ -	$ 109,941

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, 2024

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Assets:			
Cash	$ -	$ 12,017,466	$ 14,171
Cash - OPEB Trust Money Market Funds	133	-	-
Mutual Funds	4,738,111	-	-
Receivables			
Property Tax Receivable	-	-	22,979
Interest Receivable	-	75,152	-
Due from Other Governmental Units	-	4,405	1,565
Land Held for Development	-	146,788	-
Restricted Assets			
Cash and Investments	-	548,360	7,781,852
Interest Receivable	-	-	15,845
Capital Assets:			
Not Being Depreciated:			
Land	-	372,073	-
Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Structures	-	167,198	-
Total Assets	$ 4,738,244	$ 13,331,442	$ 7,836,412
Deferred Outflows of Resources			
Deferred Loss on Refunding	-	1,623,586	-
Liabilities:			
Accounts Payable	-	257,006	27,859
Advances Due to General Fund	-	1,173,952	329,984
Advances Due to City of Palmdale	-	4,659,777	583,859
Deposits	-	-	84,707
Interest Payable	-	912,656	-
Long-term Liabilities:			
Due within One Year	-	8,436,524	-
Due in More than One Year	-	54,288,879	-
Total Liabilities	-	69,728,794	1,026,409
Net Position			
Restricted:			
OPEB Benefits	4,738,244	-	-
Redevelopment Dissolution	-	(54,773,766)	-
Held on Behalf of Others	-	-	6,810,003
Total Net Position (Deficit)	$ 4,738,244	$ (54,773,766)	$ 6,810,003

See Notes to Financial Statements

City of Palmdale
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	OPEB Trust Funds	Successor Agency Private Purpose Trust Funds	Custodial
Additions:			
Employer Contributions to Retiree Medical Trust	$ 109,000	$ -	$ -
Property Taxes	-	70,360,649	-
Other Taxes	-	-	3,578,304
Investment and Interest Income	200,002	325,579	107,767
Net Realized and Unrealized Gains (Losses)	195,878	167,034	52,589
Total Additions	504,880	70,853,262	3,738,660
Deductions:			
Benefits Paid to Participants and Expenses	290,676	-	-
Administrative Expense	-	-	1,046,444
Community Development	-	1,547,455	-
Intergovernmental - Tax Sharing	-	61,084,264	-
Depreciation/Amortization	-	8,763	-
Interest Expense	-	1,828,085	987,764
Principal Payments on Long-term Debt	-	-	1,351,094
Total Deductions	290,676	64,468,567	3,385,302
Changes in Net Position	214,204	6,384,695	353,358
Net Position (Deficit) at Beginning of Year	4,524,040	(61,158,461)	6,456,645
Net Position (Deficit) at End of Year	$ 4,738,244	$ (54,773,766)	$ 6,810,003

See Notes to Financial Statements

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Notes to the Financial Statements

Palmdale, California

Year Ended June 30, 2024

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 Financing Authority (Authority), 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 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, 38250 Sierra Highway, Suite D, Palmdale, California 93550.

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.

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

1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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, 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.

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

1 - Summary of Significant Accounting Policies

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

Government-Wide Financial Statements

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 Fund, American Rescue Plan Act Fund, and Local Transportation Article 8 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 104 - 106.

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 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.

1 - Summary of Significant Accounting Policies

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

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. Fiduciary fund financial statements are reported using the economic resources measure focus and the full 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 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, 2024. 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, 2024.

1 - Summary of Significant Accounting Policies

Cash and Investments

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.

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

1 - Summary of Significant Accounting Policies

J. Capital Assets

Asset	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 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

1 - Summary of Significant Accounting Policies

N. Other Postemployment Benefits (OPEB)

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 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

1 - Summary of Significant Accounting Policies

P. Fund Balance

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, 2024 in the amount indicated:

Major Special Revenue Funds:		
Housing Authority Facilities Fund	$	(543,989)
Non-Major Special Revenue Funds:		
Federal Funds	$	(5,557,914)
Federal Jobs Program		(13,067)
Federal Home ARP Fund		(2,140)
Measure A LA County Parks		(6,350)
Measure R		(499,098)
Measure M		(141,310)
SAVES		(8,511)
State Grants Fund		(616,903)

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.

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

	Total	General Government	Public Safety	Public Services	Health and Welfare
Governmental Funds:					
Community Development Block Grant	$ 15,232	$ -	$ 5,320	$ 1,172	$ 8,740
Citywide Maintenance and Service Fund	6,413	6,413	-	-	-
Federal Funds - Special Revenue Fund	15,008	-	-	15,008	-
Fire Facilities Impact - Special Revenue Fund	8,721	8,721	-	-	-
Gas Tax - Special Revenue Fund	18,740	-	-	18,740	-
Measure R - Special Revenue Fund	37,302	-	-	37,302	-
Measure R - Local Returns	77,026	-	-	77,026	-
Measure M - Special Revenue Fund	19,622	-	-	19,622	-
Measure M Local return	18,173	-	-	18,173	-
Misc. Grant/Developer Contributions	1,252,466	1,236,497	-	15,969	-
Park Development - Special Revenue Fund	99,366	-	-	99,366	-
Proposition C - Special Revenue Fund	19,730	-	-	19,730	-
Prop C Local Return	93,930	-	-	93,930	-

1 - Summary of Significant Accounting Policies

R. Expenditures Exceeding Appropriations

	Total	General Government	Public Safety	Public Services	Health and Welfare
Road Maintenance and Rehab - Special Revenue Fund	34,512	-	-	34,512	-
Sewer Upgrade - Special Revenue Fund	137	-	-	137	-
Traffic Impact - Special Revenue Fund	16,805	-	-	16,805	-
States Grants Fund - Special Revenue Fund	19,571	-	-	19,571	-
CFD/Assessment Districts-Capital Projects Fund	1,686	936	-	750	-
Total Excess of Expenditures Over Appropriations	$ 1,754,440	$ 1,252,567	$ 5,320	$ 487,813	$ 8,740

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.

U. 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

1 - Summary of Significant Accounting Policies

U. Leases

incremental borrowing rate to calculate the present value of expected lease payments.

V. 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, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash	$	25,185,415
Investments		338,002,139
Restricted Cash and Investments		52,865,088
Total		416,052,642
Statement of Fiduciary Net Position:		
Cash		12,031,637
Cash - OPEB Trust Money Market Funds		133
Investments - OPEB Trust Mutual Funds		4,738,111
Restricted Cash and Investments		8,330,212
Total		25,100,093
Total Cash and Investments	$	441,152,735

Cash and investments as of June 30, 2024 consist of the following:

Cash on Hand			$	23,567
Deposits with Financial Institutions				22,065,721
Investments:				
Pooled	$	349,184,331		
Held by trustees		55,376,912		
Held by trustees - PARS section 115				
Money Market Funds		396,417		
Mutual Funds		9,367,543		
Held by OPEB Trust Money Market Fund		133		
Held by OPEB Trust Mutual Fund		4,738,111		

2 - Cash and Investments

Total	419,063,447
Total Cash and Investments	$ 441,152,735

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, 2024, a demand deposit of $3,897,015 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

2 - Cash and Investments

C. Disclosures Relating to Interest Rate Risk

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 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	$ 58,100,402	$ 22,569,751	$ 23,566,400	$ 11,964,251
Federal Agency Securities	109,112,207	40,507,299	27,917,258	40,687,650
Negotiable Certificates of Deposit	3,407,880	-	1,467,513	1,940,367
Local Agency Investment Fund	122,182,027	122,182,027	-	-
CAMP Investment Fund	47,472,526	47,472,526	-	-
Corporate Notes	8,247,942	-	5,360,577	2,887,365
UBS Money Market Funds	661,347	661,347	-	-
Held by Trustees				
Money Market Mutual Funds	47,256,462	47,256,462	-	-
PARS Section 115				
Money Market Funds	396,417	396,417	-	-
Mutual Funds	9,367,543	9,367,543	-	-
OPEB Trust Money Market Funds	133	133	-	-
OPEB Trust Mutual Funds	4,738,111	4,738,111	-	-
Local Agency Investment Fund	8,120,450	8,120,450	-	-
Total Investments by Maturity	$ 419,063,447	$ 303,272,066	$ 58,311,748	$ 57,479,633

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	$ 58,100,402	N/A	$ -	$ 58,100,402	$ -
Federal Agency Securities	109,112,207	N/A	-	109,112,207	-
Negotiable Certificates of Deposit	3,407,880	N/A	3,407,880	-	-
Local Agency Investment Pool	122,182,027	N/A	122,182,027	-	-
CAMP Investment Fund	47,472,526	N/A	47,472,526	-	-
Corporate Notes	8,247,942	A	-	8,247,942	-
UBS Money Market Funds	661,347	N/A	661,347	-	-
Held by Trustees:					
Money Market Funds	47,256,462	A	-	-	47,256,462
PARS Section 115					
Money Market Funds	396,417	N/A	396,417	-	-
Mutual Funds	9,367,543	N/A	9,367,543	-	-
OPEB Trust Money Market Funds	133	N/A	133	-	-
OPEB Trust Mutual Funds	4,738,111	N/A	4,738,111	-	-
Local Agency Investment Fund	8,120,450	N/A	8,120,450	-	-
	$ 419,063,447		$ 196,346,434	$ 175,460,551	$ 47,256,462

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	$ 45,737,095
Federal Farm Credit Bank	Federal Agency Securities	41,228,393

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, 2024, a total of $14,813,806 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, 2024, 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
Negotiable Certificates of Deposit	$ 3,407,880
Treasury Notes	58,100,402
Federal Agency Securities	109,112,207
Corporate Notes	8,247,942

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, 2024, the City has the following recurring fair value measurements:

		Fair Value Measurements on A Recurring Basis Using		
	Balance June 30, 2024	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	$ 58,100,402	$ -	$ 58,100,402	$ -
Federal Agency Securities	109,112,207	-	109,112,207	-
Negotiable Certificates of Deposit	3,407,880	-	3,407,880	-
Corporate Notes	8,247,942	-	8,247,942	-
PARS Section 115 - Mutual Funds	9,367,543	9,367,543	-	-
OPEB Trust Mutual Funds	4,738,111	4,738,111	-	-
Total Investments by fair value level	192,974,085	$ 14,105,654	$ 178,868,431	$ -
Investments Measured Using Uncategorized Inputs:				
Local Agency Investment Fund	130,302,477			
CAMP Investment Fund	47,472,526			
UBS Money Market Funds	661,347			
Money Market Mutual Funds	47,256,462			
PARS Section 115 - Money Market Funds	396,417			
OPEB Trust - Money Market Mutual Funds	133			
Total Investments - Uncategorized Inputs	226,089,362			
Total Investments	$ 419,063,447			

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.

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 $683,234, the ending balance as of June 30, 2024 is $9,763,960.

3 - Interfund Transfers

Interfund transfers for the year ended June 30, 2024 were as follows:

Transfer To	Transfer From	Amount
General Fund	Non-Major Governmental Funds	$ 4,771,197
General Fund	Housing Asset Fund	52,347
Non-Major Governmental Funds	General Fund	4,283,599
Non-Major Governmental Funds	Non-Major Governmental Funds	4,496,156
Non-Major Governmental Funds	Local Transportation Article 8 Fund	23,812
Housing Asset Fund	Housing Authority Fund	292,030
Internal Service Funds	General Fund	500,000
	Total interfund transfers	$ 14,419,141

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 - Interfund Assets/Liabilities

A. Due From/To Other Funds as of June 30, 2024 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	$ 13,781,298	
	Housing Asset Fund	12,509	
	Palmdale CCA Fund	10,951,344	
	Local Transportation Article 8 Fund	6,458,880	-
	Internal service Funds	2,093,236	
Non-Major Governmental Funds	Non-Major Governmental Funds		62
	Total due to/due from other funds		$ 33,297,329

B. Advances Due From/To Fiduciary Funds as of June 30, 2024

The amounts payable to the General Fund and due from Fiduciary Funds relate to administrative fees that are scheduled to be collected in the subsequent year and total $329,984.

C. Advances Due From/To Drainage Funds as of June 30, 2024

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 collected. In accordance with this Government Code Section, interest has been accrued on a monthly basis with a rate equal to

4 - Interfund Assets/Liabilities

C. Advances Due From/To Drainage Funds as of June 30, 2024

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	$ 3,494,008
Anaverde Drainage	(3,210,058)
Littlerock Drainage	44,076
Portal Ridge Drainage	105,602
Pearland Drainage	15,086,338
Big Rock Drainage	(2,010)
	$ 15,517,956

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	$ 1,173,952
Housing Asset Fund	Private Purpose Trust Funds	4,659,777
Total Major Funds		5,833,729
Non-Major Governmental Funds	Custodial Funds	583,859
		$ 6,417,588

4 - Interfund Assets/Liabilities

E. Interfund Promissory Note Receivable and Payable as of June 30, 2024

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 2023-2024, the Housing Authority Facilities fund paid $1,075,000 principal and $277,989 interest for a total of $1,352,989 to the Housing Authority Housing Asset Fund. The balance of the Promissory Note as of June 30, 2024 is $5,278,333.

F. Advances Due to/Due From Other Funds as of June 30, 2024

	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 Fund 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 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, 2024:

Major Funds	
Housing Authority Fund:	
Housing Asset Fund	$ 25,354,495
ARPA Fund	48,677
Total Major Governmental Funds	25,403,172
Non-Major Governmental Funds	
Federal Home Program	7,670,389
CDBG/NSP Program	2,013,548
Housing Authority Fund	800,000
Total Non-Major Governmental Funds	10,483,937
Total	$ 35,887,109

A. 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 $7,670,389 as of June 30, 2024.

B. 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 $2,013,548 as of June 30, 2024.

C. 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 $25,354,495 as of June 30, 2024.

6 - Lease Receivables

As of year-end June 30, 2024, 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, 2024 the outstanding leases receivable total $29,337. 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, 2024 is $28,279. The City will be systematically recognizing revenue over the terms of the lease, and in the current fiscal year, the City recognized $44,140 in lease principal and $1,082 in interest.

7 - Fund Balance Classification

The Fund Balances at June 30, 2024 were classified as follows:

		Special Revenue Funds					
	General Fund	HA Housing Asset Fund	Housing Authority Facilities Fund	ARPA Fund	Measure AV	Local Transportation Article 8	Other Governmental Funds
Nonspendable:							
Advances	$ 1,173,952	$ -	$ -	$ -	$ -	$ -	$ -
Deposits and Prepaids	651,590	-	-	-	-	-	-
Total Nonspendable	1,825,542	-	-	-	-	-	-
Restricted:							
General Government	-	-	-	-	21,616,067	-	-
Pension Stabilization Program	9,763,960	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	35,168,016
Public Safety Programs	-	-	-	-	-	-	13,075,572
Public Services Programs	-	-	-	-	-	-	182,130,232
Low and Moderate Income Housing	-	48,391,728	-	-	-	-	11,752,352
Recreation and Culture Programs	-	-	-	-	-	-	9,951,256
Health and Welfare Programs	-	-	-	2,352,606	-	-	600,820
Street Projects and Maintenance	-	-	-	-	-	-	418,248
Total Restricted	9,763,960	48,391,728	-	2,352,606	21,616,067	-	253,096,496
Assigned:							
Compensated Absences	2,224,370	-	-	-	-	-	-
Self Insurance Claims	303,175	-	-	-	-	-	-
Health Insurance	8,476,981	-	-	-	-	-	-
Total Assigned	11,004,526	-	-	-	-	-	-
Unassigned Fund Balance	80,391,662	-	(543,989)	-	-	(5,163,825)	(6,845,293)
Total Fund Balance (Deficit)	$ 102,985,690	$ 48,391,728	$ (543,989)	$ 2,352,606	$ 21,616,067	$ (5,163,825)	$ 246,251,203

	Total Governmental Funds
Nonspendable:	
Advances	$ 1,173,952
Deposits and Prepaids	651,590
Total Nonspendable	1,825,542
Restricted:	
General Government	21,616,067
Pension Stabilization Program	9,763,960
Debt Service	35,168,016
Public Safety Programs	13,075,572
Public Services Programs	182,130,232
Low and Moderate Income Housing	60,144,080
Recreation and Culture Programs	9,951,256
Health and Welfare Programs	2,953,426
Street Projects and Maintenance	418,248
Total Restricted	335,220,857
Assigned:	
Compensated Absences	2,224,370
Self Insurance Claims	303,175
Health Insurance	8,476,981
Total Assigned	11,004,526
Unassigned Fund Balance	67,838,555
Total Fund Balance (Deficit)	$ 415,889,480

8 - 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. Separate financial statements of the Authority are available from the City of Palmdale Finance Department at 38250 Sierra Highway, 2nd floor, Palmdale, California 93550.

9 - 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 2023-2024, $941,403 was incurred in liability administrative costs. On June 30, 2024, general liability claims totaled $6,205,175. The portion estimated to be due within one year is $5,902,000 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 2023-2024, $1,545,123 was paid in health claims and $477,833 was paid in health administrative costs. On June 30, 2024, $690,708 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, 2024.

During fiscal year 2023-2024, $218,677 was paid in dental and vision claims and $22,441 was paid in dental and vision administrative costs. On June 30, 2024, $89,561 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, 2024, 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.

9 - 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, 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 of June 30, 2023	6,014,772	865,071	96,200	6,976,043
Claims Incurred	941,403	1,370,760	212,038	2,524,201
Claims Paid	(751,000)	(1,545,123)	(218,677)	(2,514,800)
Balance as of June 30, 2024	$ 6,205,175	$ 690,708	$ 89,561	$ 6,985,444

10 - 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	$ 167,342
Franchise Tax Received in Advance	8,500,000
Total General Fund Unearned Revenue	8,667,342
American Rescue Plan Act Fund	
U.S. Treasury Funds Received for Coronavirus Aid	13,105,113
Housing Asset Fund:	
Contract Revenues Received in Advance	3,880,000
Misc Grants/Developer Contributions	124,639
Total Unearned Revenues for Governmental Funds	$ 25,777,094

10 - 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 2023-24, the components of Unavailable Revenue resulting from grant revenue not received with 60-day accrual period were detailed as follows:

Major Funds	
General Fund	$ 4,987,815
HA Housing Asset Fund	5,709,078
Local Transportation Article 8	10,395,000
Non-Major Special Revenue Funds	
Community Development Block Grant	26,267
Federal Funds	5,181,832
Federal Home Program	3,086,226
Measure R	1,754,978
Misc. Grants/ Developer Contributions	1,610,104
Proposition C	983,640
Measure M	299,078
Total Unavailable Revenue for Governmental Funds	$ 34,034,018

11 - Capital Assets and Right to Use Assets

Capital Assets of the City for year ended June 30, 2024, consisted of the following:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not being Depreciated:				
Land and Improvements	$ 122,859,592	$ -	$ -	$ 122,859,592
CFD 16-1 Water Credits	153,090	-	-	153,090
Construction in Progress	30,834,212	38,085,297	(5,403,002)	63,516,507
Total Capital Assets, Not being Depreciated	153,846,894	38,085,297	(5,403,002)	186,529,189
Capital Assets, Being Depreciated:				
Buildings and Structures	82,931,457	-	(1,045,958)	81,885,499
Improvements Other than Buildings	2,736,982	117,899	-	2,854,881
Machinery and Equipment	21,701,891	1,980,549	(393,922)	23,288,518
Infrastructure	1,177,598,606	1,942,735	(300,000)	1,179,241,341
Total Capital Assets, Being Depreciated	1,284,968,936	4,041,183	(1,739,880)	1,287,270,239
Less: Accumulated Depreciation for:				
Buildings and Structures	29,725,002	1,690,300	(555,407)	30,859,895
Improvements Other than Buildings	1,718,653	271,135	-	1,989,788
Machinery and Equipment	14,294,795	1,450,203	(393,926)	15,351,072
Infrastructure	725,029,642	35,973,311	-	761,002,953
Total Accumulated Depreciation	770,768,092	39,384,949	(949,333)	809,203,708
Total Capital Assets, Being Depreciated, Net	514,200,844	(35,343,766)	(790,547)	478,066,531
Right to Use Assets:				
SBITA Assets	3,459,051	109,941	-	3,568,992
Machinery and Equipment - Right to Use	$ 81,954	$ 419,161	$ -	$ 501,115
Total Right to Use	3,541,005	529,102	-	4,070,107
Accumulated Amortization				
SBITA Assets	637,819	698,860	-	1,336,679
Machinery and Equipment	$ 50,450	$ 138,623	$ -	$ 189,073
Total Accumulated Amortization	688,269	837,483	-	1,525,752
Total Right to Use Assets, Net	$ 2,852,736	$ (308,381)	$ -	$ 2,544,355
Total Governmental Activities Capital Assets, Net	$ 670,900,474	$ 2,433,150	$ (6,193,549)	$ 667,140,075

Note: Amortization expense on SBITA Assets and machinery and equipment of $698,860 and $138,623 is charged to Internal Service Funds and the governmental public safety function, respectively.

11 - Capital Assets and Right to Use Assets

For the year ended June 30, 2024, depreciation on capital assets was charged to the governmental functions as follows:

Governmental Function	Depreciation Expense
General Government	$ 690,098
Cultural and Recreational	2,415,537
Community Development	829,652
Public Safety	29,664
Public Services	34,248,314
Internal Service Funds	1,171,684
Total Depreciation Expense	$ 39,384,949

12 - 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, 2024, amounted to $109,619 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
2025	$ 105,269	$ 4,352	109,621
2026	107,677	1,943	109,620
2027	27,393	103	27,496
Total Value of Minimum Lease Payments	$ 240,339	$ 6,398	$ 246,737

12 - 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, 2024, amounted to $105,246 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
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
2029	101,745	3,500	105,245
Total Value of Minimum Lease Payments	$ 475,997	$ 50,230	$ 526,227

13 - 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, 2024, is $701,000.

Year Ending	Principal	Interest	Total
2025	$ 333,000	$ 14,518	$ 347,518
2026	368,000	5,038	373,038
Totals	$ 701,000	$ 19,556	$ 720,556

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, 2024, no residual receipts from the project have been received from developer. Interest on the note is equal to 3 percent.

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

13 - Long-Term Debt

A. Notes Payable

immediately. The outstanding balance as of June 30, 2024, is $2,850,000 with $1,508,938 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.

13 - 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
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	$ 7,767,112	$ 898,242	$ 8,665,354

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, 2024 is $78,441.

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, 2024 is $49,890.

13 - Long-Term Debt

A. Notes Payable

Year Ending	Principal A	Interest	Total
2025	$ 23,016	$ -	$ 23,016
2026	23,016	-	23,016
2027	23,016	-	23,016
2028	9,393	-	9,393
Total	$ 78,441	$ -	$ 78,441

Year Ending	Principal B	Interest	Total
2025	$ 20,404	$ -	$ 20,404
2026	20,404	-	20,404
2027	9,082	-	9,082
2028	-	-	-
Total	49,890	-	$ 49,890

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, 2024 are as follows:

A. Street Lighting Retrofitting On-Bill Financing Agreement OBF A-5807 for $100,761 with an outstanding balance of $4,042 as of June 30, 2024

Year Ending	Principal	Interest	Total
2025	$ 4,042	$ -	$ 4,042

B. Revenue Bonds

2012 Lease Revenue Bond Payable (Defeased and Paid in Full) - On December 19, 2012, the Authority issued $8,695,000 of Lease Refunding Revenue Bonds (the 2012 Bonds). Interest was payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 4.00% per annum. Principal payments were scheduled annually each September 1, from 2015 through 2029.

