



CITY OF

RANCHO PALOS VERDES

C A L I F O R N I A

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2013

**CITY OF RANCHO PALOS VERDES,  
CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2013**

Prepared By:

Finance & Information Technology Department  
Dennis McLean, Director  
Kathryn Downs, Deputy Director

## **INTRODUCTORY SECTION**

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 FOR THE YEAR ENDED JUNE 30, 2013  
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**INTRODUCTORY SECTION**

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# RANCHO PALOS VERDES

February 18, 2014

Honorable Mayor and City Council  
City of Rancho Palos Verdes  
Rancho Palos Verdes, California

The Comprehensive Annual Financial Report (CAFR) of the City of Rancho Palos Verdes for the fiscal year ended June 30, 2013, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial section of the CAFR includes management's discussion and analysis (MD&A) of the financial activity. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rancho Palos Verdes as legally defined), as well as its component unit, the Rancho Palos Verdes Joint Powers Improvement Authority. A component unit is a legally separate entity for which the primary government is financially accountable. The City provides a broad range of services, including police protection, solid waste collection, construction and maintenance of streets and other infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City of Rancho Palos Verdes is a contract city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City's own employees.

Special districts of the County of Los Angeles provide library services, fire protection services, and sewer services. The City has excluded the County of Los Angeles, as well as the State of California and various school districts, from the financial reporting entity because they do not meet the established criteria for inclusion.

## GOVERNMENTAL STRUCTURE

The City of Rancho Palos Verdes is located on a coastal peninsula overlooking the Pacific Ocean in Los Angeles County, 20 miles south of the City of Los Angeles. The City was incorporated September 7, 1973, and currently has land area of 13.6 square miles and a population of about 42,000. The City is primarily a "bedroom" community with relatively little commercial activity.

The City has operated under the council-manager form of government since incorporation. Policy-making and legislative authority are vested in the governing City Council, which consists of five Council Members, including the Mayor and Mayor Pro-Tem. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Council is elected on a non-partisan, at-large basis. Council Members are elected to four-year staggered terms with two or three Council Members elected every two years. The City Council designates the Mayor and Mayor Pro-Tem for a one-year term.

## MAJOR INITIATIVES

The City's staff, following specific directives of the City Council and the City Manager, has been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that its citizens are able to live and work in an enviable environment.

### Community Development

- The City together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve, including obtaining City Council approval of the final Public Use Master Plan (PUMP) for the entire Preserve, continuing several on-going habitat restoration projects, and several trail maintenance and improvement projects.
- Continued to approve the installation of various commercial antenna facilities for cellular telephones and personal communication systems on private property throughout the City.
- Continued to take steps to update the City's General Plan by obtaining Planning Commission approval of the draft text for each of the General Plan Elements. Staff is currently presenting draft General Plan Land Use Map changes to the Planning Commission for review and approval. Staff anticipates that the Planning Commission will complete their review and recommend a draft of the General Plan Update to the City Council in December 2013. Staff also anticipates that the City Council will adopt the Updated General Plan in the first quarter of 2014.
- Continued to ensure that the various housing programs within the Housing Element are being implemented. Additionally, staff has retained and worked with a housing consultant to prepare the next mandatory Housing Element Update, which is due to the State Department of Housing and Community Development in October 2013.

- Implemented the approved Vision Plan, a coordinated master plan consisting of program, design and linkage concepts for land located within the coastal region of the City, with: a) a \$500,000 grant from the California Coastal Conservancy to complete the City's portion of the California Coastal Trail; and b) a \$332,588 matching grant by the State Recreation and Parks Land and Water Conservation Fund for the Abalone Cove Shoreline Park improvement project.
- Implemented the City's Trails Network Plan by improving and maintaining trails within the Palos Verdes Nature Preserve pursuant to the City Council adopted Preserve Trails Plan, and obtained an access easement as part of private development projects for the construction of the Salvation Army Trail as identified in the City's Conceptual Trails Plan. Pursuant to a grant from the California Coastal Conservancy, the City has begun construction on the City's segment of the California Coastal Trail. Lastly, the City will begin an extensive overhaul of the Trails Network Plan for trails outside of the Preserve in fall 2013. Public outreach will be included.
- Prepared a Draft EIR for the Zone 2 Landslide Moratorium Ordinance revisions. The Landslide Moratorium Ordinance currently includes an exception category for the 16 Monks plaintiffs' lots, which grants them the ability to apply for Landslide Moratorium Exceptions (LMEs) to develop new homes on their lots. The Zone 2 Landslide Moratorium Ordinance revisions will expand the exception category to allow the remaining 31 vacant, non-plaintiff's lots in Zone 2 to also apply for LMEs. Staff anticipates forwarding the Final EIR and responses to comments by early 2014.
- Took initial steps towards the creation of a Western Avenue Vision Plan by selecting a consultant, and identifying a work product that will serve as a visionary framework plan for a 2-mile stretch of Western Avenue. The Vision Plan is a multi-faceted project that will develop a corridor strategy to help revitalize and redefine the identity of the Western Avenue corridor through aesthetic improvements, transit improvements and business incentives. The draft Vision Plan was presented to the City Council in July 2013, and based on feedback Staff anticipates that the City Council will adopt the Vision Plan by the end of 2013.

### Public Works

- Conducted the Landslide Workshop with the City Council and followed up with a presentation of Landslide Mitigation Measures and reviewed the prioritized list of projects.
- Obtained City Council adoption of the Americans with Disabilities Act (ADA) Master Plan.
- Initiated construction of the \$18 million San Ramon Canyon drainage project after acquiring the required access agreements and easements, and a \$9.5 million grant from the state.
- Completed the following infrastructure improvement projects: Miraleste storm drain improvements; resurfacing of Palos Verdes Drive South from Palos Verdes Drive West at Hawthorne Blvd. to Conqueror Drive, including upgraded access ramps and new sidewalks; FY11-12 Sidewalk Repair Program, with 9,000 square feet of sidewalk, curb and gutter; bluff top drainage control along Point Vicente Interpretive Center and Subregion One (adjacent to Oceanfront Estates); lining the sewer line at City Hall to extend its useful life; ADA compliant improvements to Ryan Park restrooms; and additional improvements to Palos Verdes Drive South in the landslide area to maintain drivability.

- Coordinated with other cities on the Palos Verdes Peninsula to organize means and methods to respond to the new federal requirements for an MS4 Water Quality Permit.
- Negotiated an agreement with Palos Verdes Estates, Lomita, Rolling Hills Estates, Torrance, Carson and Torrance for a regional project to screen trash at Machado Lake.
- Established Skateboarding prohibitions on various streets to protect the health, safety and welfare of pedestrians, motorists and persons using skateboards and other similar non-motorized devices.
- Planned and held two free document/paper shredding events for Rancho Palos Verdes residents. A total of 1,050 vehicles were served and 18.45 tons of material was shredded. Additionally, 25 tons of mulch was distributed free of charge to residents.
- Initiated preparation of the Infrastructure Report Card to address the current condition of the City's infrastructure (e.g. roadways, storm drains, and sewers).
- Initiated construction of the FY12-13 Sidewalk Repair Program which will replace approximately 13,000 square feet of sidewalk, curb and gutter which is primarily uplifted and damaged by overgrown street trees.
- Initiated design of the FY11-12 & FY12-13 Residential Street Rehabilitation projects, which will resurface local roadways in Area 3 (neighborhoods bordered by Hawthorne Blvd and Silver Spur Rd.) and Area 5 (neighborhoods bordered by Hawthorne Blvd, Crest road and Palos Verdes Drive West). The project improvements include upgraded access ramps, microsurface seal, asphalt concrete, root pruning, sidewalk repair, and roadway signing and striping.
- Initiated design of the Palos Verdes Drive East Roadway Rehabilitation and Safety Improvement Project which will resurface the roadway and improve safety conditions along Palos Verdes Drive East from Ganado Drive to the northerly City limits.
- Initiated design of the Hawthorne Blvd Traffic Signal Synchronization project to coordinate and synchronize 7 signalized intersections along Hawthorne Blvd from Highridge Road to Palos Verdes Drive West. The project will also provide connectivity between City Hall, Ryan Park, and Hesse Park for improved communications and accessibility.

### Parks and Recreation

- Coordinated numerous annual special events and recreational opportunities for the community. Annual events included the Whale of a Day Celebration, Egg-Stravaganza egg hunt, July 4th Independence Day Celebration, Shakespeare by the Sea performance, International Coastal Cleanup Day, Kids Music Fest, Meet the Goats, City's Local Authors Book Signing Event, and Breakfast with Santa. Recreational opportunities included the Paddle Tennis Tournament, Night at the Museum, Junior Ranger Program and Overnight Campout, and Coed Adult Softball League.
- Recreation and Parks staff partnered with other City departments to coordinate the City's 40th Anniversary Celebrations.

- Partnered with various organizations and agencies to offer services and programs to the community.
  - Palos Verdes Peninsula Unified School District to offer a week-long Writing by the Sea program for local students.
  - Palos Verdes Library District to offer monthly Little Critter Afternoon Tales story time fun for youngsters at Hesse Park.
  - County of Los Angeles to offer pet adoption events.
  - County of Los Angeles and Society of California Veterinary Vaccine Care to offer low-cost pet vaccination and microchip services.
- Coordinated approximately 70 onsite and offsite recreation activities for REACH, the City's therapeutic program serving young adults with developmental disabilities.
- Continued to coordinate and provide oversight of public and private rentals and activities at the various City facilities. These included community and private classes and parties, youth athletic league activities, film shoots, and non-profit events.
- Continued to provide oversight, support, and coordination of opportunities and programs with members of the Los Serenos de Point Vicente docent organization, including public and private hikes and speaking engagements, fourth and sixth grade tour programs coordinated with the Palos Verdes Peninsula Unified School District, the WOW Program, the Junior Docent Program, and the educational Junior Docent Nature Series that airs on RPVTV Channel 33.
- Provided enforcement and public education in the Palos Verdes Nature Preserve through a contract with the Mountains Recreation & Conservation Authority for ranger services, and provided interpretive activities including a Junior Ranger Program, ranger-led night hikes, and public appearances and talks.
- Maintained a 24/7 Ranger Hotline for public reporting of misuse in the Palos Verdes Nature Preserve. The hotline is both a tool for law enforcement to correct violations, and a tool for the City to gain a better understanding of activities taking place in the Preserve.
- Worked with the Palos Verdes Peninsula Land Conservancy and Mountains Recreation & Conservation Authority to create a Volunteer Trail Watch Program to monitor activity and provide public education in the Palos Verdes Nature Preserve.
- Through the City's Gifts for Parks Program, continued to pursue donations to assist with Recreation and Parks facilities, operations, and special events; including the Fourth of July Celebration, REACH Program for young adults with developmental disabilities, and Point Vicente Interpretive Center exhibits and programs. The Los Serenos de Point Vicente docents assisted with fundraising for youth programs and scholarships, teaching aides, and exhibits for the Point Vicente Interpretive Center.

### Administration

- RPVTV continued to offer quality programming on the City's cable channel, including rebroadcasts of the City Council and Planning Commission meetings, productions of a wide

variety of local interest programming and offering a Video Bulletin Board featuring local community events.

- Continued to work with a consultant to pursue promising grant opportunities for a variety of City projects, including public infrastructure and parks and open space. In FY12-13, the City received more than \$500,000 in competitive grant awards.
- Conducted an Emergency Preparedness Drill in September 2012, completed media training for City Council members, completed American Red Cross Shelter MOU's for City Hall, Hesse Park, Ryan Park, and Ladera Linda Community Center, presented four Emergency Preparedness Committee "Beauty and the Beast" presentations to local homeowners associations, and staffed a successful 4th of July celebration booth responding to hundreds of questions asked by inquisitive attendees.
- Supported City Council development of positions and consensus on the annual League of California Cities conference resolutions, which were voted on by the City Council's voting delegate at the conference held in September 2012 in San Diego.
- Continued to prepare and distribute the City's quarterly newsletter—both mailed to individual households and posted on the City's website—to keep residents apprised of important news, information and events in the City.
- Continued to address issues with Torrance Airport helicopter routes and actively participated in the LAX Noise Roundtable to ensure protection of our residents.
- Continued to prepare the bi-monthly Border Issues Status Report, monitoring a wide range of development proposals in surrounding cities to assess their potential effects upon Rancho Palos Verdes residents.
- Provided information and assisted with the compilation of comments on the March 2013 Citywide Organizational Assessment commissioned by the City Council.
- Participated in negotiations leading towards the development of a Memorandum of Understanding (MOU) with the Rancho Palos Verdes Employees' Association.
- Completed the voluntary acquisition with the owner of a nearly 1-acre parcel in the active Portuguese Bend landslide area.
- Issued 43 film permits in the City, collecting over \$45,000 in permit and business license fees.
- Created and maintained a 40th Anniversary Facebook page to promote the City's anniversary year events and share the City's history.
- Completed and implemented the City's Electronic Document Management System Administrative Instruction, meeting all the Secretary of State's suggested best practices, for retention of permanent and long-term storage documents.
- Continued to image the City's archival records in the Electronic Document Management System (EDMS). The imaging of all City Council permanent records (minutes, ordinances,

and resolutions) from 1973 to the present, are expected to be complete by the end of 2013. In conjunction with this effort, initiated the use of Weblink, a portal access to EDMS. This cost-effective solution enables staff to access imaged records throughout City Hall.