The proceeds from the 2012 Bonds were used to refinance an existing lease obligation, refund related certificates of participation, fund a bond reserve, and cover issuance costs. Under the lease agreement, the City made semi-annual base rental payments to the Authority, which were used to service the debt. Legal title to the facilities was held by the Authority for the benefit of bondholders during the lease term, with title transferring to the City upon full repayment.

In fiscal year 2023-24, the 2012 Bonds were refunded and defeased, and the outstanding balance was paid in full. As a result, the City has no further obligation under the 2012 Bonds, and the lease agreement associated with this debt has been terminated.

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

13 - Long-Term Debt

B. Revenue Bonds

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
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	125,000	153,615	278,615
2030-2034	700,000	684,085	1,384,085
2035-2039	875,000	506,840	1,381,840
2040-2044	1,130,000	254,100	1,384,100
2045	265,000	13,913	278,913
Totals	$ 3,540,000	$ 2,273,869	$ 5,813,869

13 - 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
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	965,000	194,163	1,159,163
2030-2034	5,110,000	368,444	5,478,444
Totals	$ 9,260,000	$ 1,771,884	$ 11,031,884

13 - Long-Term Debt

B. Revenue Bonds

2023 Lease Revenue Bonds Series 2023A and 2023B ($40,930,000) -The City of Palmdale issued Lease Revenue Bonds, Series 2023A and 2023B, on November 30, 2023, through the Palmdale Finance Authority to finance and refinance the acquisition of real property for economic development initiatives. The Series 2023A Bonds were issued in the amount of $26,370,000 and carry an interest rate ranging from 4.125% to 5% and will mature on June 1, 2053. Scheduled principal payments will be made annually, based on the debt service schedule, beginning with $575,000 due on June 1, 2025.

The Series 2023B Bonds totaled $14,560,000 and carry an interest rate ranging from 5.6% to 6.65% and will mature on June 1, 2053. Scheduled principal payments will be made annually, based on the debt service schedule, beginning with $670,000 due on June 1, 2025.

These bonds were specifically structured to support the city's strategic efforts in acquiring land and properties that will foster business growth, attract investment, and enhance long-term economic sustainability. The bonds are backed by a pledge of general fund and Measure AV fund revenues to ensure timely repayment. By leveraging these funds, Palmdale aims to drive development opportunities and strengthen its local economy.

Lease Revenue Bonds Payable 2023A ($26,370,000) -

Year Ending	Principal	Interest	Total
2025	$ 575,000	$ 1,208,763	$ 1,783,763
2026	605,000	1,180,013	1,785,013
2027	635,000	1,149,763	1,784,763
2028	665,000	1,118,013	1,783,013
2029	560,000	1,084,763	1,644,763
2030-2034	1,305,000	5,165,813	6,470,813
2035-2039	4,150,000	4,562,563	8,712,563
2040-2044	5,215,000	3,503,400	8,718,400
2045-2049	6,425,000	2,278,281	8,703,281
2050-2053	6,235,000	717,075	6,952,075
	$ 26,370,000	$ 21,968,447	$ 48,338,447

Lease Revenue Bonds Series 2023B ($14,560,000) -

Year Ending	Principal	Interest	Total
2025	$ 670,000	$ 913,353	$ 1,583,353
2026	705,000	875,833	1,580,833
2027	70,000	836,705	906,705
2028	50,000	832,820	882,820
2029	140,000	830,020	970,020
2030-2034	3,580,000	3,642,730	7,222,730
2035-2039	1,505,000	2,888,413	4,393,413
2040-2044	2,045,000	2,343,270	4,388,270
2045-2049	2,805,000	1,577,713	4,382,713
2050-2053	2,990,000	512,383	3,502,383
	$ 14,560,000	$ 15,253,240	$ 29,813,240

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

13 - Long-Term Debt

C. Certificates of Participation

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. 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
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	887,738	320,742	1,208,480
2030-2035	6,110,898	1,141,694	7,252,592
2036	1,162,726	45,695	1,208,421
Totals	$ 11,390,006	$ 3,114,386	$ 14,504,392

13 - 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 Certificates of Participation, pay $262,893 of interest on the outstanding 2002 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
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	1,755,000	319,269	2,074,269
2030-2033	7,705,000	586,551	8,291,551
Totals	$ 15,860,000	$ 2,800,788	$ 18,660,788

13 - Long-Term Debt

D. Change in Long-Term Liabilities

Activity for the year ended June 30, 2024 were as follows:

Governmental Activities	June 30,2023	Additions	Retirements	June 30,2024	Due Within One Year
Compensated Absences Payable:					
Compensated Absences Payable:	$ 3,953,455	$ 2,523,319	$ 2,553,532	$ 3,923,242	$ 1,868,262
Total Compensated Absences Payable	3,953,455	2,523,319	2,553,532	3,923,242	1,868,262
Liability Claims (General Fund)					
Health, Dental and Vision Claims	961,271	-	181,002	780,269	780,269
Liability Claims	6,014,772	941,403	751,000	6,205,175	5,902,000
Total Liability Claims	6,976,043	941,403	932,002	6,985,444	6,682,269
Bonds payable:					
2012 Lease Revenue Bond	4,380,000	-	4,380,000	-	-
2015 Mortgage Revenue Bonds	3,640,000	-	100,000	3,540,000	105,000
2017 Lease Revenue Bonds	10,725,000	-	1,465,000	9,260,000	705,000
2023A Lease Revenue Bonds	-	26,370,000	-	26,370,000	670,000
2023B Lease Revenue Bonds	-	14,560,000	-	14,560,000	575,000
2014 Certificates of Participation	17,315,000	-	1,455,000	15,860,000	1,510,000
2021 Certificates of Participation	12,123,552	-	733,546	11,390,006	762,314
Plus: Deferred Issuance Premiums	205,834	57,856	81,700	181,990	60,933
Total Bonds Payable	48,389,386	40,987,856	8,215,246	81,161,996	4,388,247
Direct Borrowings and Direct Placements:					
Notes Payable:					
Section 108 HUD Loan	1,000,000	-	299,000	701,000	333,000
Home Loan	2,850,000	-	-	2,850,000	-
Street Light Purchase Loan	8,529,109	-	761,997	7,767,112	780,894
SCE Parks LED Retrofit OBF A-5962	101,456	-	23,015	78,441	23,016
SCE LED Retrofit OBF A-5806	3,001	-	3,001	-	-
SCE LED Retrofit OBF A-5807	19,497	-	15,455	4,042	4,042
SCE LED Retro OBF A-7251	70,294	-	20,404	49,890	20,404
Total Notes Payable	12,573,357	-	1,122,872	11,450,485	1,161,356
Financial Arrangements:					
Lease Liability	32,303	419,161	178,553	272,911	133,136
Financed Purchase-Copier	343,253	-	102,914	240,339	105,268
Financed Purchase-Energy Efficient Equipment	561,913	-	85,916	475,997	88,871
SBITA Liability	2,629,459	109,940	650,123	2,089,276	452,389
Total Payable	3,566,928	529,101	1,017,506	3,078,523	779,664
Total Governmental Activities Long-term Liabilities	$ 75,459,169	$ 44,981,679	$ 13,841,158	$ 106,599,690	$ 14,879,798

The City is subject to a legal debt limit statutorily computed at 3.75 percent of assessed valuation. As of June 30, 2024, the City's total debt limit was $648,762,283, and the total outstanding debt applicable to the limit was $82,367,204, 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 liability

During fiscal year 2024, the City entered into one lease agreement as a lessee for the right to use an asset under a noncancelable lease with an initial term of three years, terminating in October 2026. The lease requires an annual payment of $150,000. The agreement includes an option to extend the lease for an additional two years, through October 2029. Based on an assessment of the lease terms and operational needs, the City expects to exercise the extension option with reasonable certainty, resulting in a total lease term of five years.

As of June 30, 2024, the City recognized a right-to-use lease asset of $419,161 and a corresponding lease liability of $272,911 related to this agreement. For the fiscal year, the City recorded $107,119 in amortization expense and $12,029 of interest

13 - Long-Term Debt

E. Lease liability

expense. The lease liability was calculated using a discount rate of 7.08%, which reflects the City's estimated incremental borrowing rate.

Additionally, during the fiscal year, the City fully amortized a separate right-to-use lease asset. At year end, the related lease liability was $0.

The remaining obligations associated with the current lease are as follows:

Year Ending	Principal	Interest	Total
2025	$ 133,136	$ 16,864	$ 150,000
2026	139,775	10,224	149,999
Totals	$ 272,911	$ 27,088	$ 299,999

F. Subscription Based Information Technology Arrangements

During fiscal year 2024, 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, 2024, the City recognized a SBITA asset of $3,568,992 and a SBITA liability of $452,388 related to these agreements. During the fiscal year, the City recorded $698,860 in amortization expense and $94,050 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
2025	$ 452,389	$ 84,535	$ 536,924
2026	418,776	66,908	485,684
2027	445,356	49,692	495,048
2028	463,594	31,454	495,048
2029	309,161	12,307	321,468
Totals	$ 2,089,276	$ 244,896	$ 2,334,172

14 - 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.

14 - 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, 2024, a total of $7,425,000 in Bonds was outstanding.

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, 2024, a total of $18,895,000 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, 2024, a total of $12,775,000 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.

14 - 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.

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, 2024, a total of $8,755,240 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.

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, 2024, a total of $910,000 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.

14 - Special Assessment District and Community Facilities District Bonds

A. Bonds Outstanding

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 2024 and is effective through July 12, 2025. As of June 30, 2024, 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 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.

14 - Special Assessment District and Community Facilities District Bonds

B. Default in Payment of Debt Service on Bonds Outstanding

Year Ending	Interest Paid	Year Ending	Interest Paid
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	-
		2021-2022	-
		2022-2023	-
		2023-2024	-
			-
			$ 2,738,744

15 - 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, 2024, 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, 2024, there was $24,119,000 of Multifamily Mortage Revenue Bonds outstanding.

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.

16 - 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

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

A. General Information about the Pension Plan

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, 2024, 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, 2024, 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

16 - 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, 2024 were $6,725,151.

B. Net Pension Liability

The City's net pension liability for the Plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023.

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.9 percent
Inflation Rate	2.30 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, the same as 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 rate of return, 6.90%, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

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

B. Net Pension Liability

Discount Rate

Asset Class[1]	Assumed Asset Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Non-Cap-weighted	12.00 %	3.84 %
Private Equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage-backed Securities	5.00 %	0.50 %
Investment Grade Corporates	10.00 %	1.56 %
High Yield	5.00 %	2.27 %
Emerging Market Debt	5.00 %	2.48 %
Private Debt	5.00 %	3.57 %
Real Assets	15.00 %	3.21 %
Leverage	(5.00)%	(0.59)%

(1) An Expected Inflation Rate of 2.30% was used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

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	$ 210,033,553	$ 151,420,231	$ 58,613,322
Changes in the Year:			
Service Cost	3,403,055	-	3,403,055
Interest on the Total Pension Liability	14,554,515	-	14,554,515
Changes in Benefit Terms	195,618	-	195,618
Differences between Expected and Actual Experience	4,318,495	-	4,318,495
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	6,467,047	(6,467,047)
Contribution - Employee	-	1,556,978	(1,556,978)
Net Investment Income	-	9,344,784	(9,344,784)
Benefit Payments, including Refunds of Employee Contributions	(10,628,343)	(10,628,343)	-
Administrative Expenses	(1)	(111,347)	111,346
Net Changes	11,843,339	6,629,119	5,214,220
Balance at June 30, 2023	$ 221,876,892	$ 158,049,350	$ 63,827,542

16 - 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	$ 92,393,141	$ 63,827,542	$ 40,123,184

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, 2024, the City recognized pension expense of $4,255,888. At June 30, 2024, 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	$ 6,725,151	$ -
Change of Assumptions	2,442,085	-
Difference between Expected and Actual Experience	3,009,860	(143,581)
Net Difference between Projected and Actual Earnings on Plan Investments	7,130,484	-
Total	$ 19,307,580	$ (143,581)

The amount of $6,725,151 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, 2025.

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,	
2025	$ 4,483,361
2026	2,387,059
2027	5,369,998
2028	198,431
Total Pension Expense	$ 12,438,849

17 - 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, 2024, employee contribution amounts were $344,289.

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, 2024, employee and employer contribution amounts were $6,356.

18 - 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, 2024, 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

18 - 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, 2024, 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, 2024, the annual money-weighted rate of return on investments, net of investment expense was 15.26 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, 2024, and the total OPEB liability (Asset) used to calculate the net OPEB liability (Asset) was determined by an actuarial valuation as of June 30, 2024.

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.

18 - 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 4.32 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, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.32 percent
Investment Rate of Return	6.25 percent
General Inflation Rate	2.50 percent
Healthcare Cost Trend Rate	6.30 percent for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9 percent in FY2076 and later years.

18 - 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, 2023	$ 907,034	$ 707,837	$ 199,197
Changes in the Year:			
Service Cost	17,601	-	17,601
Interest	41,212	-	41,212
Differences between Expected and Actual Experience	(69,240)	-	(69,240)
Changes in Assumptions	10,331	-	10,331
Net Investment Income	-	103,693	(103,693)
Benefit Payments, including Refunds of Employee Contributions	(29,771)	(29,771)	-
Administrative Expenses	-	(64,044)	64,044
Net Changes	(29,867)	9,878	(39,745)
Balance at June 30, 2024	$ 877,167	$ 717,715	$ 159,452

Administrative Expenses for Fiscal Year Ended 2024, include $64,044 in excess draw from the Trust, which is expected to cover expenses through 2025. The Plan's fiduciary net position represnts 82% 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 (3.32% percent) or one percentage point higher (5.32% percent) than the current discount rate:

	Decrease 1% Discount Rate of 3.32%	Current Discount Rate of 4.32%	Increase 1% Discount Rate of 5.32%
Net OPEB Liability (Asset)	$ 211,260	$ 159,452	$ 111,848

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)	$ 123,192	$ 159,452	$ 199,217

18 - 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, 2024, the City recognized OPEB expense of $155,573. At June 30, 2024, 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	$ 79,084	$ 94,574
Change of Assumptions	18,214	55,297
Net Difference between Projected and Actual Investments Earnings	-	29,671
Total	$ 97,298	$ 179,542

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,	
2025	$ (20,989)
2026	(12,925)
2027	(35,505)
2028	(12,825)
2029	-
Total	$ (82,244)

C. Defined Contribution OPEB Plan

Plan membership

At June 30, 2024, 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

18 - Post-Employment Benefits Other Than Pensions

C. Defined Contribution OPEB Plan

Benefits provided

employee is fully vested as described above.

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, 2024, the City contributed $109,000 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, 2024:

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets:			
Cash and Cash Equivalents	$ 133	$ -	$ 133
Investments:			
Mutual Funds	756,708	3,981,403	4,738,111
Total Assets	756,841	3,981,403	4,738,244
Total Net Position Restricted for OPEB Benefits	$ 756,841	$ 3,981,403	$ 4,738,244

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer Contributions to Retiree Medical Trust	$ -	$ 109,000	$ 109,000
Investment and Interest Income	23,043	176,959	200,002
Net Realized and Unrealized Gains (Losses)	80,650	115,228	195,878
Total Additions	103,693	401,187	504,880
Deductions:			
Benefits Paid to Participants and expenses	54,690	235,986	290,676
Total Deductions	54,690	235,986	290,676
Change in Net Position	49,003	165,201	214,204
Net Position as of July 1, 2023	707,837	3,816,203	4,524,040
Net Position as of June 30, 2024	$ 756,840	$ 3,981,404	$ 4,738,244

19 - 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, 2024.

C. Capital Assets

Capital Assets of the Successor Agency Trust Fund as of June 30, 2024 consisted of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not Being Depreciated:				
Land and Improvements	$ 372,073	$ -	$ -	$ 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	262,191	-	(8,763)	270,954
Total Accumulated Depreciation	262,191	-	(8,763)	270,954
Total Capital Assets, Being Depreciated, Net	175,961	-	8,763	167,198
Total Capital Assets, Net	$ 548,034	$ -	$ (8,763)	$ 539,271

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

C. Capital Assets

For the Year Ended June 30, 2024, 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	$ 4,659,777	$ -
Successor Agency Trust Fund:		
Dissolved - CRA Project Area No. 1 and No. 2A	-	4,659,777
Total	$ 4,659,777	$ 4,659,777

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 2023-24, the Housing Authority received $250,000 from the Successor Agency during the Recognized Obligation Payment Schedule (ROPS) Period of July-June 2024 or ROPS 23-24A and B. The next payment is expected to be received during the ROPS Period of July-December 2024 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, 2024 of $1,173,952 for approved obligations paid by the City on behalf of the Agency.

19 - 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 $2,750,660. The outstanding balance of the notes as of June 30, 2024 is $5,442,844.

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
2025	$ 2,461,926	$ 288,734	$ 2,750,660
2026	2,980,918	139,563	3,120,481
Totals	$ 5,442,844	$ 428,297	$ 5,871,141

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 $975,000. No interest was paid for the current year. Property taxes received after negotiated, statutory, and residual distributions totaled $3,885,000 for the year. At year-end, pledged future revenues totaled $3,885,000 of which $3,313,599 was the amount of the remaining principal and $571,401 interest on the Bonds.

19 - 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
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	717,978	252,022	970,000
2030-2033	2,978,260	1,671,740	4,650,000
Totals	$ 7,009,837	$ 2,495,163	$ 9,505,000

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 $2,942,250. Property taxes received after negotiated, statutory, and residual distributions totaled $33,903,147 for the year. At year-end, pledged future revenues totaled $22,630,750 of which $18,050,000 was the amount of the remaining principal and $4,580,750 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
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	1,355,000	473,875	1,828,875
2030-2034	7,215,000	1,304,375	8,519,375
2035	1,585,000	39,625	1,624,625
Totals	$ 18,050,000	$ 4,580,750	$ 22,630,750

19 - 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 $3,531,275. Property taxes received after negotiated, statutory, and residual distributions totaled $36,152,870 for the year. At year-end, pledged future revenues totaled $36,266,300 of which $28,840,000 was the amount of the remaining principal and $7,426,300 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
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	2,280,000	770,650	3,050,650
2030-2034	13,060,000	2,031,800	15,091,800
2035	2,375,000	59,375	2,434,375
Totals	$ 28,840,000	$ 7,426,300	$ 36,266,300

3. Change in Long Term Liabilities

The following debt activity for the year ended June 30, 2024 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, 2023	Additions	Retirements	Balance at June 30, 2024	Due Within One Year
Bonds Payable:					
2002 Tax Allocation Bonds	$ 7,962,900	$ -	$ 953,063	$ 7,009,837	$ 897,640
2016 Tax Allocation Bonds Series A	20,040,000	-	1,990,000	18,050,000	2,095,000
2016 Tax Allocation Bonds Series B	30,935,000	-	2,095,000	28,840,000	2,205,000
Plus: Deferred Issuance Premiums	4,287,520	-	904,799	3,382,721	776,958
Total Bonds Payable	63,225,420	-	5,942,862	57,282,558	5,974,598
Notes from Direct Borrowing and Direct Placements:					
Fairway Business Park	7,764,122	-	2,321,278	5,442,844	2,461,926
	$ 70,989,542	$ -	$ 8,264,140	$ 62,725,402	$ 8,436,524

20 - Commitments and Contingencies

A. Contracts and Purchase Orders

The City has several contracts in place, one of which is with the County of Los Angeles for various services, primarily law enforcement, until June 30, 2024. This contract represents the City's most significant financial commitment and is maintained under the 'Contract City Law Enforcement Service Level Authorization.' Through this agreement, the County charges a set amount of service fees based on the number of deputies, support personnel, and their projected hours of service. 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 an average increase. Additionally, the City is required to pay for its portion of liability costs to ensure that funds are available in the event of litigation. 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 written notice not less than 60 days prior.

The following were the contract costs for the fiscal year ending June 30, 2024:

Law Enforcement	$ 30,600,727
Other	$ 55,230,726
Total Cost	$ 85,831,453

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 $63,478,805 at June 30, 2024, with the following breakdown between major funds and non-major funds.

Major Funds:	
General Fund	$ 2,767,126
Housing Asset Fund	277,855
Measure AV Fund	5,820,109
ARPA Fund	722,418
Total Major Funds	9,587,508
Internal Service Funds	
Information Technology	82,610
Fleet Maintenance	154,710
Total Internal Service Funds	237,320
Non-Major Special Revenue Funds	53,653,977
Total Contract and Purchase Orders Outstanding for Governmental Funds	$ 63,478,805

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.

20 - Commitments and Contingencies

C. Claims and Judgments

Certain legal actions have been initiated against the City in the ordinary course of business. These matters are subject to coverage under the City's risk management liability program and include, but are not limited to, lawsuits and claims alleging personal injury and property damage. In addition, the City is currently a named defendant in multiple employment-related legal actions. While it is anticipated that some of these matters may be resolved through settlement in the near term, the potential liability associated with such settlements cannot be reasonably estimated at this time.

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.

21 - Restatement

During fiscal year 2024, there was a change within the financial reporting entity which resulted in the Transportation Article 8 Fund being reported as a major fund instead of as a nonmajor fund. As a result, fund balance of the Transportation Article 8 Fund of $2,720,834 which was previously reported in the nonmajor funds is now reported as a major fund with a beginning fund balance of $2,720,834. This resulted in adjustments to and restatements of beginning fund balance to nonmajor funds as follows:

	July 1, 2023, As Previously Reported	Change to or Within the Financial Reporting Entity	July 1, 2023, As Restated
Governmental Funds			
Nonmajor Funds	$ 186,457,059	$ (2,720,834)	$ 183,736,225
New Major Fund	Not Applicable	$ 2,720,834	$ 2,720,834

22 - Adoption of New Standard

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, 2024 are as follows:

GASB Statement No. 99 - *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting 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 Statements and (2) accounting and financial reporting for guarantees. The City has determined no significant impact, if any, this pronouncement had on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the City's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the City's fiscal year ending June 30, 2024. The City has determined that this statement does not apply.

GASB 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

22 - Adoption of New Standard

corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The City has determined that this statement does not apply.

23 - New Accounting Pronouncements

The following pronouncements were issued prior to June 30, 2024 and have effective dates that may impact future financial statement presentation. The effects of the statements are currently under review.

GASB Statement No. 101 – *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective to the City's fiscal year ending June 30, 2025. The City has not determined the effects, if any, on the financial statements.