- Continued to work diligently to satisfy the ever increasing number of Public Records Act requests, which are up by 23% from last fiscal year.
- Completed a banking services Request for Proposal process that included a thorough analysis of banking institutions, which lead to a recommendation to City Council.
- Made improvements to the annual budget process, including a new annual document with additional content to improve transparency and assist the public with understanding the City's finances.
- Continued the business of dissolution of the former Redevelopment Agency, including support of the Oversight Board, transfer of affordable housing assets and function to the City, preparation for numerous external reviews, and compliance with state requirements for reporting.
- Initiated analysis of options for infrastructure financing in conjunction with the Public Works Department initiation of an Infrastructure Management Plan.
- Prepared and delivered a community presentation regarding the City's finances to improve transparency and public information.
- Initiated a modification to the City's Reserve Policy, which was adopted by the City Council, to increase funding for the Capital Improvement Projects Reserve.
- Coordinated with the Public Works Department to improve the content of the annual Five-Year Capital Improvement Plan.
- Supported the work of the Finance Advisory Committee, including a review of all City revenues and expenditures, the City's employee pension liability, development of a fiscal health statement for the City, and review of the annual Five-Year Financial Model.
- Facilitated a comprehensive review of the City's information technology system that was performed by NexLevel. Upon completion of their review, NexLevel presented their report and recommendations to the City Council. The City continues to implement most of the recommendations made by NexLevel.
- The City completed significant upgrades and updates of the entire information technology system, including desktop productivity software, internet connectivity with FIOS, updates of permit tracking and financial accounting software, updates of recently implemented unified communication software and server operating and database systems. The forthcoming migration to the Microsoft centralized system operating platform will enable most desktop software upgrades to be performed simultaneously from the control console.
- The City upgraded it's free public wireless network to the Internet at the Civic Center and the Point Vicente Interpretive Center.

- Palos Verdes on the Net, the City's information technology support provider and advisor, has provided temporary access to the County's Los Angeles Region – Imagery Acquisition Consortium (LAR-IAC) for the City's Geographic Information System, (GIS). The City expects to license its own access to LAR-IAC in the future.

## FINANCIAL INFORMATION

Internal Control. The Finance and Information Technology department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Budgeting Controls. The City of Rancho Palos Verdes maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council and Improvement Authority Commission. Activities of the General fund, Special Revenue funds, Capital Projects funds and Permanent funds are included in the annual appropriated budgets of the government units. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department/function level within each fund. Formal budgetary integration is employed as a management control device. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. These encumbrances lapse at year-end, and any unexpended balance is eligible to be carried over to the following year's budget appropriations with City Council approval.

Budget to Actual Comparison. The City experienced an overall \$3.9 million unfavorable budget variance in the General fund for the fiscal year ended June 30, 2013. The General Fund recognized a net loss of \$7.2 million on the City's loan to the former redevelopment agency due to a loan restructuring required by California redevelopment dissolution law. This extraordinary loss was partially offset with favorable revenue variances totaling \$1.3 million and favorable expenditure variances totaling \$1.7 million. The favorable revenue variances include a general liability insurance rebate in the amount of \$563,554, and transient occupancy tax of \$179,285 in excess of budgeted expectations. With the exception of an unspent \$500,000 expenditure appropriation for City Council initiatives, the overall favorable expenditure variance was driven by favorable variances across most all 30 programs of the General Fund. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices and the continued careful management of resources during FY12-13.

Significant Financial Events. There were no changes to financial policies that resulted in a significant impact on the June 30, 2013 financial statements.

Unfunded Pension Liability. As described more fully in the Note #8 to the Financial Statements, the City contracts with the California Public Employees Retirement System (CalPERS) for its employee pension plan. The City participates in a CalPERS risk pool for small employers with the same benefit formula. The City does not have an individual unfunded pension liability, but does have a proportionate share of the risk pool's unfunded liability. New accounting standards

will require the City to report this liability on the statement of net position for the year ended June 30, 2015. CalPERS provides information to the City regarding its share of the risk pool's unfunded liability. At June 30, 2012, the City's estimated share of projected benefits, less the actuarial value of plan assets was \$4,050,017. The City's estimated share of projected benefits, less the market value of plan assets was \$7,873,359 at June 30, 2012. Additional information about the City's employee pension plan, including the annual contribution, is included in Note #8 to the Financial Statements.

## OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Vavrinek, Trine, Day & Co., LLP conducted this year's audit. The auditors' report on the government-wide financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2013, \$427,345 was expended on Federal financial assistance programs; and therefore a Single Audit was not required.

GFOA Certificate of Achievement Award. The Government Finance Officer's Association of the United States and Canada (GFOA) oversees a prestigious national award program to recognize conformance with the highest standards of report preparation. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Palos Verdes for its CAFR for the fiscal year ended June 30, 2012. This was the 20<sup>th</sup> consecutive year that the City of Rancho Palos Verdes has achieved this prestigious award. A copy of the GFOA Certificate of Achievement is included later in the introductory section of this year's CAFR. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. Completion of this report was the accomplishment by combined efforts of many individuals, especially Linda Gan-Vanderlinde, Senior Accountant, and Kathryn Downs, Deputy Director of Finance and Information Technology, who coordinated preparation of the report. I wish to acknowledge the assistance of our auditors, Vavrinek, Trine, Day & Co., LLP and the contributions of other Finance and Information Technology Department staff: Ryan Mills, Matt Waters, Jane Lin, Selena Wright, Gayle Vanoverbeck, and Jayne Mahtani.

I would also like to recognize the City Council for their continued leadership directing the City to achieve a sound fiscal position over the last several years. We look forward to maintaining this success in the future under the leadership of the City Council.

Respectfully submitted,  
Dennis McLean  
Director of Finance & Information Technology

A handwritten signature in black ink, appearing to be "Dennis McLean", written in a cursive style.

**CITY OF RANCHO PALOS VERDES**

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2013

**CITY COUNCIL**

Susan Brooks, Mayor

Jerry V. Duhovic, Mayor Pro-Tem

Brian Campbell, Councilman

James E. Knight, Councilman

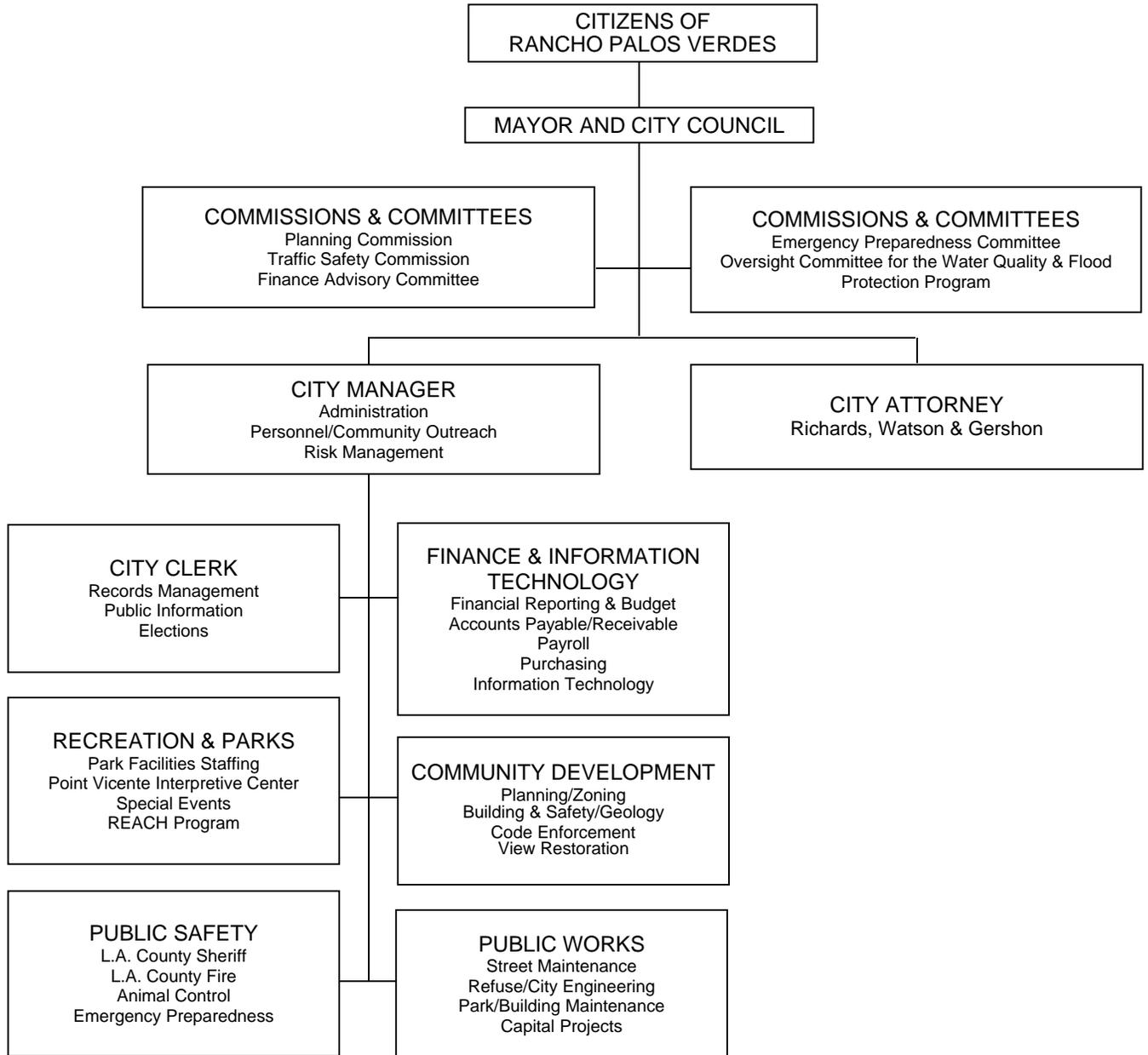
Anthony M. Misetich, Councilman

**ADMINISTRATION AND DEPARTMENT HEADS**

City Manager .....	Carolyn Lehr
Deputy City Manager .....	Carolynn Petru
City Clerk .....	Carla Morreale
Director of Finance and Information Technology .....	Dennis McLean
Community Development Director.....	Joel Rojas
Interim Director of Public Works .....	Les M. Jones II
Director of Recreation and Parks .....	Cory Linder
City Attorney .....	Richards, Watson & Gershon

**CITY OF RANCHO PALOS VERDES**

**ORGANIZATIONAL CHART**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Rancho Palos Verdes  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



**Parks Make Life Better!**

## **FINANCIAL SECTION**



**A view of Catalina Island from the City's shoreline**



## INDEPENDENT AUDITORS' REPORT

The Honorable City Council of  
The City of Rancho Palos Verdes  
Rancho Palos Verdes, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the 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 of Rancho Palos Verdes, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, the Street Maintenance Special Revenue Fund, and the Community Development Block Grant Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, the City adopted Statement of Governmental Accounting Standard Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012. Our opinion is not modified with respect to this matter.

As described in Note 14 the City has written off \$7,230,481 of the receivable due from the Successor Agency. In addition, as described in Note 5, the City has established an allowance for the remaining \$12,058,578 portion of the receivable due from the Successor Agency. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other 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 introductory section, the supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2014, 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 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 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.

*Vawter, Tume, Day, Co., LLP*

Rancho Cucamonga, California  
February 17, 2014



**Ready for Pumpkin Race**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



**Junior Band at City's 40th Anniversary Celebration**

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

The Management of the City of Rancho Palos Verdes offers readers of the City of Rancho Palos Verdes' Financial Statements this narrative overview and analysis of the City's financial activities for the Fiscal Year ended June 30, 2013. 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 iv-xiii of this report.

#### Financial Highlights

The assets of the City of Rancho Palos Verdes exceed its liabilities at the close of the Fiscal Year ended June 30, 2013, by \$189,852,229 (*Net Position*). Of this amount, \$56,413,845 (*Unrestricted Net Position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining amount is invested in capital assets or is otherwise nonexpendable, and is therefore not available to meet the City's obligations.

The City's Total Net Position decreased by \$10,386,186. There is no trend for annual increases or decreases of Total Net Position. Each year's change is generally related to significant one-time events. The same is true for FY12-13. The City's loan to the former redevelopment agency was restructured per California redevelopment dissolution law. Accrued interest on the loan was reduced by \$7.2 million. In addition, the City took depreciation of about \$3.8 million on its capital assets.

As of June 30, 2013, the City's Governmental Funds reported combined ending Fund Balances of \$37,393,512, a decrease of \$8.1 million. Once again there is no trend for annual increases and decreases of governmental fund balances, and changes are generally attributable to significant one-time events.

- As noted above, the City's loan to the former redevelopment agency was reduced by \$7.2 million.
- A transfer of \$8.3 million was made from the Capital Improvement Projects Fund (governmental) to the Water Quality Flood Protection Fund (business-type) to provide partial funding for the San Ramon Canyon Stabilization project.
- The City accumulated an additional \$3.8 million of transient occupancy tax revenue to be used for future capital projects.

As of June 30, 2013, unassigned fund balance for the General Fund was \$14,370,257 or 82% of General Fund expenditures. About \$13.9 million of this amount constitutes the City Council's General Fund Reserve (rainy day fund). Due to the City Council's reserve policy, the unassigned fund balance has historically been maintained at or above the policy threshold level of 50% of budgeted General Fund expenditures.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) Government-Wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two 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 Rancho Palos Verdes 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. Thus, 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 the Government-Wide Financial Statements distinguish functions of the City 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 include general government, public safety, public works, planning, building and safety, and recreation. The City's business-type activities include only the Water Quality and Flood Protection program for renewal and maintenance of the City's storm drain facilities.

The Government-Wide Financial Statements include not only the City of Rancho Palos Verdes itself (known as the *Primary Government*), but also a legally separate Improvement Authority for which the City of Rancho Palos Verdes is financially accountable. Financial information for this *Component Unit* has been included as an integral part of the primary government.

The Government-Wide Financial Statements can be found on pages 21-23 of this report.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

**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 Rancho Palos Verdes, 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 can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary 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, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Balance Sheet and 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 City of Rancho Palos Verdes maintained 27 individual Governmental Funds during the Fiscal Year ended June 30, 2013. 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 Street Maintenance Fund, Community Development Block Grant Fund and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 23 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

The City of Rancho Palos Verdes adopts an annual appropriated budget for each of its Governmental Funds. A budgetary comparison statement has been provided for each Governmental Fund to demonstrate compliance with this budget.

The basic Governmental Fund Financial Statements can be found on pages 24-34 of this report.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

**Proprietary Funds.** The City of Rancho Palos Verdes maintains two types of *Proprietary Funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the Government-Wide Financial Statements. The City uses an Enterprise Fund to account for its Water Quality and Flood Protection Program. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for its fleet of vehicles, computer systems, furniture and equipment, Employee Benefits, and Civic Center building replacement/improvements. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. These statements can be found on pages 35-37 of this report. The Proprietary Fund Financial Statements provide separate information for the Enterprise Fund and the Internal Service Funds. The Enterprise Fund is presented as a single major fund of the City, while the Internal Service Funds are combined and presented as a single, aggregated presentation in the Statement. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary Fund.** The City is a fiduciary for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency (the "Successor Agency"). The City is responsible for ensuring that the assets reported in the Successor Agency's private-purpose trust fund are only: 1) used to extinguish the obligations of the former RDA; or 2) transferred to another agency pursuant to state redevelopment dissolution law. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's Government-Wide Financial Statement because the City cannot use these assets to finance its operations. Individual Fiduciary Fund statements can be found on pages 38-39 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found on pages 42-72 of this report.

**Other information.** The combining statements referred to earlier in connection with Other Governmental Funds and Internal Service Funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 74-116 of this report.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

#### 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 Rancho Palos Verdes, assets exceeded liabilities by \$189,852,229 at June 30, 2013. By far, the largest portion of the City's Net Position (69%) reflects its net investment in Capital Assets (e.g. Land, Infrastructure, Buildings, and Equipment). The City uses these Capital Assets to provide services to its citizens; consequently, these assets are not available for future spending.

#### City of Rancho Palos Verdes Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Current and other assets	\$ 53,347,904	\$ 73,574,121	\$ 13,021,140	\$ 3,714,840	\$ 66,369,044	\$ 77,288,961
Capital assets	113,284,447	114,488,431	18,318,980	13,356,259	131,603,427	127,844,690
<b>Total assets</b>	<b>166,632,351</b>	<b>188,062,552</b>	<b>31,340,120</b>	<b>17,071,099</b>	<b>197,972,471</b>	<b>205,133,651</b>
Long-term liabilities outstanding	363,107	370,799	-	-	363,107	370,799
Other liabilities	4,463,241	4,341,212	3,293,894	183,225	7,757,135	4,524,437
<b>Total liabilities</b>	<b>4,826,348</b>	<b>4,712,011</b>	<b>3,293,894</b>	<b>183,225</b>	<b>8,120,242</b>	<b>4,895,236</b>
Net Investment in capital assets	113,284,447	114,488,431	18,318,980	13,356,259	131,603,427	127,844,690
Restricted	1,834,957	1,750,000	-	-	1,834,957	1,750,000
Unrestricted	46,686,599	67,112,110	9,727,246	3,531,615	56,413,845	70,643,725
<b>Total net position</b>	<b>\$ 161,806,003</b>	<b>\$ 183,350,541</b>	<b>\$ 28,046,226</b>	<b>\$ 16,887,874</b>	<b>\$ 189,852,229</b>	<b>\$ 200,238,415</b>

An additional portion of the City's Net Position (\$1,834,957 or about 1%) represents a nonexpendable resource that is subject to external restrictions. The remaining balance of Unrestricted Net Position (\$56,413,845 or about 30%) may be used to meet the government's ongoing obligations to its citizens and creditors.

Total current and other assets decreased by \$10.9 million. This was primarily driven by the restructuring of the City's loan to the former redevelopment agency (decreasing accrued interest by \$7.2 million), establishing an allowance for this same loan receivable in the full amount of the loan (\$12.1 million); partially offset by an increase of cash in the amount of \$6.3 million. The cash increase was primarily due to the addition of another \$5.0 million of General Fund money to the Capital Improvement Projects Fund Reserve, which has not yet been spent on projects. The net decrease to total current and other assets included an \$8.3 million shift of cash from the Governmental Activities column to the Business-type Activities column, representing a funding transfer from the City's Capital Improvement Fund to the Water Quality Flood Protection Fund for the San Ramon Canyon Stabilization Project.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

Business-type activities capital assets, other liabilities and invested in capital assets all increased by over \$3 million, primarily due to the partial construction of the San Ramon Canyon Stabilization project, which is expected to be completed during 2014.

**Governmental Activities.** Governmental Activities decreased the City's Net Position by \$2,255,479, before extraordinary items.

#### City of Rancho Palos Verdes Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Program revenues:						
Charges for services	\$ 3,802,495	\$ 3,770,567	\$ 1,312,989	\$ 1,319,109	\$ 5,115,484	\$ 5,089,676
Operating contributions and grants	4,132,708	3,627,662	2,136,775	-	6,269,483	3,627,662
Capital contributions and grants	138,676	139,339	-	-	138,676	139,339
General revenues:						
Property taxes	11,283,864	11,480,461	-	-	11,283,864	11,480,461
Other taxes	10,543,744	9,686,419	-	-	10,543,744	9,686,419
Other	1,113,433	655,329	9,762	10,965	1,123,195	666,294
<b>Total revenues</b>	<b>31,014,920</b>	<b>29,359,777</b>	<b>3,459,526</b>	<b>1,330,074</b>	<b>34,474,446</b>	<b>30,689,851</b>
Expenses:						
Administration	5,533,516	5,906,436	-	-	5,533,516	5,906,436
Public safety	4,347,773	4,177,926	-	-	4,347,773	4,177,926
Public works	10,873,771	11,202,446	-	-	10,873,771	11,202,446
Parks and recreation	1,695,904	1,489,940	-	-	1,695,904	1,489,940
Community development	2,526,426	2,432,175	-	-	2,526,426	2,432,175
Interest on long-term debt	-	109,039	-	-	-	109,039
Water Quality Flood Protection	-	-	594,183	560,485	594,183	560,485
<b>Total expenses</b>	<b>24,977,390</b>	<b>25,317,962</b>	<b>594,183</b>	<b>560,485</b>	<b>25,571,573</b>	<b>25,878,447</b>
Net of transfer in / (out)	(8,293,009)	-	8,293,009	-	-	-
(Decrease) / Increase in net position	(2,255,479)	4,041,815	11,158,352	769,589	8,902,873	4,811,404
Extraordinary gain/(loss)	(19,289,059)	23,347,942	-	-	(19,289,059)	23,347,942
(Decrease) / Increase in net position	(21,544,538)	27,389,757	11,158,352	769,589	(10,386,186)	28,159,346
Net position - beginning of fiscal year	183,350,541	155,960,784	16,887,874	16,118,285	200,238,415	172,079,069
Net position - end of fiscal year	\$ 161,806,003	\$ 183,350,541	\$ 28,046,226	\$ 16,887,874	\$ 189,852,229	\$ 200,238,415

As noted previously, the primary driver behind the decrease was the \$8.3 million cash transfer to a Business-type Activities fund, offset by favorable General Fund variances and the accumulation of additional transient occupancy tax for future infrastructure projects.

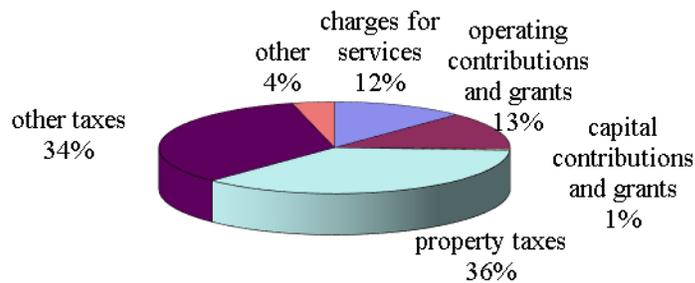
Business-type activities operating contributions and grants includes the \$8.3 million transfer noted above, as does the Governmental activities public works expense.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

The extraordinary loss is due to the restructuring of the City's loan to the former redevelopment agency, as well as the establishment of an allowance for that same loan.

#### Revenues by Source – Governmental Activities



**Business-Type Activities.** Business-type activities increased the City's net position by about \$11.2 million, primarily due to the \$8.3 million cash transfer noted above for the San Ramon Canyon Stabilization project.

#### Financial Analysis of Governmental Funds

As of the end of the current Fiscal Year, the City's Governmental Funds reported combined ending Fund Balances of \$37,393,512, a decrease of \$8.1 million in comparison with the prior year. Approximately 95% of the combined ending Fund Balances (about \$35.4 million) constitutes spendable fund balance. The combined spendable fund balance includes Measure A special revenue negative unassigned fund deficit of \$197,638. The remainder of the combined ending Fund Balances is either nonspendable due to outside legal restrictions (\$1.75 million), or nonspendable in form of prepaid items, inventory, and habitat restoration of \$223,771.

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$14,370,257, while total Fund Balance reached \$14,508,251. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund Balance and Total Fund Balance to total fund uses (expenditures and transfers out). Unassigned Fund Balance represents 59% of total General Fund uses, while total Fund Balance represents 59% of that same amount.

During Fiscal Year 12-13, the fund balance of the City's General Fund decreased by \$5,448,998. This was due to the \$7.2 million reduction in the outstanding

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013**

balance of the City's loan to the former redevelopment agency, discussed previously; offset by favorable revenue and expenditure variances.