GASB Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision- making authority. The requirements of this statement are effective for the City's fiscal year ending June 30, 2025. The City has not determined the effects, if any, on the financial statements.

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the City's fiscal year ending June 15, 2025. The City has not determined the effects, if any, on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective is that State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City has not determined the effects, if any, on the financial statements.

24 - Subsequent Events

The City has settled one employment-related case for an amount of $6,000,000, which was paid in April 2025. Insurance proceeds are anticipated to be received in Fiscal Year 2025 in the amount of $5,500,000 in relation to this settlement.

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Required Supplementary Information

Palmdale, California

Year Ended June 30, 2024

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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, 2024
Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	$ 3,403,055
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	14,554,515
Differences between Expected and Actual Experience	-	(2,606,465)	-	9,269,931	(1,358,574)	-	1,368,882	-	(382,880)	4,318,495
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	195,618
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)	(10,628,343)
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	11,843,340
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	210,033,552
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	$ 221,876,892
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	6,467,047
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	1,556,978
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)	9,344,784
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)	(10,628,343)
Administrative Expense	-	(127,281)	(66,805)	(161,055)	(188,366)	(91,249)	(188,455)	(137,825)	(103,739)	(111,347)
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)	6,629,119
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	151,420,231
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	158,049,350
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	$ 63,827,542
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 %	71.23 %
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	$ 21,124,060
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 %	302.16 %
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	June 30 , 2023

*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, 2024

Last Ten Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	$ 6,725,151
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	6,725,151
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	25,195,252
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 %	26.69 %
Valuation Date:		2015	2016	2017	2018	2019	2020	2021	2022	2023
Methods and Assumptions Used to Determine Contribution Rates:										
Actuarial Cost Method		Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	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		30 years	30 years	30 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		2.50 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %	2.50 %
Salary Increase		Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%	Varies on entry age and servce, including inflation of 2.75%
Investment Rate of Return		7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% net of pension plan investment expense, including inflation	7.0% 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, 2024
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Costs	$ 9,380	$ 9,801	$ 10,241	$ 19,286	$ 26,370	$ 18,642	$ 15,469	$ 17,601
Interest	42,190	41,817	41,771	49,286	31,829	27,510	34,266	41,212
Differences Between Expected and Actual Experience	162,410	117,475	272,638	-	439,617	(128,567)	53,031	(69,240)
Changes in Assumptions	-	-	(45,786)	103,650	(7,331)	(106,880)	(34,685)	10,331
Benefit Payments, Including Refunds of Member Contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)	(8,617)	20,852	(29,771)
Net Change in Total OPEB Liability	(30,336)	(26,887)	134,368	32,793	144,217	(197,912)	88,933	(29,867)
Total OPEB Liability - Beginning	761,858	731,522	704,635	839,003	871,796	1,016,013	818,101	907,034
Total OPEB Liability - Ending (a)	$ 731,522	$ 704,635	$ 839,003	$ 871,796	$ 1,016,013	$ 818,101	$ 907,034	$ 877,167
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	103,693
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)	(64,044)
Benefit Payments, Including Refunds of Employee Contributions	(244,316)	(195,980)	(144,496)	(139,429)	(346,268)	(8,617)	20,852	(29,771)
Net Change in Plan Fiduciary Net Position	$ (124,271)	$ (115,790)	$ (127,849)	$ (110,026)	$ (116,745)	$ (227,415)	$ 12,262	$ 9,878
Plan Fiduciary Net Position - Beginning	1,517,671	1,393,400	1,277,610	1,149,761	1,039,735	922,990	695,575	707,837
Plan Fiduciary Net Position - Ending	$ 1,393,400	$ 1,277,610	$ 1,149,761	$ 1,039,735	$ 922,990	$ 695,575	$ 707,837	$ 717,715
Net OPEB Liability Ending	$ (661,878)	$ (572,975)	$ (310,758)	$ (167,939)	$ 93,023	$ 122,526	$ 199,197	$ 159,452
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 %	81.82 %
Covered-employee Payroll[1]	840,010	874,002	914,074	941,496	897,776	766,192	497,546	657,745
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 %	24.24 %
Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024

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, 2024
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023	2024
Annual Money-weighted Rate of Return - Net of Investment Expense	11.23 %	10.31 %	5.55 %	5.73 %	26.04 %	(20.25)%	13.34 %	15.26 %

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.

Measure A LA County Parks Fund – This fund accounts for special parcel tax revenues and expenditures related to the development, improvement, and maintenance of parks, open space, and recreational facilities in Los Angeles County.

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 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, 2024

	Non-Major Special Revenue Funds	Debt Service Funds Palmdale Financing Authority	Capital Projects Fund CFD/Assessment Districts	Total Nonmajor Governmental Funds
Assets:				
Cash	$ 271,962	$ -	$ -	$ 271,962
Investments	224,142,465	-	3,794	224,146,259
Receivables:				
Accounts and Interest Receivable	13,134,593	-	18	13,134,611
Property Tax Receivable	283,959	-	-	283,959
Due from Other Funds	62	-	-	62
Advances Due from Fiduciary Funds	-	-	583,859	583,859
Notes and Liens	10,483,937	-	-	10,483,937
Advances Due from Other Funds	3,800,000	-	-	3,800,000
Prepaid Items and Other Assets	-	110,000	-	110,000
Restricted Assets				
Investments	-	35,090,236	2,977,442	38,067,678
Land Held for Development	400,000	-	-	400,000
Total Assets	$ 252,516,978	$ 35,200,236	$ 3,565,113	$ 291,282,327
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable	$ 5,595,866	$ -	$ 1,188	$ 5,597,054
Due to Fiduciary Funds	-	-	1,565	1,565
Due to Other Funds	13,243,167	32,220	505,973	13,781,360
Advances Due to Other Funds	8,800,000	-	-	8,800,000
Deposits	3,781,076	-	-	3,781,076
Unearned Revenue	124,639	-	-	124,639
Notes Payable	3,305	-	-	3,305
Total Liabilities	31,548,053	32,220	508,726	32,088,999
Deferred Inflows of Resources:				
Unavailable Revenue	12,942,125	-	-	12,942,125
Fund Balances:				
Restricted	214,872,093	35,168,016	3,056,387	253,096,496
Unassigned	(6,845,293)	-	-	(6,845,293)
Total Fund Balances	208,026,800	35,168,016	3,056,387	246,251,203
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 252,516,978	$ 35,200,236	$ 3,565,113	$ 291,282,327

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

		Debt Service Funds	Capital Projects Fund	
	Non-Major Special Revenue Funds	Palmdale Financing Authority	CFD/Assessment Districts	Total Nonmajor Governmental Funds
Revenues:				
Other Taxes	$ 5,433,884	$ -	$ -	$ 5,433,884
Subventions and Grants	24,514,011	-	-	24,514,011
Park Development Fees	677,938	-	-	677,938
Licenses and Permits	94,444	-	-	94,444
Fines and Forfeitures	281,659	-	-	281,659
Special Assessments	22,641,329	-	-	22,641,329
Charges for Current Services	2,786,186	-	-	2,786,186
Drainage Fees	5,085,662	-	-	5,085,662
Traffic Impact Fees	2,025,899	-	-	2,025,899
Facilities Impact Fees	2,028,686	-	-	2,028,686
Interfund Interest	83,962	-	-	83,962
Interest	5,028,700	124,192	135,302	5,288,194
Net Increase (Decrease) in Fair Value of Investments	3,026,152	-	53	3,026,205
Developer Contributions	40,941	-	-	40,941
State Contributions	3,219,305	-	-	3,219,305
Other Agency Contributions	34,852	-	-	34,852
County Contributions	158,083	-	-	158,083
Other Revenue	431,879	-	-	431,879
Total Revenues	77,593,572	124,192	135,355	77,853,119
Expenditures:				
Current:				
General Government	1,662,924	-	936	1,663,860
Public Safety	679,803	-	-	679,803
Public Services	16,300,853	-	750	16,301,603
Community Development	2,158,474	-	-	2,158,474
Cultural and Recreational	2,136,884	-	-	2,136,884
Health and Welfare	287,607	-	-	287,607
Capital Outlay	21,431,711	-	-	21,431,711
Debt Service:				
Principal	1,060,997	2,808,546	-	3,869,543
Interest	224,948	2,080,089	-	2,305,037
Interfund Interest	203,562	-	-	203,562
Cost of Issuance	-	1,048,943	-	1,048,943
Total Expenditures	46,147,763	5,937,578	1,686	52,087,027
Excess (Deficiency) of Revenues Over Expenditures	31,445,809	(5,813,386)	133,669	25,766,092
Other Financing Sources (Uses):				
Issuance of Long-term Debt	-	37,160,000	-	37,160,000
Transfers In	5,034,960	3,768,607	-	8,803,567
Transfers Out	(9,267,352)	-	-	(9,267,352)
Premium on Issuance of Long-term Debt	-	59,130	-	59,130
Refunding Debt	-	3,770,000	-	3,770,000
Payment to Refunding Bond Escrow Agent	-	(3,776,459)	-	(3,776,459)
Total Other Financing Sources (Uses)	(4,232,392)	40,981,278	-	36,748,886
Net Change in Fund Balances	27,213,417	35,167,892	133,669	62,514,978
Fund Balances (Deficit) - Beginning of Year, as Previously Reported	183,534,217	124	2,922,718	186,457,059
Restatement of Fund Balance to Establish New Fund	(2,720,834)	-	-	(2,720,834)
Fund Balances (Deficit) - Beginning of Year, Restated	180,813,383	124	2,922,718	183,736,225
Fund Balances (Deficit) - End of Year	$ 208,026,800	$ 35,168,016	$ 3,056,387	$ 246,251,203

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Air Quality Improvement Fund	Community Development Block Grant	Citywide Maintenance and Services	Drainage Funds	Drainage Benefit Assmnt Dist
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	330,325	2,062,152	156,812	11,683,401	1,546,249
Receivables:					
Accounts Receivable	26,531	35,791	729	54,571	7,192
Property Tax Receivable	-	-	-	-	907
Due from Other Funds	-	62	-	-	-
Notes and Liens	-	2,013,548	-	-	-
Advances Due from Other Funds	-	-	-	3,800,000	-
Restricted Assets:					
Investments	-	-	-	-	-
Total Assets	$ 356,856	$ 4,111,553	$ 157,541	$ 15,537,972	$ 1,554,348
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	$ 3,275	$ 118,906	$ -	$ 1,540	$ 2,596
Due to Other Funds	-	-	17,500	18,476	-
Advances Due to Other Funds	-	-	-	-	-
Notes Payable	-	-	-	-	-
Deposits	-	1,755,523	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	3,275	1,874,429	17,500	20,016	2,596
Deferred Inflows of Resources:					
Unavailable Revenue	-	26,267	-	-	-
Total Deferred Inflows of Resources	-	26,267	-	-	-
Fund Balances:					
Restricted	353,581	2,210,857	140,041	15,517,956	1,551,752
Unassigned	-	-	-	-	-
Total Fund Balances	353,581	2,210,857	140,041	15,517,956	1,551,752
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 356,856	$ 4,111,553	$ 157,541	$ 15,537,972	$ 1,554,348

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

Enhanced Infrastructure Financing District	Federal Funds	Federal Home Program	Federal Jobs Programs	Federal Home ARP Fund	Fire Facilities Impact	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ -
708,877	260	539,416	-	-	10,361,629	12,961,267
3,290	5,172,562	2,930,635	59,006	-	48,411	466,171
3,838	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,670,389	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 716,005	$ 5,172,822	$ 11,140,440	$ 59,006	$ -	$ 10,410,040	$ 13,427,438
$ -	$ 679,582	$ 13,813	$ 7,433	$ -	$ -	$ 201,738
-	4,868,375	50	64,640	2,140	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	947	-	-	-	-	-
-	-	-	-	-	-	-
-	5,548,904	13,863	72,073	2,140	-	201,738
-	5,181,832	3,086,226	-	-	-	-
-	5,181,832	3,086,226	-	-	-	-
716,005	-	8,040,351	-	-	10,410,040	13,225,700
-	(5,557,914)	-	(13,067)	(2,140)	-	-
716,005	(5,557,914)	8,040,351	(13,067)	(2,140)	10,410,040	13,225,700
$ 716,005	$ 5,172,822	$ 11,140,440	$ 59,006	$ -	$ 10,410,040	$ 13,427,438

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Measure A LA County Parks	Measure R
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	254,166	15,902,767	2,575	-	7,904,099
Receivables:					
Accounts Receivable	49,039	78,116	13	-	1,620,509
Property Tax Receivable	-	67,094	-	-	-
Due from Other Funds	-	-	-	-	-
Notes and Liens	800,000	-	-	-	-
Advances Due from Other Funds	-	-	-	-	-
Restricted Assets:					
Investments	400,000	-	-	-	-
Total Assets	$ 1,503,205	$ 16,047,977	$ 2,588	$ -	$ 9,524,608
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	$ 1,061	$ 712,732	$ -	$ -	$ 261,862
Due to Other Funds	-	-	-	6,350	8,003,561
Advances Due to Other Funds	-	-	-	-	-
Notes Payable	-	-	-	-	3,305
Deposits	1,000	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	2,061	712,732	-	6,350	8,268,728
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	1,754,978
Total Deferred Inflows of Resources	-	-	-	-	1,754,978
Fund Balances:					
Restricted	1,501,144	15,335,245	2,588	-	-
Unassigned	-	-	-	(6,350)	(499,098)
Total Fund Balances	1,501,144	15,335,245	2,588	(6,350)	(499,098)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,503,205	$ 16,047,977	$ 2,588	$ -	$ 9,524,608

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

Measure R Local Return	Measure M	Measure M Local Return	Misc Grants/ Developer Contributions	Park Assessments	Park Development
$ -	$ -	$ -	$ -	$ -	$ -
13,079,778	123,620	11,574,021	2,910,477	3,049,092	9,702,169
81,089	323,633	54,343	468,764	16,652	45,750
-	-	-	-	36,268	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 13,160,867	$ 447,253	$ 11,628,364	$ 3,379,241	$ 3,102,012	$ 9,747,919
$ 26,951	$ 70,279	$ 441,683	$ 29,637	$ 199,297	$ 1,601,678
-	219,206	-	-	-	-
-	-	-	-	-	5,000,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	124,639	-	-
26,951	289,485	441,683	154,276	199,297	6,601,678
-	299,078	-	1,610,104	-	-
-	299,078	-	1,610,104	-	-
13,133,916	-	11,186,681	1,614,861	2,902,715	3,146,241
-	(141,310)	-	-	-	-
13,133,916	(141,310)	11,186,681	1,614,861	2,902,715	3,146,241
$ 13,160,867	$ 447,253	$ 11,628,364	$ 3,379,241	$ 3,102,012	$ 9,747,919

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Proposition A	Proposition C	Prop C Local Return	Public Facilities Fund	Public Safety
Assets:					
Cash	$ -	$ -	$ -	$ -	$ -
Investments	11,576,610	865,013	16,599,728	2,124,977	1,901,757
Receivables:					
Accounts Receivable	53,692	985,645	79,967	9,856	10,075
Property Tax Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Notes and Liens	-	-	-	-	-
Advances Due from Other Funds	-	-	-	-	-
Restricted Assets:					
Investments	-	-	-	-	-
Total Assets	$ 11,630,302	$ 1,850,658	$ 16,679,695	$ 2,134,833	$ 1,911,832
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	$ 246,309	$ 72,462	$ 14,412	$ 1,150	$ -
Due to Other Funds	-	-	-	-	-
Advances Due to Other Funds	-	-	-	-	-
Notes Payable	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	246,309	72,462	14,412	1,150	-
Deferred Inflows of Resources:					
Unavailable Revenue	-	983,640	-	-	-
Total Deferred Inflows of Resources	-	983,640	-	-	-
Fund Balances:					
Restricted	11,383,993	794,556	16,665,283	2,133,683	1,911,832
Unassigned	-	-	-	-	-
Total Fund Balances	11,383,993	794,556	16,665,283	2,133,683	1,911,832
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,630,302	$ 1,850,658	$ 16,679,695	$ 2,134,833	$ 1,911,832

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

Road Maintenance and Rehab	SAVES	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact	Communications PEG
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11,170,673	-	38,441,787	487,587	1,524,925	22,807,147	2,590,902	782,136
51,809	-	181,308	2,262	8,971	108,609	16,043	50,892
-	-	52,132	-	-	123,720	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 11,222,482	$ -	$ 38,675,227	$ 489,849	$ 1,533,896	$23,039,476	$ 2,606,945	$ 833,028
$ 162,379	$ -	$ 84,391	$ 255	$ 171,060	$ 199,121	$ -	$ -
-	8,511	-	-	-	-	-	-
-	-	3,800,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	43,502	-	1,979,739	-	-	-
-	-	-	-	-	-	-	-
162,379	8,511	3,927,893	255	2,150,799	199,121	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,060,103	-	34,747,334	489,594	-	22,840,355	2,606,945	833,028
-	(8,511)	-	-	(616,903)	-	-	-
11,060,103	(8,511)	34,747,334	489,594	(616,903)	22,840,355	2,606,945	833,028
$ 11,222,482	$ -	$ 38,675,227	$ 489,849	$ 1,533,896	$23,039,476	$ 2,606,945	$ 833,028

City of Palmdale
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Total Special Revenue Funds
Assets:					
Cash	$ -	$ 271,962	$ -	$ -	$ 271,962
Investments	1,387,847	-	5,162,008	1,866,216	224,142,465
Receivables:					
Accounts Receivable	6,437	10,000	7,575	8,655	13,134,593
Property Tax Receivable	-	-	-	-	283,959
Due from Other Funds	-	-	-	-	62
Notes and Liens	-	-	-	-	10,483,937
Advances Due from Other Funds	-	-	-	-	3,800,000
Restricted Assets:					
Investments	-	-	-	-	400,000
Total Assets	$ 1,394,284	$ 281,962	$ 5,169,583	$ 1,874,871	$ 252,516,978
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts Payable	$ 30,825	$ -	$ 237,939	$ 1,500	$ 5,595,866
Due to Other Funds	-	34,358	-	-	13,243,167
Advances Due to Other Funds	-	-	-	-	8,800,000
Notes Payable	-	-	-	-	3,305
Deposits	-	365	-	-	3,781,076
Unearned Revenue	-	-	-	-	124,639
Total Liabilities	30,825	34,723	237,939	1,500	31,548,053
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	-	-	12,942,125
Total Deferred Inflows of Resources	-	-	-	-	12,942,125
Fund Balances:					
Restricted	1,363,459	247,239	4,931,644	1,873,371	214,872,093
Unassigned	-	-	-	-	(6,845,293)
Total Fund Balances	1,363,459	247,239	4,931,644	1,873,371	208,026,800
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,394,284	$ 281,962	$ 5,169,583	$ 1,874,871	$ 252,516,978

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

	Air Quality Improvement Fund	Community Development Block Grant	Citywide Maintenance and Services	Drainage Funds	Drainage Benefit Assmnt Dist
Revenues:					
Other Taxes	$ -	$ -	$ -	$ -	$ -
Subventions and Grants	32,586	1,153,468	-	-	-
Park Development Fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Special Assessments	-	-	157,436	-	145,870
Charges for Current Services	-	-	-	-	-
Drainage Fees	-	-	-	5,085,662	-
Traffic Impact Fees	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-
Interfund Interest	-	-	-	83,962	-
Interest	7,211	79,144	3,423	256,841	33,775
Net Increase (Decrease) in Fair Value of Investments	4,412	27,547	2,095	157,174	20,655
Developer Contributions	-	-	-	-	-
State Contributions	-	-	-	-	-
Other Agency Contributions	-	-	-	-	-
County Contributions	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	44,209	1,260,159	162,954	5,583,639	200,300
Expenditures:					
Current:					
General Government	-	-	22,913	-	-
Public Safety	-	5,320	-	-	-
Public Services	-	1,172	-	-	26,515
Community Development	-	531,535	-	-	-
Cultural and Recreational	-	-	-	-	-
Health and Welfare	-	218,340	-	-	-
Capital Outlay	3,275	108,495	-	201,090	-
Debt Service:					
Principal	-	299,000	-	-	-
Interest	-	22,874	-	-	-
Interfund Interest	-	-	-	83,962	-
Total Expenditures	3,275	1,186,736	22,913	285,052	26,515
Excess (Deficiency) of Revenues Over Expenditures	40,934	73,423	140,041	5,298,587	173,785
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(82,100)	-
Total Other Financing Sources (Uses)	-	-	-	(82,100)	-
Net Change in Fund Balances	40,934	73,423	140,041	5,216,487	173,785
Fund Balances (Deficit) - Beginning of Year	312,647	2,137,434	-	10,301,469	1,377,967
Restatement of Fund Balance to Establish New Fund	-	-	-	-	-
Fund Balances (Deficit) - Beginning of Year, Restated	312,647	2,137,434	-	10,301,469	1,377,967
Fund Balances (Deficit) - End of Year	$ 353,581	$ 2,210,857	$ 140,041	$ 15,517,956	$ 1,551,752

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

Enhanced Infrastructure Financing District	Federal Funds	Federal Home Program	Federal Jobs Programs	Federal Home ARP Fund	Fire Facilities Impact	Gas Tax
$ -	$ -	$ -	$ -	$ -	$ -	$ 4,556,678
-	2,541,253	266,975	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
393,285	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,474,428	-
-	-	-	-	-	-	-
15,487	-	55,742	-	-	226,540	257,897
9,477	-	7,206	-	-	138,413	175,395
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	117,111
-	-	-	62,506	-	-	-
418,249	2,541,253	329,923	62,506	-	1,839,381	5,107,081
-	-	-	-	-	73,721	77,330
-	-	-	-	-	-	-
-	15,008	-	57,561	-	-	18,739
-	-	188,066	-	785	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,556,317	-	-	-	-	428,315
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,571,325	188,066	57,561	785	73,721	524,384
418,249	(5,030,072)	141,857	4,945	(785)	1,765,660	4,582,697
-	-	-	-	-	-	-
-	(141,545)	-	-	-	-	(160,874)
-	(141,545)	-	-	-	-	(160,874)
418,249	(5,171,617)	141,857	4,945	(785)	1,765,660	4,421,823
297,756	(386,297)	7,898,494	(18,012)	(1,355)	8,644,380	8,803,877
-	-	-	-	-	-	-
297,756	(386,297)	7,898,494	(18,012)	(1,355)	8,644,380	8,803,877
$ 716,005	$ (5,557,914)	$ 8,040,351	$ (13,067)	$ (2,140)	$ 10,410,040	$ 13,225,700

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

	Housing Authority	Landscape Maintenance	Local Transportation Article 3	Local Transportation Article 8	Measure A LA County Parks
Revenues:					
Other Taxes	$ -	$ -	$ -	$ -	$ -
Subventions and Grants	-	-	21,005	-	-
Park Development Fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	11,200	-	-	-
Special Assessments	-	7,283,569	-	-	-
Charges for Current Services	64,318	-	-	-	-
Drainage Fees	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-
Facilities Impact Fees	-	-	-	-	-
Interfund Interest	-	-	-	-	-
Interest	14,280	349,308	56	-	-
Net Increase (Decrease) in Fair Value of Investments	8,739	210,724	35	-	-
Developer Contributions	-	17,863	-	-	-
State Contributions	-	-	-	-	-
Other Agency Contributions	-	-	-	-	-
County Contributions	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	87,337	7,872,664	21,096	-	-
Expenditures:					
Current:					
General Government	-	47,216	-	-	-
Public Safety	-	-	-	-	-
Public Services	-	6,473,998	-	-	-
Community Development	42,634	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	-	8,035	15,755	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund Interest	-	-	-	-	-
Total Expenditures	42,634	6,529,249	15,755	-	-
Excess (Deficiency) of Revenues Over Expenditures	44,703	1,343,415	5,341	-	-
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	(30,000)	-	-	-
Total Other Financing Sources (Uses)	-	(30,000)	-	-	-
Net Change in Fund Balances	44,703	1,313,415	5,341	-	-
Fund Balances (Deficit) - Beginning of Year	1,456,441	14,021,830	(2,753)	2,720,834	(6,350)
Restatement of Fund Balance to Establish New Fund	-	-	-	(2,720,834)	-
Fund Balances (Deficit) - Beginning of Year, Restated	1,456,441	14,021,830	(2,753)	-	(6,350)
Fund Balances (Deficit) - End of Year	$ 1,501,144	$ 15,335,245	$ 2,588	$ -	$ (6,350)

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

Measure R	Measure R Local Return	Measure M	Measure M Local Return	Misc Grants/ Developer Contributions	Park Assessments	Park Development
$ -	$ -	$ -	$ -	$ -	$ -	$ -
644,960	2,760,541	1,001,341	3,117,238	-	-	-
-	-	-	-	-	-	677,938
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,047,452	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
79,637	381,656	-	255,774	83,109	78,151	215,327
47,175	233,549	-	156,518	38,814	47,788	131,766
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	34,852	-	-
-	-	-	-	40,972	-	-
-	-	-	-	177,219	-	-
771,772	3,375,746	1,001,341	3,529,530	374,966	3,173,391	1,025,031
-	-	-	-	1,276,997	51,817	-
-	-	-	-	124,469	-	-
37,301	77,026	19,622	18,172	15,970	-	99,366
-	-	-	-	-	-	-
-	-	-	-	91,478	22,003	-
-	-	-	-	-	-	-
1,248,567	72,818	1,241,161	1,751,911	102,163	393,921	5,004,898
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	119,600
1,285,868	149,844	1,260,783	1,770,083	1,611,077	467,741	5,223,864
(514,096)	3,225,902	(259,442)	1,759,447	(1,236,111)	2,705,650	(4,198,833)
4,372,536	-	123,620	-	-	-	-
-	(4,372,536)	-	(123,620)	-	(2,600,350)	-
4,372,536	(4,372,536)	123,620	(123,620)	-	(2,600,350)	-
3,858,440	(1,146,634)	(135,822)	1,635,827	(1,236,111)	105,300	(4,198,833)
(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
$ (499,098)	$ 13,133,916	$ (141,310)	$ 11,186,681	$ 1,614,861	$ 2,902,715	$ 3,146,241

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

	Proposition A	Proposition C	Prop C Local Return	Public Facilities Fund	Public Safety
Revenues:					
Other Taxes	$ -	$ -	$ -	$ -	$ -
Subventions and Grants	4,438,789	102,867	3,681,873	-	480,729
Park Development Fees	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	270,459
Special Assessments	-	-	-	-	-
Charges for Current Services	-	-	-	-	-
Drainage Fees	-	-	-	-	-
Traffic Impact Fees	-	-	-	-	-
Facilities Impact Fees	-	-	-	554,258	-
Interfund Interest	-	-	-	-	-
Interest	252,710	18,916	376,375	46,387	47,418
Net Increase (Decrease) in Fair Value of Investments	154,642	11,576	230,317	28,388	29,017
Developer Contributions	-	-	-	-	-
State Contributions	-	-	-	-	-
Other Agency Contributions	-	-	-	-	-
County Contributions	-	-	-	-	-
Other Revenue	-	-	-	-	-
Total Revenues	4,846,141	133,359	4,288,565	629,033	827,623
Expenditures:					
Current:					
General Government	-	-	-	-	-
Public Safety	545,087	-	-	-	-
Public Services	2,411,573	19,731	93,930	-	-
Community Development	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Capital Outlay	469,511	80,375	287,203	187,519	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Interfund Interest	-	-	-	-	-
Total Expenditures	3,426,171	100,106	381,133	187,519	-
Excess (Deficiency) of Revenues Over Expenditures	1,419,970	33,253	3,907,432	441,514	827,623
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(579,868)	-	(270,459)
Total Other Financing Sources (Uses)	-	-	(579,868)	-	(270,459)
Net Change in Fund Balances	1,419,970	33,253	3,327,564	441,514	557,164
Fund Balances (Deficit) - Beginning of Year	9,964,023	761,303	13,337,719	1,692,169	1,354,668
Restatement of Fund Balance to Establish New Fund	-	-	-	-	-
Fund Balances (Deficit) - Beginning of Year, Restated	9,964,023	761,303	13,337,719	1,692,169	1,354,668
Fund Balances (Deficit) - End of Year	$ 11,383,993	$ 794,556	$ 16,665,283	$ 2,133,683	$ 1,911,832

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

Road Maintenance and Rehab	SAVES	Sewer Maintenance Assmnt Dist	Sewer Upgrade	States Grants Fund	Street Lighting Assmnt Dist	Traffic Impact	Communications PEG
$ -	$ -	$ -	$ -	$ -	$ 712,469	$ -	$ 164,737
4,270,386	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	94,444	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,166,439	-	-	5,447,278	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2,025,899	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
243,849	-	837,637	10,644	35,318	500,952	75,509	17,074
149,220	-	511,388	6,512	20,473	304,863	46,207	10,448
-	-	-	-	-	23,078	-	-
-	-	-	-	2,739,836	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,663,455	-	7,609,908	17,156	2,795,627	6,988,640	2,147,615	192,259
-	-	-	-	-	-	-	112,930
-	-	-	-	4,927	-	-	-
34,512	-	2,754,131	137	19,570	3,497,021	16,805	-
-	-	-	-	1,395,454	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,046,705	-	245,126	9,520	815,711	-	150,970	-
-	-	-	-	-	761,997	-	-
-	-	-	-	-	202,074	-	-
-	-	-	-	-	-	-	-
1,081,217	-	2,999,257	9,657	2,235,662	4,461,092	167,775	112,930
3,582,238	-	4,610,651	7,499	559,965	2,527,548	1,979,840	79,329
-	-	-	-	-	-	-	-
-	-	(30,000)	-	-	(15,000)	(861,000)	-
-	-	(30,000)	-	-	(15,000)	(861,000)	-
3,582,238	-	4,580,651	7,499	559,965	2,512,548	1,118,840	79,329
7,477,865	(8,511)	30,166,683	482,095	(1,176,868)	20,327,807	1,488,105	753,699
-	-	-	-	-	-	-	-
7,477,865	(8,511)	30,166,683	482,095	(1,176,868)	20,327,807	1,488,105	753,699
$ 11,060,103	$ (8,511)	$ 34,747,334	$ 489,594	$ (616,903)	$22,840,355	$ 2,606,945	$ 833,028

City of Palmdale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2024

	Solid Waste	Palmdale Community Foundation	Water Park	Public Art	Total Special Revenue Funds
Revenues:					
Other Taxes	$ -	$ -	$ -	$ -	$ 5,433,884
Subventions and Grants	-	-	-	-	24,514,011
Park Development Fees	-	-	-	-	677,938
Licenses and Permits	-	-	-	-	94,444
Fines and Forfeitures	-	-	-	-	281,659
Special Assessments	-	-	-	-	22,641,329
Charges for Current Services	350,397	-	2,034,871	336,600	2,786,186
Drainage Fees	-	-	-	-	5,085,662
Traffic Impact Fees	-	-	-	-	2,025,899
Facilities Impact Fees	-	-	-	-	2,028,686
Interfund Interest	-	-	-	-	83,962
Interest	30,296	-	101,519	40,738	5,028,700
Net Increase (Decrease) in Fair Value of Investments	18,539	-	62,151	24,929	3,026,152
Developer Contributions	-	-	-	-	40,941
State Contributions	479,469	-	-	-	3,219,305
Other Agency Contributions	-	-	-	-	34,852
County Contributions	-	-	-	-	158,083
Other Revenue	-	57,716	134,438	-	431,879
Total Revenues	878,701	57,716	2,332,979	402,267	77,593,572
Expenditures:					
Current:					
General Government	-	-	-	-	1,662,924
Public Safety	-	-	-	-	679,803
Public Services	592,993	-	-	-	16,300,853
Community Development	-	-	-	-	2,158,474
Cultural and Recreational	-	-	2,005,227	18,176	2,136,884
Health and Welfare	-	69,267	-	-	287,607
Capital Outlay	-	-	-	2,350	21,431,711
Debt Service:					
Principal	-	-	-	-	1,060,997
Interest	-	-	-	-	224,948
Interfund Interest	-	-	-	-	203,562
Total Expenditures	592,993	69,267	2,005,227	20,526	46,147,763
Excess (Deficiency) of Revenues Over Expenditures	285,708	(11,551)	327,752	381,741	31,445,809
Other Financing Sources (Uses):					
Transfers In	-	22,304	516,500	-	5,034,960
Transfers Out	-	-	-	-	(9,267,352)
Total Other Financing Sources (Uses)	-	22,304	516,500	-	(4,232,392)
Net Change in Fund Balances	285,708	10,753	844,252	381,741	27,213,417
Fund Balances (Deficit) - Beginning of Year	1,077,751	236,486	4,087,392	1,491,630	183,534,217
Restatement of Fund Balance to Establish New Fund	-	-	-	-	(2,720,834)
Fund Balances (Deficit) - Beginning of Year, Restated	1,077,751	236,486	4,087,392	1,491,630	180,813,383
Fund Balances (Deficit) - End of Year	$ 1,363,459	$ 247,239	$ 4,931,644	$ 1,873,371	$ 208,026,800

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 220,000	$ 10,320	$ 32,586	$ 22,266
Interest	-	-	7,211	7,211
Net Increase (Decrease) in Fair Value of Investments	-	-	4,412	4,412
Total revenues	220,000	10,320	44,209	33,889
Expenditures:				
Capital Outlay	220,000	3,270	3,275	(5)
Total Expenditures	220,000	3,270	3,275	(5)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7,050	40,934	33,884
Net Change in Fund Balance	-	7,050	40,934	33,884
Fund Balance (Deficit) - Beginning of Year	312,647	312,647	312,647	-
Fund Balance (Deficit) - End of Year	$ 312,647	$ 319,697	$ 353,581	$ 33,884

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 3,706,630	$ 1,344,020	$ 1,153,468	$ (190,552)
Interest	-	31,480	79,144	47,664
Net Increase (Decrease) in Fair Value of Investments	-	-	27,547	27,547
Total Revenues	3,706,630	1,375,500	1,260,159	(115,341)
Expenditures:				
Current:				
Public Safety	-	-	5,320	(5,320)
Public Services	-	-	1,170	(1,170)
Community Development	447,290	726,190	531,535	194,655
Health and Welfare	223,020	209,600	218,340	(8,740)
Capital Outlay	4,325,000	130,000	108,495	21,505
Debt Service:				
Principal	299,000	299,000	299,000	-
Interest	22,870	22,880	22,874	6
Total Expenditures	5,317,180	1,387,670	1,186,734	200,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,610,550)	(12,170)	73,425	85,595
Net Change in Fund Balance	(1,610,550)	(12,170)	73,425	85,595
Fund Balance (Deficit) - Beginning of Year	2,137,432	2,137,432	2,137,432	-
Fund Balance (Deficit) - End of Year	$ 526,882	$ 2,125,262	$ 2,210,857	$ 85,595

City of Palmdale

Schedule of Revenues and Expenditures and Changes In Fund Balance - Budget and Actual
Citywide Maintenance and Services
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	$ -	$ 16,500	$ 157,436	$ 140,936
Interest	-	-	3,423	3,423
Net Increase (Decrease) in Fair Value of Investments	-	-	2,095	2,095
Total Revenues	-	16,500	162,954	146,454
Expenditures				
Current				
General Government	-	16,500	22,913	(6,413)
Total Expenditures	-	16,500	22,913	(6,413)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	140,041	133,628
Net Change in Fund Balance	-	-	140,041	133,628
Fund Balance (Deficit) - Beginning of Year	-	-	-	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 140,041	$ 133,628

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drainage Funds - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Drainage Fees	$ 687,000	$ 5,033,280	$ 5,085,662	$ 52,382
Interfund Interest	-	-	83,962	83,962
Interest	23,000	23,000	256,841	233,841
Net Increase (Decrease) in Fair Value of Investments	-	-	157,174	157,174
Total Revenues	710,000	5,056,280	5,583,639	527,359
Expenditures:				
Current:				
Capital Outlay	3,460,170	330,380	201,090	129,290
Debt Service:				
Interfund Interest	-	50,000	83,962	(33,962)
Total Expenditures	3,460,170	380,380	285,052	95,328
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,750,170)	4,675,900	5,298,587	622,687
Other Financing Sources (Uses):				
Transfers In	467,300	467,300	-	(467,300)
Transfers Out	(87,900)	(87,900)	(82,100)	5,800
Total Other Financing Sources (Uses)	379,400	379,400	(82,100)	(461,500)
Net Change in Fund Balance	(2,370,770)	5,055,300	5,216,487	161,187
Fund Balance (Deficit) - Beginning of Year	10,301,469	10,301,469	10,301,469	-
Fund Balance (Deficit) - End of Year	$ 7,930,699	$ 15,356,769	$ 15,517,956	$ 161,187

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Special Assessments	$ 144,000	$ 146,700	$ 145,870	$ (830)
Interest	5,000	5,000	33,775	28,775
Net Increase (Decrease) in Fair Value of Investments	-	-	20,655	20,655
Total Revenues	149,000	151,700	200,300	48,600
Expenditures:				
Current:				
Public Services	48,000	48,000	26,517	21,483
Total Expenditures	48,000	48,000	26,517	21,483
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,000	103,700	173,783	70,083
Net Change in Fund Balance	101,000	103,700	173,783	70,083
Fund Balance (Deficit) - Beginning of Year	1,377,969	1,377,969	1,377,969	-
Fund Balance (Deficit) - End of Year	$ 1,478,969	$ 1,481,669	$ 1,551,752	$ 70,083

City of Palmdale
Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Enhanced Infrastructure Financing District
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Special Assessments	$ 300,000	$ 389,040	$ 393,284	$ 4,244
Interest	-	-	15,487	15,487
Net Increase (Decrease) in Fair Value of Investments	-	-	9,477	9,477
Total Revenues	300,000	389,040	418,248	29,208
Expenditures				
Current				
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	389,040	418,248	29,208
Net Change in Fund Balance	300,000	389,040	418,248	29,208
Fund Balance (Deficit) - Beginning of Year	297,756	297,756	297,756	-
Fund Balance (Deficit) - End of Year	$ 597,756	$ 686,796	$ 716,004	$ 29,208

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Federal Funds - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 16,634,100	$ 13,967,860	$ 2,541,253	$ (11,426,607)
Total Revenues	16,634,100	13,967,860	2,541,253	(11,426,607)
Expenditures:				
Current:				
Public Services	-	-	15,008	(15,008)
Capital Outlay	16,573,970	13,581,560	7,556,317	6,025,243
Total Expenditures	16,573,970	13,581,560	7,571,325	6,010,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,130	386,300	(5,030,072)	(5,416,372)
Other Financing Sources (Uses):				
Transfers Out	-	-	(141,545)	(141,545)
Total Other Financing Sources (Uses)	-	-	(141,545)	(141,545)
Net Change in Fund Balance	60,130	386,300	(5,171,617)	(5,557,917)
Fund Balance (Deficit) - Beginning of Year	(386,297)	(386,297)	(386,297)	-
Fund Balance (Deficit) - End of Year	$ (326,167)	$ 3	$ (5,557,914)	$ (5,557,917)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 1,208,000	$ 374,580	$ 266,975	$ (107,605)
Interest	-	-	55,742	55,742
Net Increase (Decrease) in Fair Value of Investments	-	-	7,206	7,206
Total Revenues	1,208,000	374,580	329,923	(44,657)
Expenditures:				
Current:				
Community Development	1,215,830	358,350	188,066	170,284
Total Expenditures	1,215,830	358,350	188,066	170,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,830)	16,230	141,857	125,627
Net Change in Fund Balance	(7,830)	16,230	141,857	125,627
Fund Balance (Deficit) - Beginning of Year	7,898,494	7,898,494	7,898,494	-
Fund Balance (Deficit) - End of Year	$ 7,890,664	$ 7,914,724	$ 8,040,351	$ 125,627

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 64,800	$ 65,200	$ 62,506	$ (2,694)
Total Revenues	64,800	65,200	62,506	(2,694)
Expenditures:				
Current:				
Public Services	86,100	87,500	57,561	29,939
Total Expenditures	86,100	87,500	57,561	29,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,300)	(22,300)	4,945	27,245
Other Financing Sources (Uses):				
Transfers In	29,700	40,320	-	(40,320)
Total Other Financing Sources (Uses)	29,700	40,320	-	(40,320)
Net Change in Fund Balance	8,400	18,020	4,945	(13,075)
Fund Balance (Deficit) - Beginning of Year	(18,012)	(18,012)	(18,012)	-
Fund Balance (Deficit) - End of Year	$ (9,612)	$ 8	$ (13,067)	$ (13,075)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Subventions and Grants	$ 169,290	$ 57,590	$ -	$ (57,590)
Total Revenues	169,290	57,590	-	(57,590)
Expenditures				
Current:				
Community Development	177,860	23,400	785	22,615
Total Expenditures	177,860	23,400	785	22,615
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,570)	34,190	(785)	(12,360)
Net Change in Fund Balance	(8,570)	34,190	(785)	(12,360)
Fund Balance (Deficit) - Beginning of Year	-	94,760	(1,355)	(96,115)
Fund Balance (Deficit) - End of Year	$ (8,570)	$ 128,950	$ (2,140)	$ (108,475)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Facilities Impact Fees	$ 650,000	$ 1,524,890	$ 1,474,428	$ (50,462)
Interest	50,000	50,000	226,540	176,540
Net Increase (Decrease) in Fair Value of Investments	-	-	138,413	138,413
Total Revenues	700,000	1,574,890	1,839,381	264,491
Expenditures:				
Current:				
General Government	140,000	65,000	73,721	(8,721)
Total Expenditures	140,000	65,000	73,721	(8,721)
Excess (Deficiency) of Revenues Over (Under) Expenditures	560,000	1,509,890	1,765,660	255,770
Net Change in Fund Balance	560,000	1,509,890	1,765,660	255,770
Fund Balance (Deficit) - Beginning of Year	8,644,380	8,644,380	8,644,380	-
Fund Balance (Deficit) - End of Year	$ 9,204,380	$ 10,154,270	$ 10,410,040	$ 255,770

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Gas Tax - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Other Taxes	$ 4,768,570	$ 4,768,570	$ 4,556,678	$ (211,892)
Interest	100,000	120,000	257,897	137,897
Net Increase (Decrease) in Fair Value of Investments	-	-	175,395	175,395
State Contributions	1,000	1,000	-	(1,000)
County Contributions	180,000	150,000	117,111	(32,889)
Total Revenues	5,049,570	5,039,570	5,107,081	67,511
Expenditures:				
Current:				
General Government	244,790	102,100	77,329	24,771
Public Services	3,186,350	-	18,740	(18,740)
Capital Outlay	11,334,420	7,436,110	428,315	7,007,795
Total Expenditures	14,765,560	7,538,210	524,384	7,013,826
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,715,990)	(2,498,640)	4,582,697	7,081,337
Other Financing Sources (Uses):				
Transfers Out	(438,700)	(438,700)	(160,874)	277,826
Total Other Financing Sources (Uses)	(438,700)	(438,700)	(160,874)	277,826
Net Change in Fund Balance	(10,154,690)	(2,937,340)	4,421,823	7,359,163
Fund Balance (Deficit) - Beginning of Year	8,803,877	8,803,877	8,803,877	-
Fund Balance (Deficit) - End of Year	$ (1,350,813)	$ 5,866,537	$ 13,225,700	$ 7,359,163

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Housing Authority - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for Current Services	$ 92,250	$ 77,250	$ 64,318	$ (12,932)
Interest	1,500	1,500	14,280	12,780
Net Increase (Decrease) in Fair Value of Investments	-	-	8,739	8,739
Total Revenues	93,750	78,750	87,337	8,587
Expenditures:				
Current:				
Community Development	90,370	71,010	42,634	28,376
Total Expenditures	90,370	71,010	42,634	28,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,380	7,740	44,703	36,963
Net Change in Fund Balance	3,380	7,740	44,703	36,963
Fund Balance (Deficit) - Beginning of Year	1,456,441	1,456,441	1,456,441	-
Fund Balance (Deficit) - End of Year	$ 1,459,821	$ 1,464,181	$ 1,501,144	$ 36,963

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Landscape Maintenance - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Fines and Forfeitures	$ 4,000	$ 4,000	$ 11,200	$ 7,200
Special Assessments	7,393,300	7,341,300	7,283,569	(57,731)
Interest	86,700	86,700	349,308	262,608
Net Increase (Decrease) in Fair Value of Investments	-	-	210,724	210,724
Developer Contributions	30,000	30,000	17,863	(12,137)
Other Revenue	3,000	1,000	-	(1,000)
Total Revenues	7,517,000	7,463,000	7,872,664	409,664
Expenditures:				
Current:				
General Government	49,130	70,100	47,216	22,884
Public Services	9,082,050	7,915,650	6,473,998	1,441,652
Capital Outlay	580,760	250,000	8,035	241,965
Total Expenditures	9,711,940	8,235,750	6,529,249	1,706,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,194,940)	(772,750)	1,343,415	2,116,165
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	(2,224,940)	(802,750)	1,313,415	2,116,165
Fund Balance (Deficit) - Beginning of Year	14,021,830	14,021,830	14,021,830	-
Fund Balance (Deficit) - End of Year	$ 11,796,890	$ 13,219,080	$ 15,335,245	$ 2,116,165

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 195,850	$ 222,760	$ 21,005	$ (201,755)
Interest	-	-	56	56
Net Increase (Decrease) in Fair Value of Investments	-	-	35	35
Total Revenues	195,850	222,760	21,096	(201,664)
Expenditures:				
Current:				
Capital Outlay	150,000	24,150	15,755	8,395
Total Expenditures	150,000	24,150	15,755	8,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,850	198,610	5,341	(193,269)
Net Change in Fund Balance	45,850	198,610	5,341	(193,269)
Fund Balance (Deficit) - Beginning of Year	(2,753)	(2,753)	(2,753)	-
Fund Balance (Deficit) - End of Year	$ 43,097	$ 195,857	$ 2,588	$ (193,269)