The Street Maintenance Fund Balance decreased by \$142,423, primarily due to permanent expenditure savings.

The Capital Improvement Projects (CIP) Fund had an ending fund balance of \$11,565,617. Of this amount, \$2.1 million is held for street improvement projects continued from FY12-13 to FY13-14, \$0.9 million is held for park improvement projects continued from FY12-13 to FY13-14, and the remaining \$8.6 million is held in reserve for emergency projects and future infrastructure projects as directed by the City Council's Reserve Policy.

#### **Financial Analysis of Proprietary Funds**

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted Net Position of the Enterprise Fund at the end of the year amounted to \$9,727,246 Unrestricted Net Position of the Internal Service Funds at the end of the year amounted to \$3,639,824. The total growth in Proprietary Fund type net position was \$11,175,162 or about 84% of unrestricted Net Position.

#### **General Fund Budgetary Highlights**

The General Fund revenue budget was increased by a net amount of \$141,930, primarily due to adjustments to variance tax revenue estimates with the Midyear Financial Review.

The difference between original budgeted expenditures and the final amended budget was an increase of \$114,353; and is briefly summarized as follows:

- An increase of \$623,096 was attributable to appropriations continued from FY11-12.
- A decrease of \$401,989 was attributable to appropriations continued to FY13-14.
- Other immaterial adjustments resulted in net decreases of \$106,754.

The City Council authorized an additional General Fund transfers of about \$1.2 million for the prior year's favorable expenditure variance, as required by the City Council's Reserve Policy. The City Council also increased the budgeted transfer to the Capital Improvement Projects Fund by \$400,000, in accordance with the revised estimate of transient occupancy tax revenue at Midyear.

# CITY OF RANCHO PALOS VERDES

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2013

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in Capital Assets for its governmental activities as of June 30, 2013, amounts to \$113,284,447 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current fiscal year, the City's investment in governmental capital assets decreased by about \$1,203,984 or about 1%.

Major capital asset events during the current Fiscal Year included the following:

- Depreciation of \$3.6 million was recorded for the City's Capital Assets.
- A total of \$2.4 million of construction in process was added for various projects, including \$1.6 million for a residential street rehabilitation project.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2013 was \$18,318,980.

### City of Rancho Palos Verdes Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Capital assets not being depreciated						
Land	\$ 39,900,962	\$ 39,881,992	\$ 1,408,493	\$ 1,408,493	\$ 41,309,455	\$ 41,290,485
Construction in progress	2,561,227	430,056	6,031,125	1,516,924	8,592,352	1,946,980
<b>Total capital assets not being depreciated</b>	<b>42,462,189</b>	<b>40,312,048</b>	<b>7,439,618</b>	<b>2,925,417</b>	<b>49,901,807</b>	<b>43,237,465</b>
Capital assets being depreciated, net						
Buildings	6,749,954	6,953,126	-	-	6,749,954	6,953,126
Vehicles	32,351	58,405	-	-	32,351	58,405
Computer equipment	129,854	117,769	-	-	129,854	117,769
Furniture, fixtures and equipment	87,470	78,677	-	-	87,470	78,677
Infrastructure						
Roadway system	44,015,361	46,448,299	-	-	44,015,361	46,448,299
Sewer system	7,742,114	8,198,687	-	-	7,742,114	8,198,687
Storm drain system	9,679,983	9,930,462	10,879,362	10,430,842	20,559,345	20,361,304
Park system	2,385,171	2,390,958	-	-	2,385,171	2,390,958
<b>Total capital assets being depreciated, net</b>	<b>70,822,258</b>	<b>74,176,383</b>	<b>10,879,362</b>	<b>10,430,842</b>	<b>81,701,620</b>	<b>84,607,225</b>
<b>Capital Assets, net</b>	<b>\$ 113,284,447</b>	<b>\$ 114,488,431</b>	<b>\$ 18,318,980</b>	<b>\$ 13,356,259</b>	<b>\$ 131,603,427</b>	<b>\$ 127,844,690</b>

Additional information on the City's Capital Assets can be found in Note #4 on pages 55-57 of this report.

**Long-term debt.** At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$363,107 for Employee Compensated Absences.

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2013**

**City of Rancho Palos Verdes Outstanding Debt**

	Governmental Activities	
	June 30, 2013	June 30, 2012
Employee compensated absences	363,107	370,798
Total	\$ 363,107	\$ 370,798

The City’s total debt decreased by \$7,691 (2%) during the current Fiscal Year, due to additional accrued time off not taken by employees.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,455,636,000. Additional information on the City’s long-term debt can be found in Note #6 on page 58 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- Property tax revenue accounts for about 37 percent of Government-Wide revenues. Local property values remain strong, and the City’s property assessments grew by 5.25% for FY13-14.
- The Consumer Price Index for Los Angeles County increased by 1.4% for the 12 months ended June 2013. The City’s original FY13-14 General Fund expenditure budget increased by 2.6% when compared to the original FY12-13 budget. Revenue in excess of budgeted expenditures (about \$5.0 million) has been programmed for capital improvement projects.

**Requests for Information**

This Financial Report is designed to provide a general overview of the financial position of the City of Rancho Palos Verdes for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance and Information Technology Department at 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275 or [finance@rpv.com](mailto:finance@rpv.com).

## **BASIC FINANCIAL STATEMENTS**



**City Council Members kick-off the City's Easter Egg Hunt**

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF NET POSITION**

**June 30, 2013**

	Governmental Activities	Business-type Activity	Total
<b>ASSETS:</b>			
Cash and investments	\$ 42,897,682	\$ 10,846,912	\$ 53,744,594
Receivables:			
Taxes	1,185,815	-	1,185,815
Interest	27,309	1,913	29,222
Notes	7,525,882	-	7,525,882
Due from other government agencies	1,364,326	2,162,315	3,526,641
Inventory	38,795	-	38,795
Prepaid costs	308,095	10,000	318,095
Receivable from Successor Agency	12,058,578	-	12,058,578
Allowance for Successor Agency receivable	(12,058,578)	-	(12,058,578)
Capital assets, not being depreciated:			
Land	39,900,962	1,408,493	41,309,455
Construction in progress	2,561,227	6,031,125	8,592,352
Capital assets, being depreciated, net:			
Property and equipment	249,675	-	249,675
Buildings and improvements	6,749,954	-	6,749,954
Infrastructure	63,822,629	10,879,362	74,701,991
<b>TOTAL ASSETS</b>	<b>166,632,351</b>	<b>31,340,120</b>	<b>197,972,471</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	3,927,748	3,241,210	7,168,958
Retentions payable	105,826	52,684	158,510
Unearned revenue	100,190	-	100,190
Deposits payable	329,477	-	329,477
Long-term liabilities:			
Due within one year	280,761	-	280,761
Due beyond one year	82,346	-	82,346
<b>TOTAL LIABILITIES</b>	<b>4,826,348</b>	<b>3,293,894</b>	<b>8,120,242</b>
<b>NET POSITION:</b>			
Net investment in capital assets	113,284,447	18,318,980	131,603,427
Restricted for:			
Community development:			
Nonexpendable	1,834,957	-	1,834,957
Unrestricted	46,686,599	9,727,246	56,413,845
<b>TOTAL NET POSITION</b>	<b>\$ 161,806,003</b>	<b>\$ 28,046,226</b>	<b>\$ 189,852,229</b>

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2013**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Administration	\$ 5,533,516	\$ 778,938	\$ 66,597	\$ -
Public safety	4,347,773	149,787	100,000	-
Public works	10,873,771	543,203	3,207,409	138,676
Parks and recreation	1,695,904	476,470	515,909	-
Community development	2,526,426	1,854,097	242,793	-
Total governmental activities	24,977,390	3,802,495	4,132,708	138,676
<b>Business-type Activity:</b>				
Water Protection Flood Control	594,183	1,312,989	2,136,775	-
Total Primary Government	\$ 25,571,573	\$ 5,115,484	\$ 6,269,483	\$ 138,676

General revenues:  
Taxes:  
Property taxes  
Transient occupancy tax  
Sales tax  
Franchise tax  
Utility user tax  
Other taxes  
Investment income  
Unrestricted grants, contributions and other revenues  
Net Transfers:  
Total general revenues and transfers  
Extraordinary item:  
Write down and establishment of allowance for receivable  
from Successor Agency (Note 14)  
Change in net position  
Net position - beginning of year  
Net position - end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (4,687,981)	\$ -	\$ (4,687,981)
(4,097,986)	-	(4,097,986)
(6,984,483)	-	(6,984,483)
(703,525)	-	(703,525)
(429,536)	-	(429,536)
<u>(16,903,511)</u>	<u>-</u>	<u>(16,903,511)</u>
-	2,855,581	2,855,581
<u>(16,903,511)</u>	<u>2,855,581</u>	<u>(14,047,930)</u>
11,283,864	-	11,283,864
3,790,359	-	3,790,359
1,587,726	-	1,587,726
1,906,615	-	1,906,615
2,480,967	-	2,480,967
778,077	-	778,077
184,128	9,762	193,890
929,305	-	929,305
<u>(8,293,009)</u>	<u>8,293,009</u>	<u>-</u>
<u>14,648,032</u>	<u>8,302,771</u>	<u>22,950,803</u>
<u>(19,289,059)</u>	<u>-</u>	<u>(19,289,059)</u>
(21,544,538)	11,158,352	(10,386,186)
<u>183,350,541</u>	<u>16,887,874</u>	<u>200,238,415</u>
<u>\$ 161,806,003</u>	<u>\$ 28,046,226</u>	<u>\$ 189,852,229</u>

CITY OF RANCHO PALOS VERDES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	ASSETS	General	Special Revenue Street Maintenance
Cash and investments		\$ 15,052,984	\$ 1,209,133
Receivables:			
Taxes		1,080,362	86,035
Interest		10,499	325
Notes		-	-
Due from other government agencies		958,710	1,491
Due from other funds		248,324	-
Inventory		38,795	-
Prepaid items		99,199	-
Receivable from Successor Agency		12,058,578	-
Allowance for Successor Agency receivable		(12,058,578)	-
TOTAL ASSETS		<u>\$ 17,488,873</u>	<u>\$ 1,296,984</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities		\$ 2,447,757	\$ 382,511
Due to other funds		-	-
Retentions payable		19,503	-
Deferred revenue		183,885	-
Deposits payable		329,477	-
TOTAL LIABILITIES		<u>2,980,622</u>	<u>382,511</u>
FUND BALANCES (DEFICIT):			
Non-Spendable			
Endowment principal		-	-
Reimbursement settlement agreement		-	-
Prepaid items		99,199	-
Inventory		38,795	-
Habitat restoration		-	-
Restricted		-	914,473
Committed		-	-
Assigned		-	-
Unassigned		14,370,257	-
TOTAL FUND BALANCES (DEFICIT)		<u>14,508,251</u>	<u>914,473</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 17,488,873</u>	<u>\$ 1,296,984</u>

See accompanying notes to financial statements.

Special Revenue	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 12,163,704	\$ 10,930,850	\$ 39,356,671
-	-	19,418	1,185,815
-	8,961	5,411	25,196
523,819	-	-	523,819
58,052	-	342,183	1,360,436
-	-	-	248,324
-	-	-	38,795
-	-	820	100,019
-	-	-	12,058,578
-	-	-	(12,058,578)
<u>\$ 581,871</u>	<u>\$ 12,172,665</u>	<u>\$ 11,298,682</u>	<u>\$ 42,839,075</u>

7,381	\$ 520,725	454,108	\$ 3,812,482
50,671	-	197,653	248,324
-	86,323	-	105,826
523,819	-	241,750	949,454
-	-	-	329,477
<u>581,871</u>	<u>607,048</u>	<u>893,511</u>	<u>5,445,563</u>

-	-	750,000	750,000
-	-	1,000,000	1,000,000
-	-	820	100,019
-	-	-	38,795
-	-	84,957	84,957
-	-	7,214,216	8,128,689
-	-	35,906	35,906
-	11,565,617	1,516,910	13,082,527
-	-	(197,638)	14,172,619
-	<u>11,565,617</u>	<u>10,405,171</u>	<u>37,393,512</u>
<u>\$ 581,871</u>	<u>\$ 12,172,665</u>	<u>\$ 11,298,682</u>	<u>\$ 42,839,075</u>

**CITY OF RANCHO PALOS VERDES**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**June 30, 2013**

Fund balances - total governmental funds	\$ 37,393,512
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.	113,034,772
Intergovernmental revenues earned, but not available, are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	849,264
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	7,002,063
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(363,107)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position.	<u>3,889,499</u>
Net position of governmental activities	<u><u>\$ 161,806,003</u></u>

See accompanying notes to financial statements.



**Family of Fred Hesse Jr. visit Fred Hesse Jr. Community Park**

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**For the year ended June 30, 2013**

	General	Special Revenue Street Maintenance
REVENUES:		
Taxes	\$ 21,707,157	\$ -
Licenses and permits	2,026,999	-
Fines and forfeitures	116,532	-
Use of money and property	1,277,862	35,195
Charges for services	139,427	2,000
Donation	-	-
Revenue from other agencies	44,437	980,415
Other revenues	219,539	-
TOTAL REVENUES	<u>25,531,952</u>	<u>1,017,610</u>
EXPENDITURES:		
Current:		
Administration	5,400,686	-
Public safety	4,347,773	-
Public works	3,727,956	1,859,473
Parks and recreation	1,536,790	-
Community development	2,587,711	-
Capital outlay	-	-
TOTAL EXPENDITURES	<u>17,600,916</u>	<u>1,859,473</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,931,036</u>	<u>(841,863)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	194,000	699,440
Transfers out	(6,831,258)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,637,258)</u>	<u>699,440</u>
EXTRAORDINARY ITEM:		
Loss on dissolution of Redevelopment Agency (Note 14)	(6,742,776)	-
NET CHANGE IN FUND BALANCES	(5,448,998)	(142,423)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	<u>19,957,249</u>	<u>1,056,896</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 14,508,251</u>	<u>\$ 914,473</u>

See accompanying notes to financial statements.

Special Revenue	Capital Projects	Other	Total
CDBG	Capital Improvements	Governmental Funds	Governmental Funds
\$ -	\$ -	\$ 835,621	\$ 22,542,778
-	-	-	2,026,999
-	-	-	116,532
-	44,678	24,912	1,382,647
-	-	-	141,427
-	-	445,468	445,468
242,152	138,678	1,988,823	3,394,505
-	-	521,265	740,804
<u>242,152</u>	<u>183,356</u>	<u>3,816,089</u>	<u>30,791,159</u>
		-	5,400,686
		-	4,347,773
		1,652,346	7,239,775
		20,000	1,556,790
		3,510	2,591,221
209,007	2,511,671	-	2,720,678
<u>209,007</u>	<u>2,511,671</u>	<u>1,675,856</u>	<u>23,856,923</u>
<u>33,145</u>	<u>(2,328,315)</u>	<u>2,140,233</u>	<u>6,934,236</u>
9,302	6,780,000	271,700	7,954,442
-	(8,293,009)	(1,123,184)	(16,247,451)
<u>9,302</u>	<u>(1,513,009)</u>	<u>(851,484)</u>	<u>(8,293,009)</u>
-	-	-	(6,742,776)
42,447	(3,841,324)	1,288,749	(8,101,549)
<u>(42,447)</u>	<u>15,406,941</u>	<u>9,116,422</u>	<u>45,495,061</u>
\$ -	\$ 11,565,617	\$ 10,405,171	\$ 37,393,512

CITY OF RANCHO PALOS VERDES

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Net change in fund balances - total governmental funds \$ (8,101,549)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. Asset disposals are also not recognized in the governmental funds. This activity reconciled as follows:	
Cost of assets capitalized	2,283,468
Depreciation expense	(3,482,276)
Intergovernmental revenues earned, but not available are deferred in the fund financial statements.	60,201
The Rancho Palos Verdes Redevelopment Agency was dissolved as of February 1, 2012. Interest accrued on the City's receivable from the former Redevelopment Agency was written off.	(12,546,283)
Increases in long-term notes receivable use current financial resources and are included in the expenditures of governmental funds. Repayments of long-term notes receivables provide current financial resources and are included in the revenues of governmental funds. These changes in notes receivable are not reflected in the revenues or expenses of the Statement of Activities. This amount represents the net change in the long-term notes receivable.	217,400
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	7,691
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The net revenues/(expenses) of the internal service funds (excluding transfers and interest income) are reported with governmental activities.	<u>16,810</u>
Change in net position of governmental activities	<u><u>\$ (21,544,538)</u></u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 20,953,334	\$ 21,280,212	\$ 21,707,157	\$ 426,945
Licenses and permits	1,962,400	1,827,400	2,026,999	199,599
Fines and forfeitures	200,200	85,200	116,532	31,332
Use of money and property	616,300	664,040	1,277,862	613,822
Charges for services	75,300	115,300	139,427	24,127
Revenue from other agencies	-	22,312	44,437	22,125
Other revenues	282,400	237,400	219,539	(17,861)
<b>TOTAL REVENUES</b>	<b>24,089,934</b>	<b>24,231,864</b>	<b>25,531,952</b>	<b>1,300,088</b>
<b>EXPENDITURES:</b>				
<b>Administration</b>				
City council	143,500	143,500	137,802	5,698
City manager	1,652,400	1,718,227	1,694,526	23,701
City attorney	1,045,000	1,045,000	992,324	52,676
Community outreach	204,500	224,878	213,066	11,812
City clerk	404,450	404,750	403,468	1,282
Personnel	277,905	277,005	216,035	60,970
Finance	1,344,000	1,290,000	1,284,651	5,349
Information technology - Data	459,700	383,000	377,980	5,020
Information technology - Voice	88,400	88,400	80,834	7,566
<b>Total Administration</b>	<b>5,619,855</b>	<b>5,574,760</b>	<b>5,400,686</b>	<b>174,074</b>
<b>Public safety</b>				
Sheriff	4,274,000	4,174,000	4,154,039	19,961
Special programs	104,500	104,500	54,610	49,890
Animal control	88,250	88,250	49,204	39,046
Emergency preparedness	153,900	201,902	89,920	111,982
<b>Total Public Safety</b>	<b>4,620,650</b>	<b>4,568,652</b>	<b>4,347,773</b>	<b>220,879</b>
<b>Public Works</b>				
Public works administration	2,033,525	1,960,425	1,940,470	19,955
Traffic management	156,000	260,300	219,000	41,300
Storm water quality	180,800	180,800	110,201	70,599
Building maintenance	584,200	600,200	439,752	160,448
Park/Trail/Open Space maintenance	1,164,000	1,284,000	1,005,287	278,713
Sewer maintenance	63,000	88,000	13,246	74,754
<b>Total Public Works</b>	<b>4,181,525</b>	<b>4,373,725</b>	<b>3,727,956</b>	<b>645,769</b>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)

GENERAL FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Recreation administration	708,025	588,175	529,155	59,020
Recreation facilities	446,350	470,650	469,492	1,158
Special events	68,900	121,001	109,675	11,326
PVIC	393,975	385,375	385,058	317
REACH	48,000	48,000	43,410	4,590
Total Parks and Recreation	<u>1,665,250</u>	<u>1,613,201</u>	<u>1,536,790</u>	<u>76,411</u>
Community Development				
Planning services	1,324,440	1,357,218	1,337,343	19,875
Building & safety	571,600	581,537	540,933	40,604
Code enforcement	214,100	213,300	198,363	14,937
View restoration/preservation	348,200	368,300	366,351	1,949
NCCP	-	9,280	9,280	-
Geology	150,000	150,000	135,441	14,559
Total Community Development	<u>2,608,340</u>	<u>2,679,635</u>	<u>2,587,711</u>	<u>91,924</u>
Non - Departmental Misc	500,000	500,000	-	500,000
TOTAL EXPENDITURES	<u>19,195,620</u>	<u>19,309,973</u>	<u>17,600,916</u>	<u>1,709,057</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,894,314</u>	<u>4,921,891</u>	<u>7,931,036</u>	<u>3,009,144</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	212,000	212,000	194,000	(18,000)
Transfers out	<u>(5,057,774)</u>	<u>(6,723,368)</u>	<u>(6,831,258)</u>	<u>(107,890)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,845,774)</u>	<u>(6,511,368)</u>	<u>(6,637,258)</u>	<u>(125,890)</u>
EXTRAORDINARY ITEM:				
Loss on dissolution of Redevelopment Agency (Note 14)	-	-	<u>(6,742,776)</u>	<u>(6,742,776)</u>
NET CHANGE IN FUND BALANCE	48,540	(1,589,477)	(5,448,998)	(3,859,522)
FUND BALANCE - BEGINNING OF YEAR	<u>19,957,249</u>	<u>19,957,249</u>	<u>19,957,249</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 20,005,789</u>	<u>\$ 18,367,772</u>	<u>\$ 14,508,251</u>	<u>\$ (3,859,522)</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 17,160	\$ 17,160	\$ 35,195	\$ 18,035
Charges for services	14,000	14,000	2,000	(12,000)
Revenue from other agencies	1,136,400	1,136,400	980,415	(155,985)
TOTAL REVENUES	<u>1,167,560</u>	<u>1,167,560</u>	<u>1,017,610</u>	<u>(149,950)</u>
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,584,279	1,491,919	1,321,236	170,683
Traffic signal maintenance	113,000	113,000	79,854	33,146
Portuguese Bend road maintenance	526,400	526,400	458,383	68,017
TOTAL EXPENDITURES	<u>2,223,679</u>	<u>2,131,319</u>	<u>1,859,473</u>	<u>271,846</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,056,119)</u>	<u>(963,759)</u>	<u>(841,863)</u>	<u>121,896</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>1,036,000</u>	<u>1,126,000</u>	<u>699,440</u>	<u>(426,560)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,036,000</u>	<u>1,126,000</u>	<u>699,440</u>	<u>(426,560)</u>
NET CHANGE IN FUND BALANCE	(20,119)	162,241	(142,423)	(304,664)
FUND BALANCE - BEGINNING OF YEAR	<u>1,056,896</u>	<u>1,056,896</u>	<u>1,056,896</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,036,777</u>	<u>\$ 1,219,137</u>	<u>\$ 914,473</u>	<u>\$ (304,664)</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 150,000	\$ 302,883	\$ 242,152	\$ (60,731)
EXPENDITURES:				
Capital outlay	150,000	238,098	209,007	29,091
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	64,785	33,145	(31,640)
OTHER FINANCING USES:				
Transfers in	-	-	9,302	9,302
NET CHANGE IN FUND BALANCE	-	64,785	42,447	(22,338)
FUND BALANCE - BEGINNING OF YEAR	(42,447)	(42,447)	(42,447)	-
FUND BALANCE - END OF YEAR	\$ (42,447)	\$ 22,338	\$ -	\$ (22,338)

See accompanying notes to financial statements

CITY OF RANCHO PALOS VERDES

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2013

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
ASSETS	<u>                    </u>	<u>                    </u>
CURRENT ASSETS:		
Cash and investments	\$ 10,846,912	\$ 3,541,011
Receivables:		
Interest	1,913	2,113
Other	2,162,315	3,890
Prepaid items	<u>10,000</u>	<u>208,076</u>
 TOTAL CURRENT ASSETS	 <u>13,021,140</u>	 <u>3,755,090</u>
NONCURRENT ASSETS:		
Capital assets, not being depreciated:		
Land	1,408,493	-
Construction in progress	6,031,125	-
Capital assets, being depreciated:		
Property and equipment	11,813	1,590,378
Infrastructure	12,034,178	-
Accumulated depreciation	<u>(1,166,629)</u>	<u>(1,340,703)</u>
 TOTAL NONCURRENT ASSETS	 <u>18,318,980</u>	 <u>249,675</u>
 TOTAL ASSETS	 <u>31,340,120</u>	 <u>4,004,765</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	3,241,210	115,266
Retentions payable	<u>52,684</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>3,293,894</u>	<u>115,266</u>
NET POSITION		
Net investment in capital assets	18,318,980	249,675
Unrestricted	<u>9,727,246</u>	<u>3,639,824</u>
 TOTAL NET POSITION	 <u>\$ 28,046,226</u>	 <u>\$ 3,889,499</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the year ended June 30, 2013