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure A LA County Parks -
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Park Development Fees	$ -	$ 555,000	$ -	$ (555,000)
County Contributions	2,671,750	2,042,710	-	(2,042,710)
Total Revenues	2,671,750	2,597,710	-	(2,597,710)
Expenditures:				
Current:				
Capital Outlay	2,387,060	2,591,360	-	2,591,360
Total Expenditures	2,387,060	2,591,360	-	2,591,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	284,690	6,350	-	(6,350)
Net Change in Fund Balance	284,690	6,350	-	(6,350)
Fund Balance (Deficit) - Beginning of Year	389,100	487,060	(6,350)	(493,410)
Fund Balance (Deficit) - End of Year	$ 673,790	$ 493,410	$ (6,350)	$ (499,760)

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure R - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Subventions and Grants	$ 73,219,260	$ 4,591,320	$ 644,960	$ (3,946,360)
Interest	25,000	-	79,637	79,637
Net Increase (Decrease) in Fair Value of Investments	-	-	47,175	47,175
Total Revenues	73,244,260	4,591,320	771,772	(3,819,548)
Expenditures:				
Current:				
Public Services	1,186,600	-	37,301	(37,301)
Capital Outlay	72,691,030	4,591,320	1,248,567	3,342,753
Total Expenditures	73,877,630	4,591,320	1,285,868	3,305,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	(633,370)	-	(514,096)	(514,096)
Other Financing Sources (Uses):				
Transfers In	-	-	4,372,536	4,372,536
Total Other Financing Sources (Uses)	-	-	4,372,536	4,372,536
Net Change in Fund Balance	(633,370)	-	3,858,440	3,858,440
Fund Balance (Deficit) - Beginning of Year	(4,357,538)	(4,357,538)	(4,357,538)	-
Prior period	-	-	-	-
Fund Balances (Deficit) - Beginning of Year, Restated	-	-	-	-
Fund Balance (Deficit) - End of Year	$ (4,990,908)	$ (4,357,538)	$ (499,098)	$ 3,858,440

City of Palmdale
Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Measure R Local Return
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Subventions and Grants	$ -	$ 3,009,730	$ 2,760,541	$ (249,189)
Interest	-	25,000	381,656	356,656
Net Increase (Decrease) in Fair Value of Investments	-	-	233,549	233,549
Total Revenues	-	3,034,730	3,375,746	341,016
Expenditures				
Current				
Public Services	-	-	77,026	(77,026)
Capital Outlay	-	1,793,350	72,818	1,720,532
Total Expenditures	-	1,793,350	149,844	1,643,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	1,241,380	3,225,902	1,907,496
Other Financing Sources (Uses)				
Transfers Out	-	-	(4,372,536)	(4,372,536)
Total Other Financing Sources (Uses)	-	-	(4,372,536)	(4,372,536)
Net Change in Fund Balance	-	1,241,380	(1,146,634)	(2,465,040)
Fund Balance (Deficit) - Beginning of Year	14,280,550	14,280,550	14,280,550	-
Fund Balances (Deficit) - Beginning of Year, Restated	14,280,550	14,280,550	14,280,550	-
Fund Balance (Deficit) - End of Year	$ 14,280,550	$ 15,521,930	$ 13,133,916	$ (2,465,040)

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure M - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 9,664,140	$ 1,666,720	$ 1,001,341	$ (665,379)
Interest	10,000	-	-	-
Total Revenues	9,674,140	1,666,720	1,001,341	(665,379)
Expenditures:				
Current:				
Public Services	-	-	19,622	(19,622)
Capital Outlay	9,403,110	1,666,720	1,241,161	425,559
Total Expenditures	9,403,110	1,666,720	1,260,783	405,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	271,030	-	(259,442)	(259,442)
Other Financing Sources (Uses):				
Transfers In	-	-	123,620	123,620
Total Other Financing Sources (Uses)	-	-	123,620	123,620
Net Change in Fund Balance	271,030	-	(135,822)	(135,822)
Fund Balance (Deficit) - Beginning of Year	(5,488)	(5,488)	(5,488)	-
Prior period	-	-	-	-
Fund Balances (Deficit) - Beginning of Year, Restated	-	-	-	-
Fund Balance (Deficit) - End of Year	$ 265,542	$ (5,488)	$ (141,310)	$ (135,822)

City of Palmdale
Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Measure M Local Return
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Subventions and Grants	$ -	$ 3,411,030	$ 3,117,238	$ (293,792)
Interest	-	10,000	255,774	245,774
Net Increase (Decrease) in Fair Value of Investments	-	-	156,518	156,518
Total Revenues	-	3,421,030	3,529,530	108,500
Expenditures				
Current				
Public Services	-	-	18,172	(18,172)
Capital Outlay	-	4,126,160	1,751,911	2,374,249
Total Expenditures	-	4,126,160	1,770,083	2,356,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(705,130)	1,759,447	2,446,405
Other Financing Sources (Uses)				
Transfers Out	-	-	(123,620)	(123,620)
Total Other Financing Sources (Uses)	-	-	(123,620)	(123,620)
Net Change in Fund Balance	-	(705,130)	1,635,827	2,322,785
Fund Balance (Deficit) - Beginning of Year	9,550,854	9,550,854	9,550,854	-
Fund Balances (Deficit) - Beginning of Year, Restated	9,550,854	9,550,854	9,550,854	-
Fund Balance (Deficit) - End of Year	$ 9,550,854	$ 8,845,724	$ 11,186,681	$ 2,322,785

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 3,000	$ 3,000	$ 83,109	$ 80,109
Net Increase (Decrease) in Fair Value of Investments	-	-	38,814	38,814
Developer Contributions	-	162,700	-	(162,700)
Other Agency Contributions	3,743,560	618,750	34,852	(583,898)
County Contributions	542,850	609,550	40,972	(568,578)
Other Revenue	367,180	166,510	177,219	10,709
Total Revenues	4,656,590	1,560,510	374,966	(1,185,544)
Expenditures:				
Current:				
General Government	100,000	40,500	1,276,997	(1,236,497)
Public Safety	617,850	610,050	124,469	485,581
Public Services	-	-	15,970	(15,970)
Cultural and Recreational	285,930	123,270	91,478	31,792
Capital Outlay	3,844,570	544,150	102,163	441,987
Total Expenditures	4,848,350	1,317,970	1,611,077	(293,107)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(191,760)	242,540	(1,236,111)	(1,478,651)
Net Change in Fund Balance	(191,760)	242,540	(1,236,111)	(1,478,651)
Fund Balance (Deficit) - Beginning of Year	2,850,972	2,850,972	2,850,972	-
Fund Balance (Deficit) - End of Year	$ 2,659,212	$ 3,093,512	$ 1,614,861	$ (1,478,651)

City of Palmdale

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Assessments - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Special Assessments	$ 3,103,600	$ 3,103,600	$ 3,047,452	$ (56,148)
Interest	25,500	25,500	78,151	52,651
Net Increase (Decrease) in Fair Value of Investments	-	-	47,788	47,788
Total Revenues	3,129,100	3,129,100	3,173,391	44,291
Expenditures:				
Current:				
General Government	78,500	62,700	51,817	10,883
Cultural and Recreational	31,500	31,500	22,003	9,497
Capital Outlay	420,250	627,250	393,921	233,329
Total Expenditures	530,250	721,450	467,741	253,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,598,850	2,407,650	2,705,650	298,000
Other Financing Sources (Uses):				
Transfers Out	(2,500,000)	(2,510,350)	(2,600,350)	(90,000)
Total Other Financing Sources (Uses)	(2,500,000)	(2,510,350)	(2,600,350)	(90,000)
Net Change in Fund Balance	98,850	(102,700)	105,300	208,000
Fund Balance (Deficit) - Beginning of Year	2,797,415	2,797,415	2,797,415	-
Fund Balance (Deficit) - End of Year	$ 2,896,265	$ 2,694,715	$ 2,902,715	$ 208,000

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Park Development - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Park Development Fees	$ 2,000,000	$ 1,000,000	$ 677,938	$ (322,062)
Interest	50,000	50,000	215,327	165,327
Net Increase (Decrease) in Fair Value of Investments	-	-	131,766	131,766
Total Revenues	2,050,000	1,050,000	1,025,031	(24,969)
Expenditures:				
Current:				
Public Services	-	-	99,366	(99,366)
Capital Outlay	75,000	8,115,880	5,004,898	3,110,982
Debt Service:				
Interfund Interest	-	119,600	119,600	-
Total Expenditures	75,000	8,235,480	5,223,864	3,011,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,975,000	(7,185,480)	(4,198,833)	2,986,647
Other Financing Sources (Uses):				
Transfers Out	(150,000)	(150,000)	-	150,000
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-	150,000
Net Change in Fund Balance	1,825,000	(7,335,480)	(4,198,833)	3,136,647
Fund Balance (Deficit) - Beginning of Year	7,345,074	7,345,074	7,345,074	-
Fund Balance (Deficit) - End of Year	$ 9,170,074	$ 9,594	$ 3,146,241	$ 3,136,647

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition A - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 4,837,980	$ 4,837,980	$ 4,438,789	$ (399,191)
Interest	30,000	30,000	252,710	222,710
Net Increase (Decrease) in Fair Value of Investments	-	-	154,642	154,642
Total Revenues	4,867,980	4,867,980	4,846,141	(21,839)
Expenditures:				
Current:				
Public Safety	494,610	636,060	545,087	90,973
Public Services	2,896,640	2,779,500	2,411,573	367,927
Capital Outlay	2,799,160	4,094,980	469,511	3,625,469
Total Expenditures	6,190,410	7,510,540	3,426,171	4,084,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,322,430)	(2,642,560)	1,419,970	4,062,530
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	(1,337,430)	(2,657,560)	1,419,970	4,077,530
Fund Balance (Deficit) - Beginning of Year	9,964,023	9,964,023	9,964,023	-
Fund Balance (Deficit) - End of Year	$ 8,626,593	$ 7,306,463	$ 11,383,993	$ 4,077,530

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition C - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 8,065,570	$ 4,908,100	$ 102,867	$ (4,805,233)
Interest	100,000	-	18,916	18,916
Net Increase (Decrease) in Fair Value of Investments	-	-	11,576	11,576
Total Revenues	8,165,570	4,908,100	133,359	(4,774,741)
Expenditures:				
Current:				
Public Services	-	-	19,731	(19,731)
Capital Outlay	9,226,390	4,310,860	80,375	4,230,485
Total Expenditures	9,226,390	4,310,860	100,106	4,210,754
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,060,820)	597,240	33,253	(563,987)
Other Financing Sources (Uses):				
Transfers Out	(581,200)	-	-	-
Total Other Financing Sources (Uses)	(581,200)	-	-	-
Net Change in Fund Balance	(1,642,020)	597,240	33,253	(563,987)
Fund Balance (Deficit) - Beginning of Year	761,303	761,303	761,303	-
Fund Balance (Deficit) - End of Year	$ (880,717)	$ 1,358,543	$ 794,556	$ (563,987)

City of Palmdale
Schedule of Revenues and Expenditures and Changes In fund Balance - Budget and Actual
Prop C Local Return
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Subventions and Grants	$ -	$ 4,012,980	$ 3,681,873	$ (331,107)
Interest	-	100,000	376,375	276,375
Net Increase (Decrease) in Fair Value of Investments	-	-	230,317	230,317
Total Revenues	-	4,112,980	4,288,565	175,585
Expenditures				
Current				
Public Services	-	-	93,930	(93,930)
Capital Outlay	-	4,301,610	287,203	4,014,407
Total Expenditures	-	4,301,610	381,133	3,920,477
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(188,630)	3,907,432	4,002,132
Other Financing Sources (Uses)				
Transfers Out	-	(579,900)	(579,868)	32
Total Other Financing Sources (Uses)	-	(579,900)	(579,868)	32
Net Change in Fund Balance	-	(768,530)	3,327,564	4,002,164
Fund Balance (Deficit) - Beginning of Year	13,337,719	13,337,719	13,337,719	-
Fund Balance (Deficit) - End of Year	$ 13,337,719	$ 12,569,189	$ 16,665,283	$ 4,002,164

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Facilities Impact Fees	$ 450,000	$ 563,110	$ 554,258	$ (8,852)
Interest	5,000	5,000	46,387	41,387
Net Increase (Decrease) in Fair Value of Investments	-	-	28,388	28,388
Total Revenues	455,000	568,110	629,033	60,923
Expenditures:				
Capital Outlay	50,000	502,780	187,519	315,261
Total Expenditures	50,000	502,780	187,519	315,261
Excess (Deficiency) of Revenues Over (Under) Expenditures	405,000	65,330	441,514	376,184
Net Change in Fund Balance	405,000	65,330	441,514	376,184
Fund Balance (Deficit) - Beginning of Year	1,692,169	1,692,169	1,692,169	-
Fund Balance (Deficit) - End of Year	$ 2,097,169	$ 1,757,499	$ 2,133,683	$ 376,184

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ -	$ 432,000	$ 480,729	$ 48,729
Fines and Forfeitures	300,000	300,000	270,459	(29,541)
Interest	500	500	47,418	46,918
Net Increase (Decrease) in Fair Value of Investments	-	-	29,017	29,017
Total Revenues	300,500	732,500	827,623	95,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,500	732,500	827,623	95,123
Other Financing Sources (Uses):				
Transfers Out	(150,000)	(150,000)	(270,459)	(120,459)
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(270,459)	(120,459)
Net Change in Fund Balance	150,500	582,500	557,164	(25,336)
Fund Balance (Deficit) - Beginning of Year	1,354,668	1,354,668	1,354,668	-
Fund Balance (Deficit) - End of Year	$ 1,505,168	$ 1,937,168	$ 1,911,832	$ (25,336)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 4,185,880	$ 3,874,770	$ 4,270,386	$ 395,616
Interest	4,000	4,000	243,849	239,849
Net Increase (Decrease) in Fair Value of Investments	-	-	149,220	149,220
Total Revenues	4,189,880	3,878,770	4,663,455	784,685
Expenditures:				
Current:				
Public Services	-	-	34,512	(34,512)
Capital Outlay	6,777,270	8,276,250	1,046,704	7,229,546
Total Expenditures	6,777,270	8,276,250	1,081,216	7,195,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,587,390)	(4,397,480)	3,582,239	7,979,719
Net Change in Fund Balance	(2,587,390)	(4,397,480)	3,582,239	7,979,719
Fund Balance (Deficit) - Beginning of Year	7,477,864	7,477,864	7,477,864	-
Fund Balance (Deficit) - End of Year	$ 4,890,474	$ 3,080,384	$ 11,060,103	$ 7,979,719

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SAVES - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Subventions and Grants	$ 50,000	$ 50,000	$ -	$ (50,000)
Total Revenues	50,000	50,000	-	(50,000)
Expenditures:				
Current:				
Health and Welfare	50,000	41,490	-	41,490
Total Expenditures	50,000	41,490	-	41,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	8,510	-	(8,510)
Net Change in Fund Balance	-	8,510	-	(8,510)
Fund Balance (Deficit) - Beginning of Year	(8,511)	(8,511)	(8,511)	-
Fund Balance (Deficit) - End of Year	$ (8,511)	$ (1)	$ (8,511)	$ (8,510)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Licenses and Permits	$ 113,600	$ 113,600	$ 94,444	$ (19,156)
Special Assessments	6,332,400	6,340,400	6,166,439	(173,961)
Interest	86,700	86,700	837,637	750,937
Net Increase (Decrease) in Fair Value of Investments	-	-	511,388	511,388
Total Revenues	6,532,700	6,540,700	7,609,908	1,069,208
Expenditures:				
Current:				
Public Services	4,099,050	4,359,350	2,754,131	1,605,219
Capital Outlay	7,432,260	706,050	245,126	460,924
Debt Service:				
Interfund Interest	-	16,720	-	16,720
Total Expenditures	11,531,310	5,082,120	2,999,257	2,082,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,998,610)	1,458,580	4,610,651	3,152,071
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	(5,345,910)	1,111,280	4,580,651	3,469,371
Fund Balance (Deficit) - Beginning of Year	30,166,683	30,166,683	30,166,683	-
Fund Balance (Deficit) - End of Year	$ 24,820,773	$ 31,277,963	$ 34,747,334	$ 3,469,371

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Variance
Revenues				
Interest	$ -	$ -	$ 10,644	$ 10,644
Net Increase (Decrease) in Fair Value of Investments	-	-	6,513	6,513
Total Revenues	-	-	17,157	17,157
Expenditures				
Public Services	-	-	138	(138)
Capital Outlay	235,920	100,000	9,520	90,480
Debt Service:				
Total Expenditures	235,920	100,000	9,658	90,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	(235,920)	(100,000)	7,499	107,361
Net Change in Fund Balance	(235,920)	(100,000)	7,499	107,361
Fund Balance (Deficit) - Beginning of Year	768,078	(599,312)	482,095	1,081,407
Fund Balance (Deficit) - End of Year	$ 532,158	$ (699,312)	$ 489,594	$ 1,188,768

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Subventions and Grants	$ 197,390	$ 260,000	$ -	$ (260,000)
Interest	5,000	5,000	35,318	30,318
Net Increase (Decrease) in Fair Value of Investments	-	-	20,473	20,473
State Contributions	2,516,260	5,034,910	2,739,836	(2,295,074)
Total Revenues	2,718,650	5,299,910	2,795,627	(2,504,283)
Expenditures:				
Current:				
Public Safety	-	78,200	4,927	73,273
Public Services	-	-	19,570	(19,570)
Community Development	2,247,080	2,182,270	1,395,454	786,816
Capital Outlay	466,570	1,861,870	815,711	1,046,159
Total Expenditures	2,713,650	4,122,340	2,235,662	1,886,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	1,177,570	559,965	(617,605)
Other Financing Sources (Uses):				
Net Change in Fund Balance	5,000	1,177,570	559,965	(617,605)
Fund Balance (Deficit) - Beginning of Year	(1,176,868)	(1,176,868)	(1,176,868)	-
Fund Balance (Deficit) - End of Year	$ (1,171,868)	$ 702	$ (616,903)	$ (617,605)

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Taxes	$ 230,000	$ 230,000	$ 712,469	$ 482,469
Fines and Forfeitures	20,200	20,200	-	(20,200)
Special Assessments	4,207,400	4,742,700	5,447,278	704,578
Interest	103,900	103,900	500,952	397,052
Net Increase (Decrease) in Fair Value of Investments	-	-	304,863	304,863
Developer Contributions	30,400	30,400	23,078	(7,322)
Total Revenues	4,591,900	5,127,200	6,988,640	1,861,440
Expenditures:				
Current:				
Public Services	4,803,050	4,469,880	3,497,021	972,859
Capital Outlay	75,870	-	-	-
Debt Service:				
Principal	743,560	762,000	761,997	3
Interest	248,200	202,120	202,074	46
Total Expenditures	5,870,680	5,434,000	4,461,092	972,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,278,780)	(306,800)	2,527,548	2,834,348
Other Financing Sources (Uses):				
Transfers Out	(40,000)	(40,000)	(15,000)	25,000
Total Other Financing Sources (Uses)	(40,000)	(40,000)	(15,000)	25,000
Net Change in Fund Balance	(1,318,780)	(346,800)	2,512,548	2,859,348
Fund Balance (Deficit) - Beginning of Year	20,327,807	20,327,807	20,327,807	-
Fund Balance (Deficit) - End of Year	$ 19,009,027	$ 19,981,007	$ 22,840,355	$ 2,859,348

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Traffic Impact - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Traffic Impact Fees	$ 950,000	$ 2,034,480	$ 2,025,899	$ (8,581)
Interest	10,000	10,000	75,509	65,509
Net Increase (Decrease) in Fair Value of Investments	-	-	46,207	46,207
Total Revenues	960,000	2,044,480	2,147,615	103,135
Expenditures:				
Current:				
Public Services	-	-	16,805	(16,805)
Capital Outlay	1,650,000	300,000	150,970	149,030
Total Expenditures	1,650,000	300,000	167,775	132,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	(690,000)	1,744,480	1,979,840	235,360
Other Financing Sources (Uses):				
Transfers Out	(867,100)	(861,000)	(861,000)	-
Total Other Financing Sources (Uses)	(867,100)	(861,000)	(861,000)	-
Net Change in Fund Balance	(1,557,100)	883,480	1,118,840	235,360
Fund Balance (Deficit) - Beginning of Year	1,488,105	1,488,105	1,488,105	-
Fund Balance (Deficit) - End of Year	$ (68,995)	$ 2,371,585	$ 2,606,945	$ 235,360

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, 2024

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
Revenues				
Other Taxes	$ 265,000	$ 265,000	$ 164,737	$ (100,263)
Interest	-	-	17,074	17,074
Net Increase (Decrease) in Fair Value of Investments	-	-	10,448	10,448
Total Revenues	265,000	265,000	192,259	(72,741)
Expenditures				
Current:				
General Government	376,300	349,610	112,930	236,680
Total Expenditures	376,300	349,610	112,930	236,680
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,300)	(84,610)	79,329	400,619
Net Change in Fund Balance	(111,300)	(84,610)	79,329	400,619
Fund Balance (Deficit) - Beginning of Year	581,000	201,500	753,699	552,199
Fund Balance (Deficit) - End of Year	$ 469,700	$ 116,890	$ 833,028	$ 952,818

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, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 641,000	$ 641,000	$ 350,397	$ (290,603)
Interest	-	-	30,296	30,296
Net Increase (Decrease) in Fair Value of Investments	-	-	18,539	18,539
State Contributions	211,960	211,960	479,469	267,509
Total Revenues	852,960	852,960	878,701	25,741
Expenditures				
Current:				
Public Services	1,034,970	806,930	592,994	213,936
Total Expenditures	1,034,970	806,930	592,994	213,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	(182,010)	46,030	285,707	453,613
Net Change in Fund Balance	(182,010)	46,030	285,707	453,613
Fund Balance (Deficit) - Beginning of Year	295,400	702,220	1,077,752	375,532
Fund Balance (Deficit) - End of Year	$ 113,390	$ 748,250	$ 1,363,459	$ 829,145

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Other Revenue	$ 44,200	$ 57,170	$ 57,716	$ 546
Total Revenues	44,200	57,170	57,716	546
Expenditures:				
Current:				
Health and Welfare	160,540	73,770	69,267	4,503
Total Expenditures	160,540	73,770	69,267	4,503
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,340)	(16,600)	(11,551)	5,049
Other Financing Sources (Uses):				
Transfers In	-	-	22,304	22,304
Total Total Expenditures	-	-	22,304	22,304
Net Change in Fund Balance	(116,340)	(16,600)	10,753	5,049
Fund Balance (Deficit) - Beginning of Year	236,486	236,486	236,486	-
Fund Balance (Deficit) - End of Year	$ 120,146	$ 219,886	$ 247,239	$ 5,049

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Water Park - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for Current Services	$ 1,910,000	$ 1,789,000	$ 2,034,871	$ 245,871
Interest	-	-	101,519	101,519
Net Increase (Decrease) in Fair Value of Investments	-	-	62,151	62,151
Other Revenue	-	134,440	134,438	(2)
Total Revenues	1,910,000	1,923,440	2,332,979	409,539
Expenditures:				
Current:				
Cultural and Recreational	1,922,830	2,027,120	2,005,227	21,893
Total Expenditures	1,922,830	2,027,120	2,005,227	21,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,830)	(103,680)	327,752	431,432
Other Financing Sources (Uses):				
Transfers In	516,500	516,500	516,500	-
Total Other Financing Sources (Uses)	516,500	516,500	516,500	-
Net Change in Fund Balance	503,670	412,820	844,252	431,432
Fund Balance (Deficit) - Beginning of Year	4,087,392	4,087,392	4,087,392	-
Fund Balance (Deficit) - End of Year	$ 4,591,062	$ 4,500,212	$ 4,931,644	$ 431,432

City of Palmdale
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Art - Special Revenue Funds
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for Current Services	$ 100,000	$ 336,600	$ 336,600	$ -
Interest	-	-	40,738	40,738
Net Increase (Decrease) in Fair Value of Investments	-	-	24,929	24,929
Total Revenues	100,000	336,600	402,267	65,667
Expenditures:				
Current:				
Cultural and Recreational	57,000	21,510	18,176	3,334
Capital Outlay	135,000	176,300	2,350	173,950
Total Expenditures	192,000	197,810	20,526	177,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,000)	138,790	381,741	242,951
Transfers Out	-	(41,900)	-	41,900
Net Change in Fund Balance	(92,000)	96,890	381,741	284,851
Fund Balance (Deficit) - Beginning of Year	150,110	1,106,880	1,491,630	384,750
Fund Balance (Deficit) - End of Year	$ 58,110	$ 1,203,770	$ 1,873,371	$ 669,601

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, 2024

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Interest	$ -	$ -	$ 124,192	$ 124,192
Total Revenues	-	-	124,192	124,192
Expenditures:				
Debt Service:				
Principal	1,920,000	2,808,500	2,808,546	(46)
Interest	886,300	2,087,630	2,080,089	7,541
Cost of Issuance	-	-	1,048,943	(1,048,943)
Total Expenditures	2,806,300	4,896,130	5,937,578	(1,041,448)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,806,300)	(4,896,130)	(5,813,386)	(917,256)
Other Financing Sources (Uses):				
Premium on Issuance of Long-term Debt	-	-	59,130	59,130
Transfers In	3,427,300	4,896,360	3,768,607	(1,127,753)
Issuance of Long-term Debt	-	-	37,160,000	37,160,000
Payment to Refunding Bond Escrow Agent	-	-	(3,776,459)	(3,776,459)
Refunding Debt	-	-	3,770,000	3,770,000
Total Other Financing Sources (Uses)	3,427,300	4,896,360	40,981,278	36,084,918
Net Change in Fund Balance	621,000	230	35,167,892	35,167,662
Fund Balance (Deficit) - Beginning of Year	124	124	124	-
Fund Balance (Deficit) - End of Year	$ 621,124	$ 354	$ 35,168,016	$ 35,167,662

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, 2024

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Interest	$ 17,000	$ 17,000	$ 135,302	$ 118,302
Net Increase (Decrease) in Fair Value of Investments	-	-	53	53
Total Revenues	17,000	17,000	135,355	118,355
Expenditures:				
General Government	-	-	936	(936)
Public Services	-	-	750	(750)
Capital Outlay	-	20,640	-	20,640
Total Expenditures	-	20,640	1,686	18,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,000	(3,640)	133,669	137,309
Net Change in Fund Balance	17,000	(3,640)	133,669	137,309
Fund Balance (Deficit) - Beginning of Year	2,922,718	2,922,718	2,922,718	-
Fund Balance (Deficit) - End of Year	$ 2,939,718	$ 2,919,078	$ 3,056,387	$ 137,309

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City of Palmdale
Combining Statement of Net Position
Internal Service Funds
June 30, 2024

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Assets			
Current Assets			
Investments	$ 1,258,631	$ -	$ 1,258,631
Receivables	20,893	-	20,893
Total Current Assets	1,279,524	-	1,279,524
Capital Assets and Right of Use Assets			
Depreciable Capital Assets			
Vehicles	-	12,793,836	12,793,836
Equipment	6,259,544	-	6,259,544
SBITA Assets	3,568,992	-	3,568,992
Less Accumulated Depreciation	(7,198,981)	(6,580,504)	(13,779,485)
Capital Assets, Net	2,629,555	6,213,332	8,842,887
Total Assets	$ 3,909,079	$ 6,213,332	$ 10,122,411
Liabilities			
Accounts Payable	$ 93,479	$ 74,316	$ 167,795
Due to Other Funds	-	2,093,236	2,093,236
Interest Payable	31,913	-	31,913
Subscription Liability	452,388	-	452,388
Total Current Liabilities	577,780	2,167,552	2,745,332
Due in More than One Year			
Subscription Liability	1,636,888	-	1,636,888
Total Due in More than One Year	1,636,888	-	1,636,888
Total Liabilities	2,214,668	2,167,552	4,382,220
Net Position			
Net Investment in Capital Assets	540,279	6,213,332	6,753,611
Unrestricted (Deficit)	1,154,132	(2,167,552)	(1,013,420)
Total Net Position	$ 1,694,411	$ 4,045,780	$ 5,740,191

City of Palmdale
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2024

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Operating Revenues:			
Charges for Current Services	$ 1,240,884	$ 1,578,072	$ 2,818,956
Other Revenue	-	57,931	57,931
Total Operating Revenues	1,240,884	1,636,003	2,876,887
Operating Expenses:			
Salaries, Wages and Benefits	1,124,297	657,474	1,781,771
Material and Supplies	380,124	585,667	965,791
Utilities	98,412	480	98,892
Administrative	10,623	4,190	14,813
Depreciation/Amortization	882,268	988,276	1,870,544
Repairs and Maintenance	1,046,164	256,765	1,302,929
Other Expenditures	-	2,767	2,767
Total Operating Expenses	3,541,888	2,495,619	6,037,507
Operating Income (Loss)	(2,301,004)	(859,616)	(3,160,620)
Nonoperating Revenues (Expenses)			
Investment and Interest Income	98,337	-	98,337
Net Realized and Unrealized Gains (Losses)	60,176	-	60,176
Interest Expense	(94,050)	-	(94,050)
Total Nonoperating Revenues (Expenses)	64,463	-	64,463
Income (Loss) before Operating Transfers	(2,236,541)	(859,616)	(3,096,157)
Transfers In	250,000	250,000	500,000
Change in Net Position	(1,986,541)	(609,616)	(2,596,157)
Net Position (Deficit) - Beginning of Year	3,680,952	4,655,396	8,336,348
Net Position (Deficit) - End of Year	$ 1,694,411	$ 4,045,780	$ 5,740,191

City of Palmdale
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2024

	Information Technology	Fleet Maintenance	Total Internal Service Funds
Cash from Operating Activities:			
Cash Received from Interfund Services Provided	$ 1,240,884	$ 1,608,762	$ 2,849,646
Cash Paid to Employees for Services	(1,124,297)	(657,474)	(1,781,771)
Cash Paid to Suppliers for Goods and Services	(1,576,576)	(799,466)	(2,376,042)
Cash (Paid)/Received for Other Services	-	57,931	57,931
Net Cash Provided (Used) by Operating Activities	(1,459,989)	209,753	(1,250,236)
Cash from Noncapital Financing Activities:			
Transfers from Other Funds	250,000	250,000	500,000
Transfers to Other Funds	-	374,144	374,144
Net Cash Provided (Used) by Noncapital Financing Activities	250,000	624,144	874,144
Cash from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(313,475)	(1,083,897)	(1,397,372)
SBITA Arrangements	(753,074)	-	(753,074)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,066,549)	(1,083,897)	(2,150,446)
Cash from Investing Activities:			
Gain/(Loss) on Investments	60,176	-	60,176
Interest Income	77,444	-	77,444
Change in Investments	1,888,918	-	1,888,918
Net Cash Provided (Used) by Investing Activities	2,026,538	-	2,026,538
Total Cash Flow Increase/(Decrease)	(250,000)	(250,000)	(500,000)
Beginning Cash and Cash Equivalents	250,000	250,000	500,000
Ending Cash and Cash Equivalents	-	-	-
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net Income/Loss from Operating Activities	(2,301,004)	(859,616)	(3,160,620)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	882,268	988,276	1,870,544
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Receivable	-	30,690	30,690
(Increase) Decrease in Accounts Payable	(41,253)	50,403	9,150
Net Cash Provided (Used) by Operating Activities:	(1,459,989)	209,753	(1,250,236)
Schedule of Non-cash investing, Capital and Financing Activities			
Subscription Liability for the Acquisition of Rights to Use Subscription Asset	$ 109,941	$ -	$ 109,941

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, 2024

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Assets :			
Cash	$ 133	$ -	$ 133
Investments:			
Mutual Funds	756,708	3,981,403	4,738,111
Total Assets	756,841	3,981,403	4,738,244
Total Net Position Restricted for OPEB Benefits	$ 756,841	$ 3,981,403	$ 4,738,244

City of Palmdale
Statement of Net Position Assets and Liabilities
Assessment and Community Facilities District Custodial Funds
June 30, 2024

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Assets:						
Cash	$ 2,000	$ -	$ 12,171	$ -	$ -	$ -
Receivables						
Property Tax Receivable	-	-	-	-	12,765	102
Due from Other Governmental Units	-	-	-	-	-	-
Restricted Assets:						
Cash and Investments	405,832	-	190,893	153,647	1,977,676	1,807,891
Interest Receivable	285	-	140	713	296	367
Total Assets	$ 408,117	$ -	$ 203,204	$ 154,360	$ 1,990,737	$ 1,808,360
Liabilities:						
Accounts Payable	$ -	$ -	$ -	$ -	$ 8,754	$ 12,339
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	8,754	12,339
Net Position						
Restricted						
Held on Behalf of Others	80,629	-	(117,957)	134,443	1,981,983	1,796,021
Total Net Position	$ 80,629	$ -	$ (117,957)	$ 134,443	$ 1,981,983	$ 1,796,021

City of Palmdale
Statement of Net Position Assets and Liabilities
Assessment and Community Facilities District Custodial Funds
June 30, 2024

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ -	$ -	$ 14,171
-	-	-	5,297	4,815	22,979
1,565	-	-	-	-	1,565
242,958	23,856	222,092	280,844	2,476,163	7,781,852
1,125	110	1,031	121	11,657	15,845
$ 245,648	$ 23,966	$ 223,123	$ 286,262	$ 2,492,635	$ 7,836,412
$ 2,353	$ -	$ 2,342	$ -	$ 2,071	$ 27,859
329,984	-	-	-	-	329,984
-	-	-	-	-	583,859
-	-	-	-	-	84,707
332,337	-	2,342	-	2,071	1,026,409
(86,689)	23,966	220,781	286,262	2,490,564	6,810,003
$ (86,689)	$ 23,966	$ 220,781	$ 286,262	$ 2,490,564	$ 6,810,003

City of Palmdale
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024

	OPEB Trust Defined Benefit Plan	OPEB Trust Defined Contribution Plan	Total
Additions:			
Employer Contributions to Retiree Medical Trust	$ -	$ 109,000	$ 109,000
Investment and Interest Income	23,043	176,959	200,002
Net Realized and Unrealized Gains (Losses)	80,650	115,228	195,878
Total Additions	103,693	401,187	504,880
Deductions:			
Benefits Paid to Participants and Expenses	54,690	235,986	290,676
Total Deductions	54,690	235,986	290,676
Change in Net Position	49,003	165,201	214,204
Net Position Held in Trust at Beginning of Year	707,837	3,816,203	4,524,040
Net Position Held in Trust at End of Year	$ 756,840	$ 3,981,404	$ 4,738,244

City of Palmdale
Statement of Fiduciary Change in Net Position
Assessment and Community Facilities District Custodial Funds
Year Ended June 30, 2024

	AD 88-1 Redevelopment	CFD 99-1 Redevelopment	AD 90-2 Redevelopment	AD 87-1 Redevelopment	Anaverde	Trade and Commerce
Additions						
Other Taxes	$ -	$ -	$ -	$ -	$ 1,550,415	$ 1,040,747
Investment and Interest Income	7,296	-	3,631	3,354	3,607	38,333
Net Realized and Unrealized Gains (Losses)	5,448	-	2,712	2,053	852	1,057
Total Additions	12,744	-	6,343	5,407	1,554,874	1,080,137
Deductions:						
Administrative Expense	-	-	-	-	103,404	127,838
Interest Expense	-	-	-	-	657,875	305,889
Principal Payments on Long-term Debt	-	-	-	-	765,000	536,094
Total Deductions	-	-	-	-	1,526,279	969,821
Change in Net Position	12,744	-	6,343	5,407	28,595	110,316
Net Position (Deficit) at Beginning of Year	67,885	-	(124,300)	129,036	1,953,388	1,685,705
Net Position (Deficit) at End of Year	$ 80,629	$ -	$ (117,957)	$ 134,443	$ 1,981,983	$ 1,796,021

City of Palmdale
Statement of Fiduciary Change in Net Position
Assessment and Community Facilities District Custodial Funds
Year Ended June 30, 2024

Sierra Gateway	AD 91-2 Redevelopment	Ritter Ranch	Godde Hills	Joshua Ranch	Total
$ -	$ -	$ -	$ 142,369	$ 844,773	$ 3,578,304
5,306	518	4,860	(13,997)	54,858	107,766
3,245	319	2,968	348	33,587	52,589
8,551	837	7,828	128,720	933,218	3,738,659
20,759	-	24,447	39,791	730,203	1,046,442
-	-	-	24,000	-	987,764
-	-	-	50,000	-	1,351,094
20,759	-	24,447	113,791	730,203	3,385,300
(12,208)	837	(16,619)	14,929	203,015	353,359
(74,481)	23,129	237,401	271,333	2,287,549	6,456,645
$ (86,689)	$ 23,966	$ 220,781	$ 286,262	$ 2,490,564	$ 6,810,003

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Statistical Section

Palmdale, California

Year Ended June 30, 2024

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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.

Contents

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

	2015	2016	2017	2018
Governmental Activities				
Net Investment in Capital Assets	$ 651,915,581	$ 662,351,171	$ 659,365,081	$ 643,077,802
Restricted Net Position	160,152,582	144,651,291	149,318,498	158,892,011
Unrestricted	20,470,245	30,980,820	36,278,228	43,372,746
Total Governmental Activities Net Position	$ 832,538,408	$ 837,983,282	$ 844,961,807	$ 845,342,559
Business-Type Activities				
Unrestricted	$ -	$ -	$ -	$ -
Total Business-type Activities Net Position	$ -	$ -	$ -	$ -
Primary Government				
Net Investment in Capital Assets	$ 651,915,581	$ 662,351,171	$ 659,365,081	$ 643,077,802
Restricted Net Position	160,152,582	144,651,291	149,318,498	158,892,011
Unrestricted	20,470,245	30,980,820	36,278,228	43,372,746
Total Primary Government Net Position	$ 832,538,408	$ 837,983,282	$ 844,961,807	$ 845,342,559

2019	2020	2021	2022	2023	2024
$ 644,332,182	$ 649,681,476	$ 635,725,018	$ 618,136,264	$ 609,762,857	$ 609,871,573
168,327,294	172,484,623	206,139,337	233,562,972	236,174,325	264,319,596
38,660,581	44,530,808	39,155,744	45,438,999	83,801,172	95,074,877
$ 851,320,057	$ 866,696,907	$ 881,020,099	$ 897,138,235	$ 929,738,354	$ 969,266,046
$ -	$ -	$ -	$ -	$ (1,128,896)	$ 6,926,211
$ -	$ -	$ -	$ -	$ (1,128,896)	$ 6,926,211
$ 644,332,182	$ 649,681,476	$ 635,725,018	$ 618,136,264	$ 609,762,857	$ 609,871,573
168,327,294	172,484,623	206,139,337	233,562,972	236,174,325	264,319,596
38,660,581	44,530,808	39,155,744	45,438,999	82,672,276	102,001,088
$ 851,320,057	$ 866,696,907	$ 881,020,099	$ 897,138,235	$ 928,609,458	$ 976,192,257

	2015	2016	2017	2018
Expenses				
Governmental Activities:				
General Government	$ 17,167,502	$ 14,771,775	$ 15,162,734	$ 16,416,215
Public Safety	23,763,312	24,453,097	26,436,495	28,284,134
Transportation	51,743,421	53,165,326	51,989,170	55,006,590
Community Development	5,852,056	7,900,847	8,715,698	7,584,015
Cultural and Recreational	9,878,585	9,704,499	10,405,253	11,463,299
Health and Welfare	-	-	-	-
Interest on Long-term Debt	4,953,848	6,116,645	3,948,940	3,327,586
Public Service	-	-	-	-
Total Governmental Activities Expenses	113,358,724	116,112,189	116,658,290	122,081,839
Business-Type Activities				
Palmdale CCA	-	-	-	-
Total Business-type Activities Expenses	-	-	-	-
Total Primary Government Expenses	113,358,724	116,112,189	116,658,290	122,081,839
Program Revenues				
Governmental Activities				
Charges for Services:				
General Government	5,272,710	5,967,654	6,095,516	6,716,003
Public Safety	2,411,614	3,478,453	3,188,196	2,687,364
Transportation	16,223,970	16,469,772	16,853,232	17,545,979
Community Development	4,798,108	6,541,258	6,674,317	6,775,750
Cultural and Recreational	5,157,093	5,226,101	5,320,091	5,255,553
Health and Welfare	198,531	344,932	354,054	311,587
Public Works	-	-	-	-
Operating Grants and Contributions	14,681,296	9,206,823	9,058,728	8,540,307
Capital Grants and Contributions	38,039,564	29,098,236	30,874,206	23,778,358
Total Governmental Activities Program Revenues	86,782,886	76,333,229	78,418,340	71,610,901
Business-Type Activities				
Charges for Services:				
Power	-	-	-	-
Total Business-type Activities Program Revenues	-	-	-	-
Total Primary Government Program Revenues	86,782,886	76,333,229	78,418,340	71,610,901
Net (Expense)/Revenue				
Governmental Activities	(26,575,838)	(39,778,960)	(38,239,950)	(50,470,938)
Business-type Activities	-	-	-	-
Total Primary Government Net Expense	(26,575,838)	(39,778,960)	(38,239,950)	(50,470,938)

2019	2020	2021	2022	2023	2024
$ 18,136,297	$ 19,602,733	$ 23,661,402	$ 26,570,018	$ 31,726,963	$ 41,711,266
29,586,144	31,440,137	34,120,577	35,668,009	38,133,053	41,218,066
59,682,264	60,561,501	64,363,055	75,158,621	305,266	-
8,645,117	8,673,102	10,337,092	9,269,097	12,005,237	12,192,625
12,060,182	12,643,328	8,681,441	9,648,980	13,634,111	15,987,459
-	1,287,612	1,136,316	316,031	588,116	550,969
3,237,967	2,955,972	2,966,821	2,182,745	2,555,060	4,310,678
-	-	-	-	75,322,520	84,937,841
131,347,971	137,164,385	145,266,704	158,813,501	174,270,326	200,908,904
-	-	-	-	29,459,055	59,369,877
-	-	-	-	29,459,055	59,369,877
131,347,971	137,164,385	145,266,704	158,813,501	203,729,381	260,278,781
6,933,948	10,430,987	8,697,930	7,060,041	7,868,872	7,563,083
2,667,432	3,658,425	3,352,082	5,889,031	5,273,458	6,555,792
17,712,240	18,427,062	23,981,954	25,124,723	-	-
7,486,493	7,588,544	8,177,023	7,993,491	8,053,093	8,361,154
5,262,707	3,643,056	5,885,950	8,258,640	8,052,680	7,507,733
322,559	289,499	220,105	216,738	184,106	191,420
-	-	-	-	25,471,077	32,195,528
13,858,198	9,552,177	3,828,357	2,740,434	19,313,133	16,291,059
38,211,672	40,280,273	34,148,793	32,939,685	33,403,301	38,302,819
92,455,249	93,870,023	88,292,194	90,222,783	107,619,720	116,968,588
-	-	-	-	29,406,756	67,424,984
-	-	-	-	29,406,756	67,424,984
92,455,249	93,870,023	88,292,194	90,222,783	137,026,476	184,393,572
(38,892,722)	(43,294,362)	(56,974,510)	(68,590,718)	(66,650,606)	(83,940,316)
-	-	-	-	(52,299)	8,055,107
(38,892,722)	(43,294,362)	(56,974,510)	(68,590,718)	(66,702,905)	(75,885,209)

	2015	2016	2017	2018
General Revenues and other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	6,098,318	6,154,152	7,026,181	7,689,753
Sales and Use Taxes	17,084,411	19,186,043	18,577,244	19,267,083
Motor Vehicle in Lieu	11,484,571	12,523,079	13,062,518	13,925,859
Franchise Taxes	5,526,119	5,562,090	5,352,221	5,463,623
Transient Occupancy Taxes	3,089,802	3,278,724	3,716,154	4,028,350
Property Transfer Taxes	-	-	-	-
Business License Taxes	551,202	569,381	589,805	628,303
Land Sale Proceeds	-	-	-	133,981
Unrestricted Investment Earnings/(Loss)	260,322	537,396	(71,826)	519,275
Other	288,740	412,936	592,876	594,975
Transfers	-	-	-	-
Total Governmental Activities	44,383,485	48,223,801	48,845,173	52,251,202
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	(26,575,838)	(39,778,960)	(38,239,950)	(50,470,938)
Business-type Activities	-	-	-	-
Total Primary Government	$ (26,575,838)	$ (39,778,960)	$ (38,239,950)	$ (50,470,938)

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.