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 1,312,989	\$ 2,436,179
 TOTAL REVENUES	 <u>1,312,989</u>	 <u>2,436,179</u>
OPERATING EXPENSES:		
Personnel services	147,231	1,847,520
Materials and supplies	151,577	224,851
Maintenance	48,290	234,073
Depreciation	247,085	123,880
 TOTAL OPERATING EXPENSES	 <u>594,183</u>	 <u>2,430,324</u>
 OPERATING INCOME / (LOSS)	 <u>718,806</u>	 <u>5,855</u>
NONOPERATING REVENUES:		
Other revenues	2,136,775	-
Interest income	9,762	10,955
 TOTAL NONOPERATING REVENUES	 <u>2,146,537</u>	 <u>10,955</u>
 INCOME BEFORE TRANSFERS	 2,865,343	 16,810
 TRANSFER IN	 <u>8,293,009</u>	 <u>-</u>
 CHANGE IN NET POSITION	 11,158,352	 16,810
TOTAL NET POSITION - BEGINNING OF YEAR	<u>16,887,874</u>	<u>3,872,689</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 28,046,226</u>	<u>\$ 3,889,499</u>

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended June 30, 2013**

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interfund services provided	\$ -	\$ 2,436,179
Receipts from storm drain user fees	1,251,952	-
Payments to suppliers	(199,867)	(462,576)
Payments to employees	(147,231)	(1,850,447)
	<u>904,854</u>	<u>123,156</u>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(2,109,137)	(122,533)
	<u>(2,109,137)</u>	<u>(122,533)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Receipts from other revenues	106,959	-
Transfer in from other funds	8,293,009	-
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>8,399,968</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	10,512	12,428
	<u>10,512</u>	<u>12,428</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,206,197	13,051
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,640,715</u>	<u>3,527,960</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 10,846,912</u>	<u>\$ 3,541,011</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 718,806	\$ 5,855
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	247,085	123,880
Changes in operating assets and liabilities:		
Increase / decrease in other receivable	(61,037)	-
Increase / decrease in prepaid items	-	82,997
Increase / decrease in accrued liabilities	-	28,938
Increase / decrease in due to other fund	-	(118,514)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ 904,854</u>	<u>\$ 123,156</u>

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**June 30, 2013**

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 364,713
Receivables:	
Interest	161
Notes	154,940
Prepaid items	770,648
Land	<u>166,296</u>
<b>TOTAL ASSETS</b>	<u>1,456,758</u>
<b>LIABILITIES:</b>	
Accounts payable and accrued liabilities	233
Short-term liability:	
Due within one year - bond payable	135,000
Long-term liabilities:	
Due beyond one year - Portuguese Bend	8,606,181
Due beyond one year - Abalone Cove	3,452,397
Due beyond one year - deferred interest debt	62,294
Due beyond one year - bond payable	<u>4,810,000</u>
<b>TOTAL LIABILITIES</b>	<u>17,066,105</u>
<b>NET POSITION (DEFICIT) HELD IN TRUST</b>	<u>\$ (15,609,347)</u>

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**For the year ended June 30, 2013**

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 1,604,114
Use of money and property	1,283
TOTAL ADDITIONS	<u>1,605,397</u>
DEDUCTIONS:	
Administration	526,951
Debt Interest and fiscal charges	287,396
TOTAL DEDUCTIONS	<u>814,347</u>
EXTRAORDINARY GAIN ON DISSOLUTION OF REDEVELOPMENT AGENCY	<u>7,267,627</u>
CHANGE IN NET POSITION	<u>8,058,677</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(23,668,024)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (15,609,347)</u>

See accompanying notes to financial statements



**Park Ranger patrols the coastline**

## **NOTES TO FINANCIAL STATEMENTS**

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

#### ***NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the City of Rancho Palos Verdes (the City) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

#### A. Reporting Entity

The reporting entity, "City of Rancho Palos Verdes", includes the accounts of the City and the Joint Powers Improvement Authority (the Authority). The City was incorporated on September 7, 1973, as a General Law City and operates under a Council/Manager form of government.

The City sponsored the formation of a Redevelopment Agency in 1984 pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law" with a purpose to finance long-term capital improvements designed to eliminate physical and economic blight in a project area through stabilization of hazardous landslides. Effective February 1, 2012, pursuant to state law, the Redevelopment Agency was dissolved and its assets were transferred to a Successor Agency for the purpose of winding down the business of the former Redevelopment Agency (see Note #14). The Successor Agency is a separate legal entity that is a related organization to the City; but is not a component unit, as described more fully below.

The Authority was formed on September 4, 1990, in accordance with the provisions of the Reimbursement and Settlement Agreement, dated October 27, 1987, entered into by the City, the former Redevelopment Agency, and the County of Los Angeles (County) in connection with the Horan Lawsuit. The Agreement requires funds to be set aside and expended by the Authority to maintain landslide abatement improvements installed and constructed by the former Redevelopment Agency.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 61. The City of Rancho Palos Verdes is the primary government unit. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The City has accounted for the Authority as a "blended" component unit. The balances and transactions of the Authority are reported in separate Permanent and Special Revenue Funds; and are included in the government-wide statements.

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

The following specific criteria were used in determining that the Authority is a “blended” component unit:

- 1) The members of the City Council also act as members of the Authority Board.
- 2) The Authority is fiscally dependent on the City, and there is potential for the Authority to impose specific financial burdens on the City; as the City subsidizes maintenance operations performed by the Authority and the City is legally liable for facilities maintained by the Authority.

Separately issued financial statements for the Authority may be obtained at the City’s administrative offices.

The Successor Agency does not meet the criteria for reporting as a component unit, as it is not fiscally dependent on the City. In addition, the business of the Successor Agency must be approved by an independently appointed Oversight Board and the California Department of Finance. Therefore, the balances and transactions of the Successor Agency are reported as a separate Fiduciary Fund (private purpose trust fund), and are not included in the government-wide statements.

#### **Participation in Public Entity Jointly Controlled Government**

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority (the Transit Authority). The Transit Authority is comprised of three member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Authority is to study, implement, and provide a public transit system within and around the Palos Verdes Peninsula. These transit services include Palos Verdes Transit, Dial-A-Ride, and a fixed route shuttle service. Periodic deposits are paid by member Cities and are adjusted retrospectively to cover costs. Costs are prorated among all participating Cities based on population.

The City does not have an equity interest in the Transit Authority; therefore, no amount has been reported in the Statement of Net Position. However, the City does have an ongoing financial interest, because the City is able to influence the operations of the Authority so that the Authority uses its resources on behalf of the City. Also, an ongoing financial responsibility exists because the Authority is dependent on continued funding from the City. The condensed financial information of the Authority has not been reproduced in this report, but is available upon request from the Authority by emailing [pvtransit@palosverdes.com](mailto:pvtransit@palosverdes.com) or mailing a request to P.O. Box 2656, Palos Verdes Peninsula, CA 90274.

#### **B. Description of Funds**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are types of funds used:

#### **Governmental Fund Types**

- *General Fund* – Used to account for all financial resources except those that are required to be accounted for in another fund.
- *Special Revenue Funds* – Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- *Capital Projects Funds* – Used to account for financial resources used for the construction of specific capital projects.
- *Permanent Funds* – Used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

#### **Proprietary Fund Types**

- *Enterprise Fund* – Used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services; which are supported primarily by user charges.
- *Internal Service Funds* – Used to account for employee benefits costs and purchases and maintenance of equipment on behalf of all City departments, as well as the accumulation of funds for replacement of certain buildings on behalf of the City.

#### **Fiduciary Fund Type**

- *Private-Purpose Trust Fund* – Used to account for property tax revenue allocated to the Successor Agency and payments of the obligations of the former Redevelopment Agency.

#### C. Basis of Accounting/Measurement Focus

##### **Government – Wide Financial Statements**

The City's Government-Wide Financial Statements include a "Statement of Net Position" and a "Statement of Activities". These two statements present summaries of Governmental and Business-type Activities for the City; and do not include fiduciary activities. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

assets and liabilities, including capital assets, infrastructure, and long-term debt, are included 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 in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. 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 revenue transactions for the City are reported in three categories: 1) Charges for Services, 2) Operating Grants and Contributions, and 3) Capital Grants and Contributions. Charges for Services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating Grants and Contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital Grants and Contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a “Balance Sheet – Governmental Funds” and “Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds” for all major and other governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under the “current financial resources” measurement focus, generally only current assets and current liabilities are reported on the balance sheets. 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 balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end, taxpayer-assessed taxes such as sales taxes, and earnings on investments. Grant funds earned but not received are

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for interest on general long-term debt that has not yet matured, which is recognized when due.

#### **The City reports the following major governmental funds**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those that are required to be accounted for in another fund.

The Street Maintenance Special Revenue Fund is used to account for state-shared highway users' tax that is restricted to use for street maintenance, right-of-way acquisition and street construction.

The Community Development Block Grant Fund is used to account for Federal Grants received from the Department of Housing and Urban Development.

The Capital Improvement Capital Projects Fund is used to account for funds used for the City's capital improvement projects.

#### **Proprietary Fund Financial Statements**

Proprietary fund types are accounted for using the "economic resources" measurement focus and accrual basis of accounting. This means that all assets and liabilities (whether current or non-current) associated with the activity are included on the balance sheet. Fund equity is presented as total net position. The operating statement of proprietary funds presents increases (revenues) and decreases (expenses) in total net position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for services. Operating expenses for the enterprise and internal service funds include the costs of services, employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City uses the internal service funds to finance and account for goods and services provided by one City department to other City departments, including the purchase and maintenance of equipment, replacement of buildings and payment of

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

employee benefits. The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (administration, public safety, public works, etc.).

#### **The City reports the following major enterprise fund**

The Water Quality Flood Protection Fund is used to account for voter approved storm drain user fees used to repair and replace the City's storm drain facilities.

#### **Fiduciary Fund Financial Statements**

The fiduciary private-purpose trust fund type is accounted for using the economic resources measurement focus and accrual basis of accounting similar to the proprietary funds.

#### **The City reports the following fiduciary fund**

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency as part of the business of redevelopment dissolution. The Successor Agency private-purpose trust fund accounts for the changes in the former Redevelopment Agency's assets and liabilities until they are disposed of through dissolution. This fund also accounts for the administrative costs associated with dissolution.

#### **D. Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level. Throughout the year, the City Council made several supplementing budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and Permanent funds. These adjustments resulted in a net appropriation increase in the amount of \$4,572,047. This increase was primarily a result of appropriations continued from FY11-12 in the amount of \$15.6 million, appropriation of the San Ramon Canyon construction project for \$17.8 million, and appropriations continued to FY13-14 in the amount of \$28.7 million.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2013, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

### E. Capital Assets

Capital assets include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.). Capital assets are defined by the City as all land and buildings, vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

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. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Buildings and Improvements	25 to 50 years
Vehicles, Computers, and Equipment	3 to 10 years
Infrastructure Assets	
Roadway Network	10 to 100 years
Sewer Network	25 to 50 years
Storm Drain Network	30 to 100 years
Parks and Recreation Network	25 years

### F. Employee Compensated Absences

City employees may receive from 10 to 20 days of vacation time each year, depending upon length of service. An employee may accumulate earned vacation time up to a maximum of two years' worth of accrued vacation leave. Upon termination, employees are paid the full value of their unused vacation time at their existing salary.

City employees accrue 96 hours of sick leave each year with a maximum accrual of 720 hours. However, unused sick leave is never paid out to the employee; and therefore, the City does not accrue a liability.

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

The General Fund will primarily be used to liquidate the liability for compensated absences in future years. Any liability for compensated absences is only carried in the General Fund if there is unused/unpaid leave outstanding following an employee's separation.

#### **G. Investments**

Investments are stated at fair value (quoted market price or the best available estimate, thereof).

#### **H. Cash and Cash Equivalents**

The Water Quality Flood Protection Enterprise Fund and the Internal Service Funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. Therefore the cash and investments reported in these funds are considered to be cash and cash equivalents for purpose of the statement of cash flows.

#### **I. Claims and Judgments**

When it is probable that a claim liability has been incurred, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. Small claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through the California Joint Powers Authority (the CJPIA), which is described at Note #9. The CJPIA is a public entity risk pool. The City records amounts deposited with CJPIA as insurance expenditures in the General Fund

#### **J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. In governmental funds, the prepaid assets recorded do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reported as nonspendable. The City had a total of \$318,095 (\$100,019 in governmental funds, \$208,076 in internal service funds and \$10,000 in business type activities) of prepaid items as of June 30, 2013.

#### **K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### L. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first. When unrestricted resources (committed, assigned or unassigned) are available for use, it is the City's policy to use committed resources first, assigned resources second and finally unassigned resources.