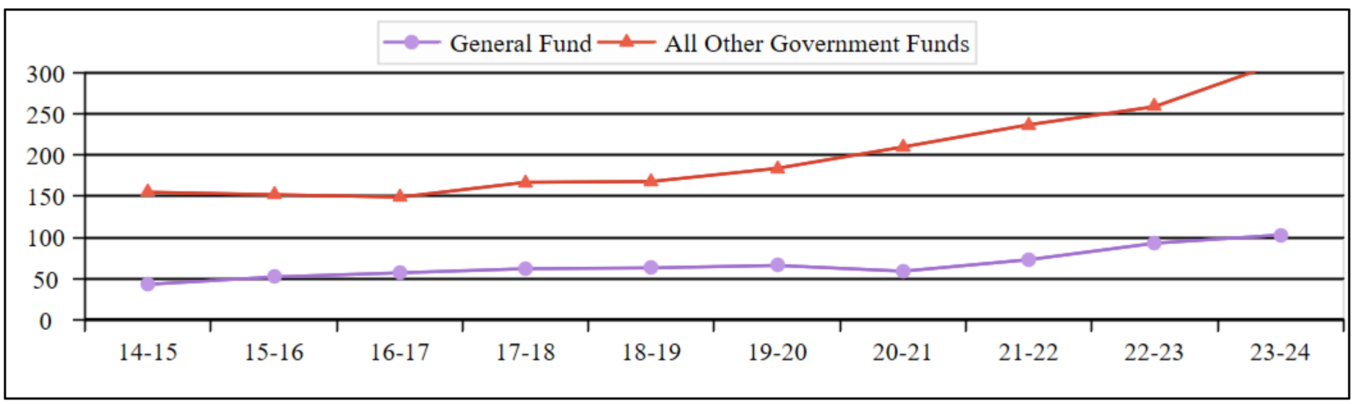
	2019	2020	2021	2022	2023	2024
	9,298,991	10,058,703	9,962,884	26,366,000	28,779,848	31,159,311
	21,798,640	21,587,441	30,305,927	50,484,625	50,484,537	50,073,637
	14,171,324	15,024,455	16,133,114	180,305	173,567	209,159
	6,225,233	5,458,426	7,441,119	7,497,156	8,684,132	9,581,190
	4,653,290	3,697,656	4,667,137	5,540,832	4,608,941	5,096,411
	-	-	-	952,103	551,908	478,671
	628,479	666,997	468,666	677,197	624,183	518,357
	-	-	-	-	-	-
	2,365,811	1,504,089	401,101	(7,686,544)	1,417,412	17,264,540
	569,791	673,444	1,267,638	697,180	2,666,630	9,086,732
	-	-	-	-	1,077,918	-
	59,711,559	58,671,211	70,647,586	84,708,854	99,069,076	123,468,008
	(10,158,182)	-	-	-	-	-
	-	-	-	-	1,321	-
	-	-	-	-	(1,077,918)	-
	-	-	-	-	(1,076,597)	-
	(59,209,086)	(43,294,362)	(56,974,510)	(68,590,718)	32,418,470	39,527,692
	-	-	-	-	(1,128,896)	8,055,107
	$ (59,209,086)	$ (43,294,362)	$ (56,974,510)	$ (68,590,718)	$ 31,289,574	$ 47,582,799

The following fund balances are classified in compliance to GASB 54:

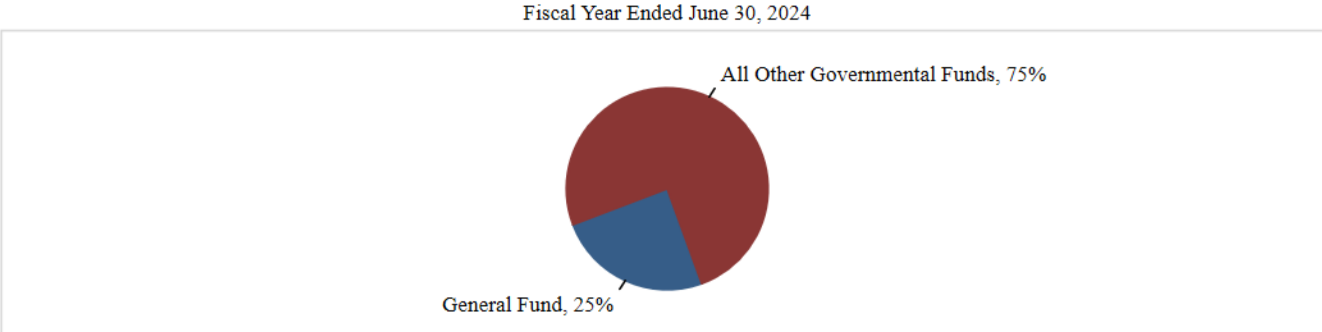
	2015	2016	2017	2018	2019
General Fund					
Nonspendable	$ 10,884,095	$ 11,433,344	$ 10,889,726	$ 11,072,269	$ 876,958
Restricted	3,004,896	3,363,298	3,433,942	3,507,069	4,414,580
Assigned	11,946,745	7,816,109	10,808,898	11,838,025	14,021,843
Unassigned	17,200,108	29,139,751	31,648,004	35,914,833	43,846,622
Total General Fund	$ 43,035,844	$ 51,752,502	$ 56,780,570	$ 62,332,196	$ 63,160,003
All Other Governmental Funds					
Restricted	169,737,885	165,219,475	164,464,462	179,943,144	184,867,493
Unassigned	(14,667,579)	(13,624,754)	(15,208,273)	(13,373,212)	(16,523,119)
Total All Other Governmental Funds	155,070,306	151,594,721	149,256,189	166,569,932	168,344,374
Total Governmental Funds	$ 198,106,150	$ 203,347,223	$ 206,036,759	$ 228,902,128	$ 231,504,377

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.



FUND BALANCES
Fiscal Year Ended June 30, 2024



The following fund balances are classified in compliance to GASB 54:

2020	2021	2022	2023	2024
$ 470,243	$ 2,390,182	$ 2,554,221	$ 2,569,673	$ 1,825,542
2,580,329	2,923,365	6,297,363	7,830,725	9,763,960
15,564,685	35,798,239	23,989,477	13,092,740	11,004,526
47,795,298	17,389,479	40,428,440	69,083,182	80,391,662
$ 66,410,555	$ 58,501,265	$ 73,269,501	$ 92,576,320	$ 102,985,690
194,970,111	215,685,053	240,397,464	261,436,934	325,456,897
(11,305,691)	(5,848,882)	(3,713,302)	(2,866,524)	(12,553,107)
183,664,420	209,836,171	236,684,162	258,570,410	312,903,790
$ 250,074,975	$ 268,337,436	$ 309,953,663	$ 351,146,730	$ 415,889,480

	2015	2016	2017	2018
Revenues:				
Taxes (See Page 186)	$ 48,122,305	$ 50,600,450	$ 51,283,788	$ 54,229,982
Subventions and Grants	21,563,749	25,690,529	26,057,852	28,470,216
Fees and Charges	14,528,075	18,823,349	18,711,910	18,692,915
Licenses and Permits	1,802,758	2,539,507	2,667,827	2,180,693
Special Assessments	17,269,746	17,227,611	17,579,851	18,204,324
Interfund Interest	606,114	577,052	543,708	516,103
Interest	830,588	1,342,135	1,695,340	2,260,381
Successor Agency Contributions	5,758,733	17,265,417	41,258	35,953
Capital Contributions	11,358,487	463,304	153,796	126,153
Net Increase (Decrease) in Fair Value of Investments	21,262	320,522	(1,648,795)	(941,708)
Other Revenue	3,939,117	4,218,962	4,483,380	3,925,523
Interest Revenue	-	-	-	-
Total Revenues	125,800,934	139,068,838	121,569,915	127,700,535
Expenditures:				
Current:				
General Government	19,755,437	14,681,150	15,276,501	15,629,948
Public Safety	23,904,831	24,785,404	26,793,853	28,107,228
Public Services	21,215,460	22,095,709	20,952,691	20,980,917
Community Development	5,119,951	7,242,971	7,229,495	6,566,458
Cultural and Recreational	9,121,236	9,206,904	9,736,509	10,086,436
Health and Welfare	2,178,496	3,031,167	3,650,042	1,872,018
Capital Outlay	25,664,366	28,470,675	26,733,173	25,935,646
Debt Service:				
Principal	30,144,672	5,433,042	3,391,747	3,425,667
Interfund Interest	606,114	577,052	543,708	516,103
Interest	4,950,664	4,627,754	3,663,254	3,348,492
Cost of Issuance	207,500	361,287	383,662	157,280
Total Expenditures	142,868,727	120,513,115	118,354,635	116,626,193
Excess (Deficiency) of Revenue Over (Under) Expenditures	(17,067,793)	18,555,723	3,215,280	11,074,342
Other Financing Sources (Uses):				
Capital Lease Proceeds	-	1,234,862	-	14,161
Gain (Loss) on Resale Land	-	-	-	377,481
Issuance of Notes	-	-	-	-
Issuance of Bonds	25,920,000	4,235,000	17,475,000	11,397,102
Issuance of Long-term Debt	-	-	-	-
Payments to Refunded Bond Escrow	-	(18,784,512)	(19,420,000)	-
Debt Issuance Premiums (Discounts)	-	-	1,419,256	-
Proceeds from Financing Related to Leases	-	-	-	-
Refunding Debt	-	-	-	-
Transfers In	34,083,575	8,824,216	29,471,537	8,153,168
Transfers Out	(34,083,575)	(8,824,216)	(29,471,537)	(8,153,168)
Total Other Financing Sources (Uses)	25,920,000	(13,314,650)	(525,744)	11,788,744
Special Item:				
Write-off of Permit Held for Sale	-	-	-	-
Extraordinary Items:				
Net Change in Fund Balances	$ 8,852,207	$ 5,241,073	$ 2,689,536	$ 22,863,086
Debt Services as a Percentage of Non-capital Expenditures	31.36 %	13.21 %	9.87 %	12.35 %

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.

2019	2020	2021	2022	2023	2024[1]
$ 59,912,769	$ 59,928,123	$ 73,442,350	$ 95,738,138	$ 98,305,989	$ 110,283,440
31,759,025	41,727,112	28,048,936	29,955,623	43,421,415	33,930,446
14,995,901	22,247,921	23,850,691	26,552,574	25,184,391	30,614,351
1,998,982	3,528,336	3,385,143	5,747,192	5,066,521	6,299,389
18,569,358	18,397,067	19,505,242	19,263,188	21,355,867	22,641,328
481,194	882,858	440,665	26,251	197,519	203,562
3,487,106	3,528,323	1,203,208	2,316,885	5,696,495	11,423,862
35,925	-	-	-	-	-
161,608	5,898,413	3,506,182	2,418,565	2,224,920	3,478,181
2,401,196	1,317,573	(483,057)	(10,179,175)	(4,534,354)	5,478,605
9,361,216	3,657,594	3,728,242	3,828,120	7,240,973	5,248,939
-	-	-	2,611	1,840	1,082
143,164,280	161,113,320	156,627,602	175,669,972	204,161,576	229,603,185
16,266,972	20,039,498	17,797,687	20,406,076	31,377,929	33,616,861
29,083,581	30,684,148	33,615,289	35,754,740	33,072,154	39,481,350
22,432,301	23,487,783	28,455,439	32,762,556	49,106,675	33,937,470
7,324,760	7,192,095	9,388,083	7,913,876	12,636,909	11,034,097
10,783,255	11,246,819	7,369,676	9,231,767	11,041,091	12,666,446
1,774,890	1,209,687	1,088,504	312,924	473,993	287,609
37,329,350	38,890,472	24,579,551	20,405,381	18,366,685	44,439,702
3,587,279	5,744,341	4,764,954	5,188,550	5,048,427	5,791,619
481,194	882,858	3,052,447	2,393,414	2,238,143	3,123,777
3,416,038	3,245,817	706,665	26,251	184,419	203,562
-	-	141,893	-	-	1,048,943
132,479,620	142,623,518	130,960,188	134,395,535	163,546,425	185,631,436
10,684,660	18,489,802	25,667,414	41,274,437	40,615,151	43,971,749
-	-	-	-	-	-
91,753	80,796	-	341,784	-	-
1,252,500	-	14,103,744	-	-	-
-	-	-	-	-	-
-	-	-	-	-	37,160,000
-	-	(14,943,599)	-	-	(3,776,459)
-	-	-	-	-	59,130
-	-	-	-	-	419,161
-	-	-	-	-	3,770,000
9,104,075	7,644,581	42,407,576	8,709,061	11,473,926	13,919,142
(9,104,075)	(7,644,581)	(48,972,673)	(8,709,061)	(10,896,008)	(14,419,141)
1,344,253	80,796	(7,404,952)	341,784	577,918	37,131,833
(10,158,182.00)	-	-	-	-	-
$ 1,870,731	$ 18,570,598	$ 18,262,462	$ 41,616,221	$ 41,193,069	$ 81,103,582
7.60 %	8.52 %	5.25 %	6.71 %	3.64 %	3.59 %

Fiscal Year	Property and Tax Increment Revenue[a]	Sales and Use Taxes[b]	Business License Tax	Franchise Tax	Gasoline Tax	Transient Occupancy Tax[c]	Real Property Transfer Tax	Total
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	25,981,042	30,305,927	468,666	7,441,119	3,566,382	4,667,137	650,123	73,080,396
2021-22	26,365,999	50,484,625	677,197	7,497,156	3,668,344	5,540,832	952,103	95,186,256
2022-23	28,779,848	50,484,537	624,183	8,684,132	4,225,711	4,608,941	551,908	97,959,260
2023-24	31,159,311	50,073,637	518,357	9,581,190	4,556,678	5,096,411	478,671	101,464,255

[a] The City's property and tax increment revenue has increased over the last ten years due to the increases in the City's population and housing boom.

[b] 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.

[c] Transient Occupancy Tax has increased by 80.24 percent as the result of additional hotels opening since 2009-10.

	Secured Property							
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Dry Farm Property	Governmental Property	Institutional Property	Irrigated Property	Miscellaneous Property
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
2023-24	12,205,204,006	1,884,903,832	580,332,311	2,875,388	-	356,358,965	18,287,869	12,020,752

	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
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
2023-24	50,247,113	797,891,383	229,263,300	(72,777,231)	22	$ 16,064,607,710	743,841	1,162,198,761	$17,227,550,312	0.07870

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 2014/15 - 2023/24 Combined Tax Rolls

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
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	0.03386 %	0.03538 %	0.03886 %	0.03652 %	0.03875 %	0.04022 %	0.03906 %	0.03903 %	0.03790 %	0.03800 %
Antelope Valley Community College	0.02480 %	0.02556 %	0.02560 %	0.04869 %	0.04847 %	0.04722 %	0.04247 %	0.04424 %	0.04060 %	0.04078 %
Antelope Valley Union High	0.02585 %	0.02428 %	0.02474 %	0.02357 %	0.02317 %	0.02187 %	0.02163 %	0.02360 %	0.02289 %	0.02045 %
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	0.08893 %	0.08176 %	0.08449 %	0.08029 %	0.07257 %	0.07363 %	0.06430 %	0.06774 %	0.04626 %	0.01696 %
Lancaster School District	0.04837 %	0.05449 %	0.05511 %	0.06398 %	0.05620 %	0.05864 %	0.06540 %	0.06567 %	0.06259 %	0.06537 %
Palmdale School District	0.04591 %	0.04973 %	0.03819 %	0.07534 %	0.07211 %	0.07059 %	0.07264 %	0.07121 %	0.07131 %	0.09885 %
Palmdale Water District	0.34586 %	0.29922 %	0.27726 %	0.26591 %	0.22356 %	0.21817 %	0.19676 %	0.26418 %	0.23064 %	0.25930 %
Westside Union School District	0.08166 %	0.08107 %	0.07929 %	0.07904 %	0.07895 %	0.07507 %	0.07656 %	0.07546 %	0.07421 %	0.07431 %
Total Direct & OverlappingTax Rates[2]	1.76573 %	1.72198 %	1.69403 %	1.74383 %	1.68427 %	1.67590 %	1.64931 %	1.72162 %	1.65689 %	1.68451 %
City Share of 1% Levy per Prop 13[3]	0.10374 %	0.10374 %	0.10374 %	0.10374 %	0.10367 %	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 %	0.07870 %

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 2015/14 - 2024/23 Tax Rate Table

	2023-24		2014-15	
Tax Payer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Percentage of Total City Taxable Assessed Valuation
Lockheed Corporation	$ 682,759,584	3.9 %	$ 228,675,763	2.3 %
Northrop Grumman Systems Corporation	417,276,649	2.4 %	111,238,788	1.1 %
Antelope Valley Shop LLC	248,205,049	1.4 %	119,373,798	1.2 %
Lancaster Hospital Corporation	268,038,287	1.5 %	219,133,961	2.2 %
Walmart/Sam's Club	88,109,137	0.5 %	76,505,013	0.8 %
Spectrum Pacific West LLC	73,897,366	0.4 %	-	0.0 %
Hastings Ranch Shopping Center LP	66,682,263	0.4 %	-	0.0 %
Allegra Palmdale LLC	60,894,000	0.4 %	-	0.0 %
Design Create Explore LLC	53,401,567	0.3 %	-	0.0 %
2018 1 IH Borrower LP	48,959,654	0.3 %	-	0.0 %
MGP X Properties LLC Lessor	-	0.0 %	109,024,669	1.1 %
Time Warner Cable	-	0.0 %	54,546,425	0.5 %
Universal Health Svs of Palmdale Inc.	-	0.0 %	42,501,203	0.4 %
Target Corporation	-	0.0	39,081,127	0.4
LV Ritter Ranch LLC	-	0.0 %	32,572,990	0.3 %
Top Ten Total	2,008,223,556	11.6 %	1,032,653,737	10.2 %
Total City Taxable Assessed Value	$ 17,300,327,543	100.0 %	$ 10,132,439,095	100.0 %

Source: HdL Coren & Cone, Los Angeles County Assessor 2023/24 and 2014/15 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
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%
2023-24	7,315,531	7,145,710	97.68%	233,609	124,487	1,173,784	8,677,590	118.62%

(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	SBITA Liability	Total Governmental Activities	Percentage of Personal Income (1)	Per Capita[(1)]
2015	$ 65,097,544	$ -	$ 28,337,814	$ 697,150	$ 6,474,923	$ -	$ 100,607,431	3.48 %	646
2016	62,879,049	-	12,440,000	1,636,893	6,117,000	-	83,072,942	2.74 %	519
2017	41,160,000	-	30,736,782	1,310,146	5,862,000	-	79,068,928	2.63 %	499
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	2.18 %	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	2,629,459	64,558,343	1.55 %	389
2024	27,250,006	-	53,911,990	3,110,827	11,450,485	2,089,276	97,812,584	2.10 %	589

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
2015	$ -	$ 28,337,814	$ 28,337,814	0.28 %	177
2016	-	8,205,000	8,205,000	0.08 %	52
2017	-	25,180,000 [a]	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
2024	-	50,190,000 [b]	50,190,000	0.29 %	302

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] An increase in total Revenue Bonds reported in 2017 compared to 2016 is the result of refunding revenue bonds issued to pay off certificates of participation during 2016-17.

[b] An increase in total Revenue Bonds reported in 2024 compared to 2023 is the result of newley issued Revenue Bonds to fund the construction of the City's Chimbole Center and the Library.

City Assessed Valuation	$ 9,038,732,423
Redevelopment Agency Incremental Valuation	8,261,595,120
Total Assessed Valuation	$ 17,300,327,543

OVERLAPPING DEBT:	Total Debt 6/30/2024	Percentage Applicable to City	City's Share of Debt 6/30/2024
Antelope Valley Joint Community College District	$ 422,405,916	36.825 %	$ 155,550,979
Antelope Valley Union High School District	23,149,873	41.731 %	9,660,674
Acton-Agua Dulce Unified Schooll District	7,665,665	0.006 %	460
Eastside Union School District	14,745,000	18.465 %	2,722,664
Lancaster School District	63,464,397	0.503 %	319,226
Palmdale School District	199,500,799	94.723 %	188,973,142
Westside Union School District	35,525,600	40.209 %	14,284,489
Palmdale School District Community Facilities District No. 90-1	75,503,773	98.844 %	74,630,949
Westside Union School District Community Facilities Districts	8,605,000	100.000 %	8,605,000
City of Palmdale Community Facilities Districts	44,195,240	100.000 %	44,195,240
City of Palmdale Assessment District No. 2006-1	910,000	100.000 %	910,000
City of Palmdale Street Lighting and Maint Assessment Districts	7,767,112	100.000 %	7,767,112
Los Angeles County General Fund Obligations	2,479,229,730	0.863 %	21,395,753
Los Angeles County Superintendent of Schools Certificates of Participation	2,857,300	0.863 %	24,658
Antelope Valley Joint Community College Dist Certificates of Participation	9,920,000	36.825 %	3,653,040
Acton-Agua Dulce Unified School District Certificates of Participation	1,470,000	0.006 %	88
Antelope Valley Union High School District General Fund Oblications	5,060,000	41.731 %	2,111,589
Lancaster School District Certificates of Participation	5,650,000	0.503 %	28,420
Palmdale School District Certificates of Participation	18,797,247	94.723 %	17,805,316
City of Palmdale General Fund Obligations	74,286,003	100.000 %	74,286,003
Total Overlapping Debt			$ 626,924,802
Successor Agency to Palmdale Redevelopment Agency			$ 54,537,467
Total Direct and Overlapping Debt			$ 681,462,269

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 2023/24 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
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 %
2023-24	17,300,327,543	648,762,283	104,213,970	16.06 %

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.

Fiscal Year	1993 Revenue Bonds Debt Service (1) Principal	1993 Revenue Bonds Debt Service (1) Interest	2003 Revenue Bonds 19.2 Debt Service (3) Principal	2003 Revenue Bonds 19.2 Debt Service (3) Interest	2009 Note Payable 6.0 Debt Service (4) Principal	2009 Note Payable 6.0 Debt Service (4) Interest	2010 Tax Allocation Note 27.5 Debt Service (5) Principal	2010 Tax Allocation Note 27.5 Debt Service (5) Interest
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
2024	-	-	-	-	-	-	2,321,278	429,382

Fiscal Year	Debt Summary: Total Principal	Total Interest	Total Debt Service	Pledge Revenue: Gross Tax Increment (6)	Less: Operating Expenses (7)	Net Available	Coverage
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
2024	2,321,278	429,382	2,750,660	13,262,411	515,909	12,746,502	4.63

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
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	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
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	17780905	3
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
2024	4,085,000	2,388,525	4,085,000	2,388,525	6,473,525	Note (7)	60,168,056	32,002,572	28,165,484	4.35

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
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	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-

	Debt Summary			Pledge Revenue		
Fiscal Year	Total Principal	Total Interest	Total Debt Service	20 Percent Set Aside Tax Increment (2)	Net Available	Coverage
2015	$ 800,000	$ 1,068,743	$ 1,868,743	$ 5,921,235	$ 5,921,235	3.17
2016	835,000	1,035,891	1,870,891	5,881,400	5,881,400	3.15
2017	-	-	-	6,562,732	6,562,732	3.51
2018	-	-	-	6,983,164	6,983,164	3.73
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-

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
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 %
2023	166,055	4,653,319	28,022	33.00	36,361	6.6 %	76.6 %	16.7 %

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

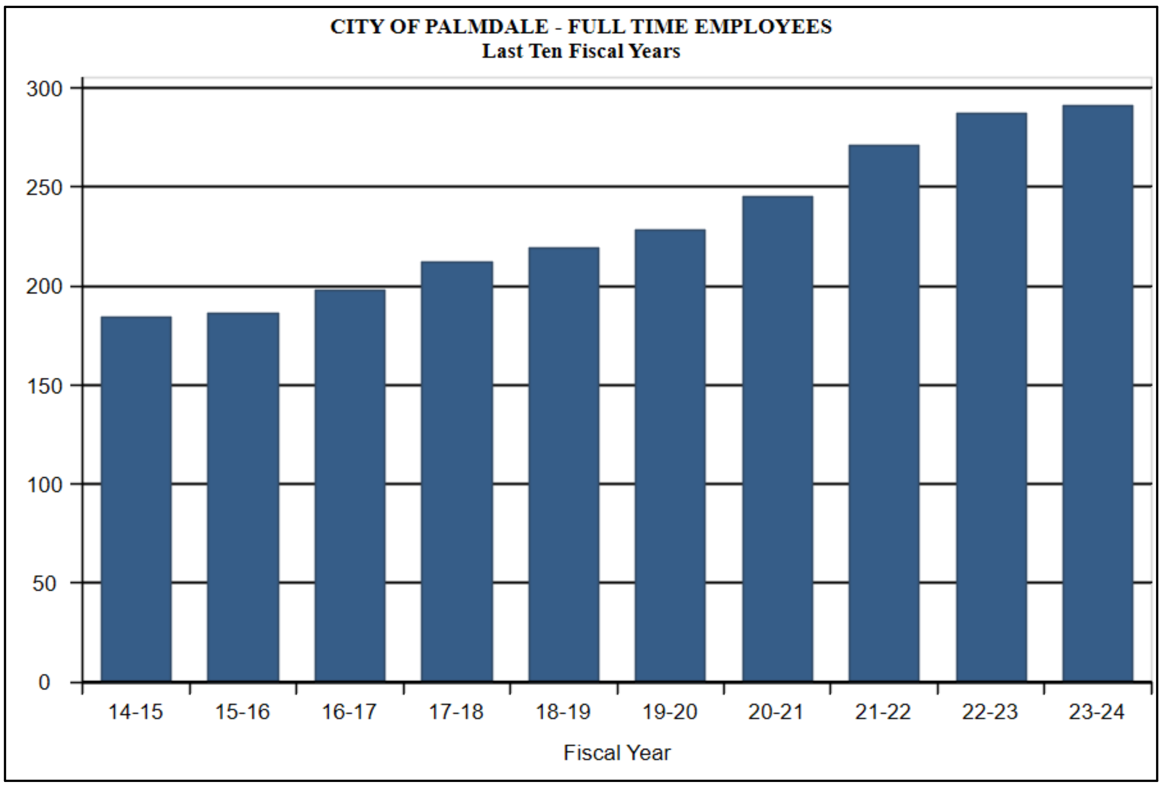
(4) California Employment Development Department.