#### M. New Pronouncements

GASB Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*. In November 2010, the GASB improved financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. This statement has been implemented with the June 30, 2013 financial statements.

GASB Statement No. 61 – *The Financial Report Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. In November 2010, the GASB improved financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This statement has been implemented with the June 30, 2013 financial statements.

GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In December 2010, the GASB incorporated into its authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: 1) Financial Accounting Standards Board Statements and Interpretations; Accounting Principles Board Opinions; and 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure. This statement has been implemented with the June 30, 2013 financial statements.

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In June 2011, the GASB provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement has been implemented with the June 30, 2013 financial statements.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. In March 2012, the GASB established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement is not effective until June 30, 2014. The City has not determined its effect on the financial statements.

GASB Statement No. 66 – *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. In March 2012, the GASB improved accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and ACIPA Pronouncements*. This statement is not effective until June 30, 2014. The City has not determined its effect on the financial statements.

GASB Statement No. 67 – *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. In June 2012, the GASB improved financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is not effective until June 30, 2014. The City is not a pension plan provider.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*. In June 2012, the GASB improved accounting and financial reporting by state and local governments for pension. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is not effective until June 30, 2015. The City has not determined its effect on the financial statements.

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. In January 2013, the GASB established accounting and financial reporting standards related to government combinations and disposals of government operations; including a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement is not effective until June 30, 2015. The City has not determined its effect on the financial statements.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

GASB Statement No. 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. In April 2013, the GASB improved accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is not effective until June 30, 2014. The City has not determined its effect on the financial statements.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. In November 2013, the GASB addressed an issue relating to amounts associated with contributions made by a government employer to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This statement is not effective until June 30, 2015. The City has not determined its effect on the financial statements.

**NOTE #2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position	Fiduciary Fund Statement of Fiduciary Net Position	Total
Total cash and investments	\$ 53,744,594	\$ 364,713	\$ 54,109,307

Cash and investments as of June 30, 2013 consist of the following:

Petty Cash	\$ 2,500
Deposits with Financial Institution	4,215,702
Local Agency Investment Fund (LAIF)	<u>49,891,105</u>
Total cash and investments	<u>\$ 54,109,307</u>

**Investments Authorized by the California Government Code and the City of Rancho Palos Verdes’ Investment Policy**

The table below identifies the investment types that are authorized for the City of Rancho Palos Verdes by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Amount or Percent of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	3 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None

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Repurchase Agreements	7 days	15%	None
Money Market Mutual Funds	N/A	15%	15%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Savings/Demand Deposits	N/A	\$5 million	15%

**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, there is a greater sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk by investing with the Local Agency Investment Fund (LAIF) such that the portfolio provides cash flows and liquidity need for operations. The City’s investment is represented by shares in the pool, which can be withdrawn in one business day. The average maturity of the pool is less than one year.

Investment Type	Remaining Maturity 12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 49,891,105

**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. The City’s LAIF investment is not rated.

**Concentration of Credit Risk**

The investment policy of the City of Rancho Palos Verdes contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, the City’s investments in LAIF were exempt from concentration of credit risk disclosure.

**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 Rancho Palos Verdes’ investment policy do not contain legal or policy requirements

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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.

Of the City’s deposits with financial institutions, \$3,932,828 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the City’s deposits as noted above.

**Investment in Local Agency Investment Fund (LAIF)**

The City of Rancho Palos Verdes is a voluntary participant in 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 Rancho Palos Verdes’ investment in this pool is based upon the City of Rancho Palos Verdes’ pro-rata share of the fair value provided by LAIF for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the Treasurer of the State of California and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various other participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer’s office. The City is a voluntary participant in the investment pool.

**NOTE #3 – INTERFUND TRANSACTIONS**

Interfund balances consisted of the following at June 30, 2013:

		Due To
		General Fund
	Other Governmental Funds	\$ 197,653
	CDBG Fund	50,671
	Total:	<u>\$ 248,324</u>
Due From		

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
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General fund cash was used to cover grant expenditures in the other Governmental Funds, as well as the CDBG Fund, until reimbursement is received from the grant agencies.

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2013, consisted of the following:

		Transfer From				
		Capital				
		Street	Improvement	Other		
		Maintenance	Projects	Governmental		
		Fund	Fund	Funds	Totals	
Transfer To	General Fund	\$ -	\$ -	\$ -	\$ 194,000	\$ 194,000
	Street Maintenance	-	-	-	699,440	699,440
	CDBG	9,302	-	-	-	9,302
	Capital Improvement Projects	6,550,256	-	-	229,744	6,780,000
	Other Governmental Funds	271,700	-	-	-	271,700
	Enterprise Funds	-	-	8,293,009	-	8,293,009
Totals:		<u>\$ 6,831,258</u>	<u>\$ -</u>	<u>\$ 8,293,009</u>	<u>\$ 1,123,184</u>	<u>\$16,247,451</u>

Transfers are used to: 1) move revenues from the fund that statute or budget requires for collection to the fund that statute or budget requires for expenditure; 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or grant matching requirements; and 3) return money that was originally transferred from the General Fund to another fund, yet not used.

The General Fund transferred \$6,550,256 to the Capital Improvement Projects (CIP) Fund. The transfer included \$4,975,256 of funding for the CIP Reserve for future infrastructure projects, as required by the City Council's Reserve Policy; and \$1,575,000 of funding for the annual residential street rehabilitation program.

The CIP Fund transferred \$8,293,009 to the Water Quality Flood Protection Fund (Enterprise Fund), as authorized by the City Council, to provide funding for the San Ramon Canyon stabilization project.

**NOTE #4 – CAPITAL ASSETS AND DEPRECIATION**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic reporting approach as defined by GASB Statement No. 34 for all infrastructures, whereby depreciation expense and accumulated depreciation has been recorded. The following tables present the capital assets activity for the year ended June 30, 2013.

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<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	39,881,992	18,970	-	39,900,962
Construction in progress	430,056	2,373,508	(242,337)	2,561,227
Total capital assets not being depreciated	<u>40,312,048</u>	<u>2,392,478</u>	<u>(242,337)</u>	<u>42,462,189</u>
Capital assets being depreciated:				
Building and improvements	9,379,539	-	-	9,379,539
Vehicles	301,919	-	-	301,919
Computer equipment	727,731	78,830	(67,837)	738,724
Furniture, fixtures and equipment	573,860	43,703	(67,828)	549,735
Infrastructure				
Roadway system	90,717,588	-	-	90,717,588
Sewer system	25,965,995	-	-	25,965,995
Storm drain system	13,148,416	-	-	13,148,416
Parks system	6,977,932	242,337	(370,297)	6,849,972
Total capital assets being depreciated	<u>147,792,980</u>	<u>364,870</u>	<u>(505,962)</u>	<u>147,651,888</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,426,413)	(203,172)	-	(2,629,585)
Vehicles	(243,514)	(26,054)	-	(269,568)
Computer equipment	(609,964)	(66,743)	67,837	(608,870)
Furniture, fixtures and equipment	(495,183)	(31,083)	64,001	(462,265)
Infrastructure				
Roadway system	(44,269,289)	(2,432,938)	-	(46,702,227)
Sewer system	(17,767,308)	(456,573)	-	(18,223,881)
Storm drain system	(3,217,954)	(250,479)	-	(3,468,433)
Parks system	(4,586,974)	(139,114)	261,287	(4,464,801)
Total accumulated depreciation	<u>(73,616,599)</u>	<u>(3,606,156)</u>	<u>393,125</u>	<u>(76,829,630)</u>
Total capital assets being depreciated, net	<u>74,176,381</u>	<u>(3,241,286)</u>	<u>(112,837)</u>	<u>70,822,258</u>
Governmental activities capital assets, net	<u>114,488,429</u>	<u>(848,808)</u>	<u>(355,174)</u>	<u>113,284,447</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration (depreciation of buildings)	\$ 203,172
Public Works (depreciation of roadways, sewers, and storm drains)	3,139,990
Recreation Services (depreciation of parks system)	139,114
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>123,880</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,606,156</u>

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
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<b>Business-type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	1,408,493	-	-	1,408,493
Construction in progress	1,516,923	5,209,807	(695,605)	6,031,125
Total capital assets not being depreciated	<u>2,925,416</u>	<u>5,209,807</u>	<u>(695,605)</u>	<u>7,439,618</u>
Capital assets being depreciated:				
Equipment	11,813	-	-	11,813
Storm drain system	11,338,573	695,605	-	12,034,178
Total capital assets being depreciated	<u>11,350,386</u>	<u>695,605</u>	<u>-</u>	<u>12,045,991</u>
Less accumulated depreciation for:				
Equipment	(11,813)	-	-	(11,813)
Storm drain system	(907,731)	(247,085)	-	(1,154,816)
Total accumulated depreciation	<u>(919,544)</u>	<u>(247,085)</u>	<u>-</u>	<u>(1,166,629)</u>
Total capital assets being depreciated, net	<u>10,430,842</u>	<u>448,520</u>	<u>-</u>	<u>10,879,362</u>
Business-type activities capital assets, net	<u>13,356,258</u>	<u>5,658,327</u>	<u>(695,605)</u>	<u>18,318,980</u>

Depreciation expense of \$247,085 is included in the Water Quality Flood Protection enterprise fund.

**NOTE #5 – LONG-TERM NOTES RECEIVABLE**

	Governmental Activities	Special Revenue Fund	Subtotal
Long-Term Notes Receivable	<u>\$ 7,002,063</u>	<u>\$ 523,819</u>	<u>\$ 7,525,882</u>

	Long-Term Notes Receivable
City Affordable Housing In-Lieu	\$ 1,385,165
City Low-Moderate Income Housing	5,616,898
Community Development Block Grant	<u>523,819</u>
Subtotal:	7,525,882
Receivable from Successor Agency (Note 14)	12,058,578
Allowance from Successor Agency receivable	<u>(12,058,578)</u>
Total Long-Term Notes Receivable:	<u>\$ 7,525,882</u>

**Affordable Housing**

In March 2009, the former Redevelopment Agency (RDA) entered into a Disposition and Development Agreement (DDA) with AMCAL Mirandela Fund LP (AMCAL). Under the DDA, the former RDA provided financial assistance to AMCAL in an amount up to \$6,790,000 to develop a thirty-four unit senior housing project. The

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**NOTES TO FINANCIAL STATEMENTS  
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loan accrues simple interest at a rate of 3% per annum on the amounts disbursed. The balance of notes receivable from AMCAL including accrued unpaid interest of \$620,709 at June 30, 2013 was \$6,875,743.

In March 2011, the former RDA sold an affordable housing condominium to an individual for \$350,000. In connection with the sale, the buyer issued a secured promissory note in the amount of \$126,320. The note bears no interest and principal is payable upon default by the owner (or any successors' owner) under a regulatory agreement that requires the condominium to be occupied by person or families of moderate income. If no such default has occurred by February 22, 2056, the principal will be forgiven.

As part of redevelopment dissolution, these two long-term notes receivable were transferred to the housing successor (the City), which elected to retain the housing assets and function of the former Redevelopment Agency.

Community Development Block Grant (CDBG)

As part of the City's CDBG program, the City extends loans to property owners meeting low and moderate income requirements to make repairs and improvements to their homes. These notes receivable bear no interest, and repayment is required when the title to the property is transferred or the property is re-financed. The maximum loan amount per property is \$13,000. Amounts repaid are returned to the CDBG program. The total of these loans outstanding at June 30, 2013 is \$523,819, which is recorded in the Community Development Block Grant special revenue fund.

**NOTE #6 – LONG-TERM DEBT**

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due in One Year
Employee Compensated Absences	370,799	279,017	(286,708)	363,107	280,761

Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$280,761 estimated to be the amount that will be used and/or paid out during fiscal year 2013-14.

**NOTE #7 – CLASSIFICATIONS OF NET POSITION AND FUND BALANCE**

Government-Wide Financial Statements

In the Government-Wide financial statements net position is classified in the following categories:

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

#### *Net Investment in Capital Assets*

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation on these assets reduces this category as does any outstanding balance on debt incurred in acquiring or constructing the capital assets.

#### *Restricted Net position*

This category presents external restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

#### *Unrestricted Net position*

This category represents the net position of the City that is not externally restricted for any project or other purpose.