(5) U.S. Census Bureau

	2024			2014	
Employer	Number of Employees	Percentage of Total Valley Employment	Employer	Number of Employees	Percentage of Total Valley Employment
Northrop Grumman	8,680	50.01%	Edwards Air Force Base	10,647	25.88%
Lockeed Martin	4,597	26.49%	China Lake NWC	9,172	22.30%
Palmdale Regional Medical Center	1,081	6.23%	County of Los Angeles	3,743	9.10%
Walmart Supercenters (3 Stores)	942	5.43%	Northrop Grumman	2,772	6.74%
Target Stores (2 Stores+Optical)	452	2.60%	Lockheed Martin	2,712	6.59%
Keller Williams Realty Antelope Valley	399	2.30%	AV High School District	2,689	6.54%
Vallarta Supermarket (3 Stores)	370	2.13%	Palmdale School District	2,682	6.52%
Allied Universal Securtiy Services	295	1.70%	Mojave Air & Spaceport	2,500	6.08%
The Home Depot (2 Stores)	283	1.63%	Antelope Valley Hospital	2,300	5.59%
Lowe's Home Centers (2 Stores)	257	1.48%	Walmart	1,922	4.67%

Source: City of Palmdale Economic and Community Developement-Business Lincenses Division (HDL)

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Council	-	-	-	-	-	-	0.50	1.00	1.00	1.50
City Manager	5.00	6.00	8.00	8.00	12.00	25.00	46.50	56.00	56.00	81.50
City Attorney	4.00	4.00	4.00	4.00	6.00	6.00	8.00	8.00	8.00	4.00
Administrative Services	20.00	20.00	21.00	21.00	21.00	13.00	-	-	-	-
Economic & Community Development*	39.00	25.00	27.00	29.00	29.00	30.00	31.00	34.00	34.00	34.00
Neighborhood Services	21.00	20.00	21.00	24.00	23.00	23.00	24.00	31.00	38.00	14.00
Public Works*	81.00	97.00	103.00	110.00	112.00	114.00	116.00	119.00	126.00	128.00
Recreation & Culture	14.00	14.00	14.00	16.00	16.00	17.00	19.00	22.00	24.00	28.00
Total	184.00	186.00	198.00	212.00	219.00	228.00	245.00	271.00	287.00	291.00



- 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	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Communications:										
Video Segments Produced[1]	10	16	12	21	94	127	113	124	145	56
Commercials/Social Media[1]	5	7	8	7	5	8	8	932	597	594
Photos/Graphics Produced[1]	24	39	33	39	65	68	72	985	961	1,029
Publications Produced[1]	3	3	3	3	15	15	15	104	3	4
Newsletters/Media Releases[1]	102	148	109	188	224	265	309	251	213	317
Economic and Community Development:										
Film Permits Issued	19	36	35	29	30	19	28	39	29	15
Businesses Licensed	8,873	9,585	10,099	9,929	9,456	9,372	6,560	8,692	8,207	8,711
Building Permits Issued	1,517	1,814	1,742	1,566	1,674	1,935	1,951	1,224	1,979	4,117
Engineer Grading Permits Issued	17	22	26	18	16	41	27	48	30	16
Engineer Geotechnical Review	10	20	12	12	17	20	16	45	28	33
Engineer Improvement Plans	70	139	166	194	373	320	115	251	367	373
Engineer Inspections	3,200	2,219	965	1,101	1,543	1,311	1,009	1,575	1,502	1,470
Financial Assistance to Businesses	-	-	-	-	-	-	70	34	24	-
SBDC Business Counseling/Training Hours	275	206	374	286	351	249	358	444	8,000	517
Business Retention Site Visits	35	34	36	35	25	8	290	385	558	246
AJCC Training Hours for Local Businesses and Workforce	-	-	-	-	-	-	-	-	-	2,080
:										
Buildings Maintained	57	64	65	57	60	60	60	75	75	75
Square Footage of Facilities	415,830	424,488	418,000	418,000	423,000	432,000	432,000	405,000	420,000	420,000
Neighborhood Services										
Neighborhood Watch Presentations	118	66	86	88	32	14	16	21	34	45
Business Watch Presentations	11	52	57	63	11	3	2	2	8	17
PAC Presentations	11	25	8	11	8	4	5	3	11	23
Administration Citations Processed	741	361	818	630	559	1,242	968	1,081	1,479	1,031
Parking Enforcement:										
Vehicle Impounds	205	500	483	462	396	405	351	268	417	1,027
Citations Issued	5,195	3,560	5,430	7,233	6,014	6,633	3,065	3,073	3,890	6,937
Calls for Service	1,086	2,837	9,346	2,007	2,626	2,485	3,445	1,620	1,032	1,128
Number of Law Violations::										
Part 1 Crimes	4,750	4,200	5,946	4,082	3,757	2,895	3,232	3,327	3,450	3,773
Part 2 Crimes	6,614	4,835	10,743	7,876	7,985	5,387	6,985	4,866	6,131	4,116
Crime Reports Taken	19,254	15,630	16,689	11,958	11,742	8,268	12,232	12,325	14,587	15,190
Arrests	6,206	5,976	9,061	6,583	6,652	6,554	5,355	4,606	3,648	3,156
Accident Reports Taken	1,967	2,081	2,226	1,435	1,850	1,720	2,320	1,855	1,684	1,958
Animal Licenses Issued	8,318	9,643	11,416	11,616	11,747	10,656	8,111	8,923	7,469	7,682
Code Enforcement Cases Closed	3,835	4,190	4,607	4,390	3,045	3,572	2,271	3,680	4,883	3,629
Mobile Home Parks Paid Occupied Spaces	787	787	787	787	787	787	791	784	784	784
Affordable Housing - Apartment Units[4]	-	291	291	291	291	299	299	296	295	291

Function/Program	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Health and Welfare:										
Family Members Assisted with Food and/or Shelter	7,184	7,516	6,573	9,143	3,080	5,563	4,346	5,846	12,111	9,235
SAVES Meals Provided	361,956	94,170	94,595	118,321	209,100	347,511	387,610	314,740	372,260	547,083
SAVES Motel Vouchers Provided (Night)	29	59	160	101	61	42	298	490	2,067	1,413
Public Services:										
Number of Landscape Districts Maintained	248	230	230	230	233	233	248	246	246	249
Landscaped Area (Acres) Maintained	253	376	377	377	377	377	381	482	482	483
Irrigation Controllers Maintained	542	532	413	413	534	534	534	518	518	521
Landscape Median Area Maintained (Sq. Ft.)	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	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	2,006	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	267	267	267	267	267	267	294	294	295
Detention Basins (Acres) Maintained	94	110	110	110	110	110	110	613	613	614
Service Requests - Landscape Maint.	1,109	1,236	1,016	1,016	1,297	1,297	1,310	3,791	3,692	5,795
Vandalism Repair Hours	20	23	13	13	42	42	42	2,772	3,797	4,324
Graffiti Abatement Hours	1,211	4,720	1,204	1,210	1,573	1,573	1,781	2,085	3,230	3,782
Lighting Districts	164	164	164	164	170	170	170	5	5	5
Number of Street Lights in Districts	18,513	18,515	18,515	18,515	18,523	18,523	18,523	18,592	18,790	18,632
Commercial Acreage in Street Lighting Districts	2,090	2,111	2,111	2,111	2,115	2,115	2,115	2,166	2,167	2,167
Commercial Acreage in Street Lighting Districts	40,770	40,785	40,785	40,792	40,790	40,790	40,790	46,329	46,559	39,754
Striping and Marking ln. Ft. and Sq. Ft.	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	2,500,000
Trees Planted	320	45	100	75	141	141	142	104	91	70
Trees Pruned	410	455	455	1,678	959	959	755	2,843	2,688	1,339
Street Signs Maintained	9,100	9,150	14,500	14,500	14,500	14,500	14,560	14,560	14,560	20,452
Street Centerline Miles	504	504	508	508	508	508	508	508	508	534
Street Pavement Area (Acres)	2,109	2,109	2,172	2,172	2,172	2,172	2,172	2,172	2,712	2,282
Bridges Maintained	9	9	9	9	9	9	9	9	9	12
Box Culverts Maintained	7	7	7	7	7	7	7	7	7	7
Number of Passengers Served3	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	1,560,004
Number of Commuter and Fixed Routes3	18	18	18	19	21	22	22	20	20	20
Cultural and Recreational:										
Library Circulation	284,027	263,750	315,639	198,361	179,521	179,521	60,700	144,407	160,668	163,515
Library Volumes Owned	-	73,045	73,612	78,073	88,214	88,214	33,100	26,923	230,012	85,165
Library Programs	190	271	339	428	528	528	180	185	239	413
Playhouse General Attendance	-	-	8,900	10,800	16,200	8,000	-	5,000	7,520	10,774
Larry Chimbole Center Attendance	75,000	80,000	80,000	80,120	80,500	40,000	9,200	35,577	-	-
Legacy Commons Attendance	37,000	40,000	55,875	55,900	59,556	49,825	5,000	39,500	63,209	81,244

Function/Program	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Oasis Park Recreation Center Attendance	-	-	47,000	47,000	47,200	15,000	1,500	61,522	34,600	21,126
Amphitheater Attendance	-	-	47,500	50,800	48,600	10,000	7,500	8,507	30,426	25,000
Recreational Swimming Attendance	-	-	2,450	2,500	2,400	3,081	2,218	1,200	3,080	1,637
Lesson Swimming Attendance	-	-	2,680	2,587	2,450	1,665	1,415	2,646	1,885	3,695
Youth Sports Participants	1,661	1,784	1,664	1,586	1,718	1,169	818	1,229	1,401	1,508
Adult Sports Participants	2,446	2,530	2,574	2,560	1,712	1,192	60	1,200	1,050	1,232
General Program Registrants[2]	13,701	11,328	11,510	11,264	12,000	9,000	7,600	8,100	8,260	11,909
Aquatic Program Registrants[2]	8,378	2,833	2,910	2,999	2,800	3,200	2,300	2,900	3,127	3,842
Facility Rental Bookings[2]	4,819	2,600	4,452	925	698	400	90	6,419	2,489	3,560
Airpark Attendance[2]	16,918	17,100	16,336	17,000	20,210	3,000	600	10,000	13,500	2,600
Airpark Guided Tours[2]	51	60	22	30	34	10	2	1	-	-
Community Event Attendance[2]	43,000	44,000	44,000	44,000	50,600	10,000	200	9,000	12,000	1,854
Playhouse Performance Attendance[2]	10,125	9,416	13,345	15,230	16,200	5,000	-	4,428	6,430	6,430
DryTown Admissions[2]	85,000	91,400	92,000	92,000	77,137	34,443	10,000	84,096	72,963	60,218
Tournament Attendance[2]	46,500	47,320	58,032	65,000	85,000	65,000	4,500	70,000	80,000	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

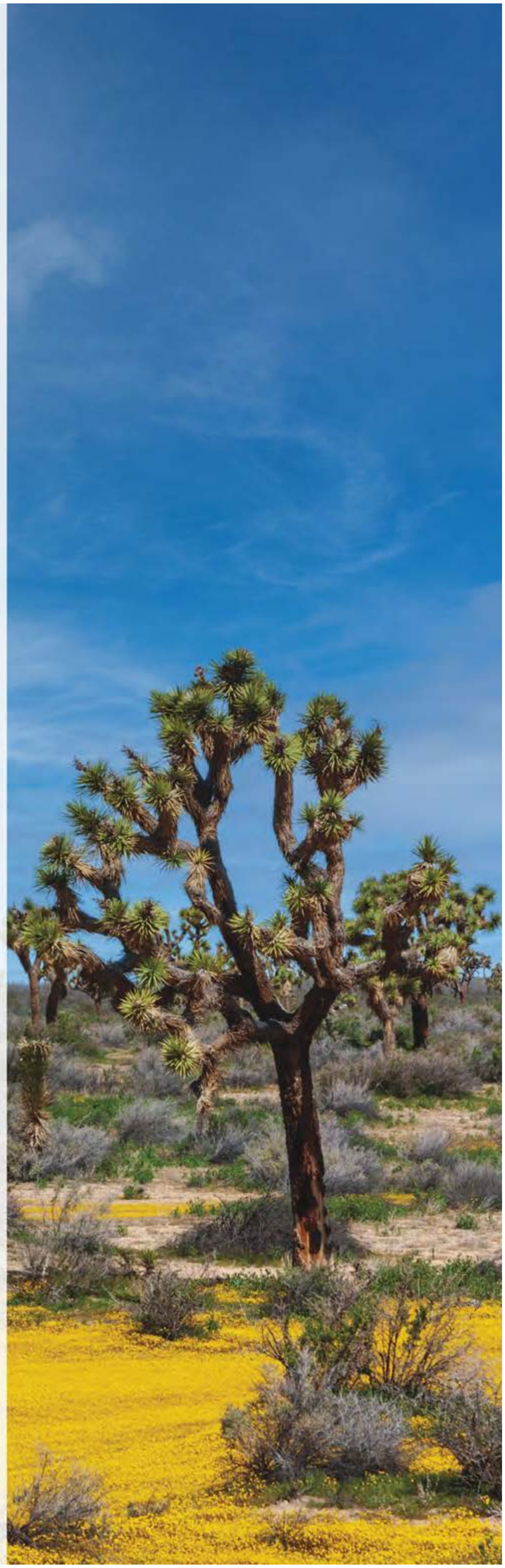
(3) Figures provided by Antelope Valley Transit Authority

(4) Four multifamily apartment buildings purchased in September 2015

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government:										
Number of City Owned Building Facilities	47	55	55	55	55	55	55	75	75	75
City Vehicles	4	4	4	4	4	4	4	4	4	4
Public Safety Vehicles	8	12	12	16	26	31	33	34	34	34
Public Services:										
Streets and Bikeways (miles)	580	580	580	580	580	580	580	580	580	536
Landscaped Area (Acres)	260	260	260	260	260	260	260	482	482	483
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	100,000	100,000	100,000	100,000	100,000
Retention and Detention Basins	11	11	11	11	11	11	11	300	300	301
Storm Drainage Pump Stations	3	3	3	3	19	19	19	19	19	20
Detention Basins (Acres)	207	207	207	207	207	207	207	613	613	614
Traffic Signals	168	184	188	195	195	199	200	252	226	236
Traffic Signs	8,700	8,700	8,750	8,750	8,750	8,750	8,750	14,560	12,560	20,452
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	4,200	4,200	4,200	18,523	18,523	18,523	18,523	18,523	18,790	18,790
Vehicles	75	91	91	104	102	101	101	101	106	111
Traffic Operation Center	-	-	-	-	-	-	-	1	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	22	22	22	22	22	23	24	22
Developed Park Acreage	576	576	576	588	588	588	588	592	351	368
Number of Swimming Pools	3	3	3	3	4	4	4	4	4	4
Number of Tennis Courts	9	10	10	10	10	10	10	10	10	7
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	29	30	30	30	30	30	30	29	20
Basketball Courts	8	9	9	9	9	9	9	9	9	12
Softball Diamonds	20	13	13	13	15	15	15	15	16	10
Volleyball Courts	6	7	7	7	7	7	7	7	7	5
Little League Fields	11	11	11	11	11	11	11	11	11	6
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	6	6	5	6	6	6	6	6	6
Health and Welfare:										
Vehicles	2	2	2	2	2	3	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

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Agency") in connection with the issuance and delivery of $__________ Tax Allocation Refunding Bonds, 2026 Series A (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2026 (the "Indenture"), by and between the Agency and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries).

"Dissemination Agent" shall mean Kosmont Financial Services or any successor Dissemination Agent designated in writing by the Agency and that has filed with the Agency a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"Fiscal Year" shall mean the 12-month period beginning on July 1 and ending on the next following June 30, unless and until changed by the Agency.

"Holder" shall mean either the registered owner of any Bond, or, if the Bonds are registered in the name of DTC or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final Official Statement dated _______, 2026, relating to the Bonds.

"Participating Underwriters" shall mean, Raymond James & Associates, Inc., and any other original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later March 31 of each year, commencing March 31, 2027, provide to MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) calendar days prior to each such Annual Report Date, the Agency shall provide its Annual Report to the Dissemination Agent, if such Dissemination Agent is a different entity than the Agency. The Annual Report must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as is prescribed by MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if such audited financial statements are not available by such date. If the Agency's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished hereunder. The Dissemination Agent may conclusively rely upon such certification of the Agency and shall have no duty or obligation to review such Annual Report.

(b) Not later than 15 Business Days prior to the date required in subsection (a), the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to MSRB an Annual Report by the date required in subsection (a), the Agency shall send to MSRB a notice in substantially the form attached hereto as Exhibit A. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(c) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB by the date required in subsection (a);

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided to MSRB pursuant to this Disclosure Certificate, and stating the date the Annual Report was so provided; and

(iii) if the Dissemination Agent is other than the Agency, take any other actions mutually agreed upon between the Dissemination Agent and the Agency.

Section 4. <u>Content of Annual Reports</u>. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Agency for the prior Fiscal Year. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements of the Agency in a format similar to the audited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Agency may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Agency shall modify the basis upon which its financial statements are prepared, the Agency shall provide a notice of such modification to MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) The following information for the Fiscal Year to which the Annual Report relates, which information may be provided by its inclusion in the audited financial statements of the Agency for the prior Fiscal Year described in subsection (a) above:

(i) The principal amount of Bonds outstanding.

(ii) Information contained in the following tables in the Official Statement:

TABLE NO. 1 – LAND USE
TABLE NO. 2 – HISTORICAL ASSESSED VALUATIONS
TABLE NO. 4 – TEN LARGEST TAXPAYERS

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, that are available to the public on MSRB's Internet web site or filed with the Securities and Exchange Commission. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on any reserve fund for the Bonds reflecting financial difficulties;

(iv) unscheduled draws on any credit enhancements securing the Bonds reflecting financial difficulties;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to the rights of Owners of the Bonds, if material;

(viii) Bond calls, if material, and tender offers for the Bonds;

(ix) defeasances;

(x) any release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) any bankruptcy, insolvency, receivership, or similar event of the Agency [this Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material;

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(b) Upon and after the occurrence of a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above, the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Agency determines that knowledge of the occurrence of such Listed Event would be material under applicable federal securities laws, the Agency shall promptly notify the Dissemination Agent, if different from the Agency, in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(c) Upon and after the occurrence of any Listed Event (other than a Listed Event listed under subsection (a)(ii), (a)(vii), (a)(viii), (a)(x), (a)(xiii), or (a)(xiv) above), the Agency shall promptly notify the

Dissemination Agent, if different from the Agency, in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d) below.

(d) The Agency or the Dissemination Agent, if the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, shall file a notice of such occurrence with MSRB, not in excess of ten (10) business days after the occurrence of such Listed Event. Such notice must be submitted in an electronic format as prescribed by MSRB, accompanied by such identifying information as prescribed by MSRB.

(e) The Agency hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Agency and that the Dissemination Agent shall not be responsible for determining whether the Agency's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The obligations of the Agency and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Agency. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Agency. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Agency in a timely manner and in a form suitable for filing.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal (including a change in law (including rules or regulations) or in interpretations thereof), or a change in the identity, nature, or status of the Agency or the type of business conducted thereby;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by Holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to MSRB.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the Agency agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees, and agents, harmless against any losses, expenses, and liabilities that it may incur arising out of or in the exercise or performance of its duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the format or content of any notice or Annual Report prepared by the Agency pursuant to this Disclosure Certificate. The Agency shall pay the reasonable fees and expenses of the Dissemination Agent for its duties hereunder.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriters, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2026

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

By: ______________________________
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Community Redevelopment Agency of the City of Palmdale

Name of Bond Issue: Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A

Date of Issuance: ___________, 2026

NOTICE IS HEREBY GIVEN that the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Agency"), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate executed by the Agency on _________, 2026. The Agency anticipates that the Annual Report will be filed by _________________.

Dated: _____________________

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALMDALE

By:_____________________________________
Authorized Officer

APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

[_______], 2026

Successor Agency to the
Community Redevelopment Agency
of the City of Palmdale
38300 Sierra Highway
Palmdale, CA 93550

Re: $[_______] Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the Successor Agency to the Community Redevelopment Agency of the City of Palmdale (the "Agency") in connection with the issuance by the Agency of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Tax Allocation Refunding Bonds, 2026 Series A (the "Bonds"), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and pursuant to an Indenture of Trust, dated as of September 1, 2026 (the "Indenture") by and between the Agency and U.S. Bank Trust Company, National Association, as trustee thereto (the "Trustee"). The proceeds of the Bonds have been applied by the Agency to refinance certain outstanding bonds of the Agency. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the "Tax Certificate"), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;

2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;

3. The Indenture has been duly approved by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a first lien on and pledge of the Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;

5. Interest on the Bonds is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Respectfully submitted,

APPENDIX G

THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of

AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or

registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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TAX ALLOCATION REFUNDING BONDS, 2026 SERIES A

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