#### Fund Financial Statements

The fund balances reported on the fund statements consist of the following categories:

Nonspendable – Amounts that are not in a spendable form (such as inventory and prepaid expenditures) or are legally required to be maintained intact (such as the corpus of an endowment fund).

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the City Council via a City Council resolution. To be reported as committed, amounts cannot be used for any other purpose unless the City Council adopts another resolution to remove or change the constraint.

Assigned – Amounts the City Council *intends* to use for a specific purpose, which is expressed by the City Council via minute order. The City Council has assigned the entire fund balance of the Capital Improvement Projects fund for the future design and construction of infrastructure improvement projects.

Unassigned – Amounts that are available for any purpose; these amounts are reported only in the General Fund. However, if there is a deficit fund balance to be reported in any fund, it is classified as unassigned.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
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The City’s governmental fund balances were classified as follows at June 30, 2013:

	General Fund	Street Maintenance Fund	CDBG	Capital Improvement Fund	Other Governmental Funds
Nonspendable:					
In Form (inventory and prepaid)	\$ 137,994	\$ -	\$ -	\$ -	\$ 820
Legally (endowments)	-	-	-	-	1,750,000
Habitat Restoration	-	-	-	-	84,957
Restricted					
Public Works	-	914,473	-	-	6,350,368
Public Safety	-	-	-	-	20,400
Parks and Recreation	-	-	-	-	843,448
Committed					
Public Works	-	-	-	-	35,906
Assigned					
	-	-	-	11,565,617	1,516,910
Unassigned:					
Rainy Day Fund	13,968,268	-	-	-	-
Continued Appropriations	401,989	-	-	-	-
Deficit Fund Balance	-	-	-	-	(197,638)
<b>Governmental Fund Balance Totals</b>	<b>\$ 14,508,251</b>	<b>\$ 914,473</b>	<b>\$ -</b>	<b>\$ 11,565,617</b>	<b>\$ 10,405,171</b>

Minimum Fund Balance Policies

The City Council has adopted a policy, via resolution, to maintain the following minimum fund balances:

- Rainy Day Fund – At least fifty percent of annual operating expenditures in the General Fund;
- Capital Improvement Fund – A minimum of \$3 million for infrastructure improvement projects;
- Street Maintenance Fund – A minimum of one year’s appropriations for road maintenance on Palos Verdes Drive South in the landslide area; and
- Habitat Restoration Fund – A minimum of \$50,000 for emergency use for habitat restoration purposes.

**NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS**

Pension Plan Description

The City provides a defined benefit pension plan that includes retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City contracts with the California Public Employee’s Retirement System (CalPERS), a cost-sharing, multi-employer public employee defined benefit pension plan administered by CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes, within the Public Employees’ Retirement Law, establish benefit provisions and other requirements. The City selects optional benefit provisions from the benefit menu by contract with

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CalPERS and adopts those benefits through local ordinance. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814 or downloaded from their website at [www.calpers.gov](http://www.calpers.gov).

Pursuant to City Council action on October 2, 2012 to reduce pension benefits for future employees and the California Public Employees' Pension Reform Act of 2012, the City now has 3 tiers of defined pension benefits. For employees hired prior to October 2, 2012, the City participates in a Miscellaneous 2.5% at 55 Risk Pool (1<sup>st</sup> Tier). For employees hired after October 2, 2012 but before January 1, 2013 and employees hired after January 1, 2013 that have participated in a reciprocating California public employee pension plan within six months of being hired by the City, the City participates in a Miscellaneous 2% at 60 Risk Pool (2<sup>nd</sup> Tier). For all other employees hired after January 1, 2013, the City will participate in a Miscellaneous 2% at 62 Risk Pool (3<sup>rd</sup> Tier).

Pension Plan Funding Policy

The contribution requirements of plan members are established by State statute and the employer contribution rate is established and amended by CalPERS.

During fiscal year 2012-13, all but one of the City's full-time employees participated in the 1<sup>st</sup> Tier of benefits as described above. One full-time employee participated in the 3<sup>rd</sup> Tier. Beginning in September 2011, active City employees were required to contribute the full "employee" share of pension cost (8% of their annual covered salary for 1<sup>st</sup> Tier coverage, 7% for 2<sup>nd</sup> Tier coverage, and 6.25% for 3<sup>rd</sup> Tier coverage). The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The City's fiscal year 2012-13 contribution rates for the Pension Plan were as follows.

Percentage of Covered Payroll	
1st Tier	13.91%
2nd Tier	7.85%
3rd Tier	6.25%

As a result of having less than 100 active members as of June 30, 2003, the City was required to participate in a risk pool. The City's pooled employer contribution rate is the same as the stand-alone employer contribution rate.

The City's contributions to CalPERS for the most recent three years follow.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
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<u>Year Ended</u>	Annual Pension Cost Employer <u>Contribution</u>	Percentage of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
June 30, 2013	\$698,501	100%	0
June 30, 2012	\$658,481	100%	0
June 30, 2011	\$461,416	100%	0

Retirement Health Savings Plan

On November 17, 2009, the City approved the establishment of a defined contribution Retirement Health Savings Plan (the “Plan”) for its full-time employees. The Plan is a Health Reimbursement Arrangement (“HRA”) within Sections 105 and 106 of the Internal Revenue Code. The Plan assets are managed in a non-taxable trust as described in Section 501(c)(9) of the Internal Revenue Code. The City is the Plan Administrator, and utilizes the services of a contracted financial services provider for day-to-day administration of contributions and disbursements. The City has the authority to amend the Plan’s provisions and contribution requirements.

The City has no obligation to make contributions to the Plan, but as part of the annual budget process the City may elect to make contributions to the Plan. Employees are required to contribute 1% of their gross wages to their account, which is owned by the employee. During fiscal year 2012-13, the City contributed a total of \$68,378 to employee accounts. During the same time, employees contributed a total of \$46,601 to their own accounts.

The Plan assets are not an asset of the City. Therefore, only the City’s expense to make contributions to the Plan has been recorded in the Employee Benefits internal service fund in the City’s financial statements.

***NOTE #9 – LIABILITY, INSURED PROGRAMS AND WORKERS’ COMPENSATION PROTECTION***

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

#### Self-Insurance Programs of the CJPIA

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

#### General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

#### Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

#### Purchased Insurance

##### Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

##### Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$14,695,974. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

#### Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$14,444,407. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

#### Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

#### Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

#### Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

### ***NOTE #10 – CONTINGENCIES AND COMMITMENTS***

#### Litigation

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. Generally, unfavorable results of these claims and legal actions are funded through the City's participation in California Joint Powers Insurance Authority (CJPIA, see Note #9) and, as such, the City believes that the ultimate liability for these legal actions and claims will not have a material adverse effect on the City's financial statements. The City is also a defendant in legal actions for which the potential losses would not be covered through participation in CJPIA. Legal actions that could result in an unfavorable outcome material to the City's financial statements are discussed below.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE #11 – PROPERTY TAXES**

Under California law, property taxes are assessed and collected by the counties up to one percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes, which are received from the county within sixty days after year-end.

Lien date	January 1
Levy date	June 30
Due date	November 1 and February 1
Collection dates	December 10 and April 10

**NOTE #12 – DEFERRED REVENUES**

The deferred revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2013 consisted of the following:

General Fund:	
Advance balance on Federal Grant - NCCP	\$ 100,190
Revenue Earned but Not Available (beyond 60 days)	83,695
Subtotal:	<u>183,885</u>
Other Governmental Funds:	
Long-Term Note Receivable Offset (loans expended when made)	523,819
Revenue Earned but Not Available (beyond 60 days)	241,750
Subtotal:	<u>765,569</u>
Total Deferred Revenues:	<u><u>\$ 949,454</u></u>

**NOTE #13 – OTHER REQUIRED FUND DISCLOSURES**

The following funds had deficit fund balances as of June 30, 2013:  
Other Governmental Funds:

Measure A Special Revenue Fund	\$ 197,638
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The City plans to finance the fund deficits through future revenues and transfers from other funds.

**NOTE #14 – SUCCESSOR AGENCY**

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On September 6, 2011,

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

the City elected to serve as the Successor Agency of the Rancho Palos Verdes Redevelopment Agency.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. The City elected on February 21, 2012 to serve as the Housing Successor Agency. After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a special revenue fund in the financial statements of the City (City Low-Moderate Income Housing Fund).

All other assets, obligations, and activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the redevelopment agency not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency's enforceable obligations for the upcoming six-month period.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

#### Non-Liquid Assets

The following non-liquid assets are included in the records of the Successor Agency:  
Note receivable from:

Portuguese Bend Club Homeowners Association	\$154,940
Prepaid item	770,648
Land	<u>166,296</u>
Total Non-Liquid Assets	<u>\$1,091,884</u>

In 1999, the former Redevelopment Agency extended a \$750,000 construction loan to the Portuguese Bend Club Homeowners Association. The note is non-interest bearing, and is to be repaid in 180 equal installments beginning in July 2001. The Association is scheduled to continue making monthly payments of \$4,167 through August 2016, and the balance of the note receivable at June 30, 2013 is \$154,940.

Prior to redevelopment dissolution, the County of Los Angeles pursuant to a Memorandum of Understanding dated November 1, 1997 (discussed below) impounded property tax increment allocated to the former redevelopment agency for payment of debt owed to the County. The balance of the impounded tax increment

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

not yet been applied to debt at June 30, 2013 is \$753,143, which is included in the prepaid amount reported above.

The former Redevelopment Agency owned a number of parcels in the landslide area of the City. Parcels totaling approximately 124 acres which are identified as Abalone Cove Shoreline Park and adjacent open space were transferred from the County of Los Angeles at no cost. The remaining parcels which provide right-of-way access into the landslide area were originally purchased at a total cost of \$166,296.

Debt Summary

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 14,510,123	\$ 26,511	\$ (5,930,453)	\$ 8,606,181	
Abalone Cove	4,778,936	10,635	\$ (1,337,174)	3,452,397	
Due to County:					
Tax Increment Bond	5,065,000		(120,000)	4,945,000	135,000
Deferred Interest Payable	434,904		(372,610)	62,294	
Totals	<u>\$ 24,788,963</u>	<u>\$ 37,146</u>	<u>\$ (7,760,237)</u>	<u>\$ 17,065,872</u>	<u>\$ 135,000</u>

Consolidated Loan from City

The City entered into an agreement to provide the former Redevelopment Agency (RDA) operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA required in carrying out its function under the community redevelopment law. The former RDA was to repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue became available. Pursuant to redevelopment dissolution law, loans from cities to redevelopment agencies made more than two years after formation of the redevelopment agency are not recognized obligations. Therefore, the Consolidated Loan from the City has been previously disallowed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS). However, AB1484 provides a method to secure recognition of the City's Consolidated Loan as an obligation of the Successor Agency. Upon completion of various independent reviews and transfers of funds to Los Angeles County, the Successor Agency received a "Finding of Completion" on April 26, 2013. On December 11, 2013, the Oversight Board made a finding that the Consolidated Loan from the City was made for legitimate redevelopment purposes. Although the amount cannot be estimated at this time, City Management expects that RPTTF revenue will likely become available to begin repayment of the City's Consolidated Loan during the fiscal year ended June 30, 2015.

California Health and Safety Code Section 34191.4(b)(2) outlines the terms for restructuring city loans to former redevelopment agencies as follows: "the accumulated interest on the remaining principal amount of the loan shall be

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund.” Management’s position is to apply the historical Local Agency Investment Fund (LAIF) rate over the life of the loan (e.g. a 2011 rate used to calculate 2011 interest), resulting in a balance of \$12,058,578 at June 30, 2013.

	Principal	Interest	30-Jun-13 Balance
Portuguese Bend	\$ 4,320,552	\$4,285,629	\$ 8,606,181
Abalone Cove	2,422,224	1,030,173	3,452,397
Allowance from Successor Agency Receivable	(6,742,776)	(5,315,802)	(12,058,578)
Totals:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The California Department of Finance (DOF) has provided information on its website regarding the recalculation of accrued interest for city loans to redevelopment agencies. The DOF’s position appears to include application of a recent LAIF rate (the earnings rate for the quarter during which the Oversight Board makes a finding that the loan was made for legitimate redevelopment purposes, in this case the quarter ended December 31, 2013) to the entire life of the loan. If the Consolidated Loan from the City is recalculated using the DOF interpretation, the balance at June 30, 2013 would be approximately \$7.0 million, including only about \$0.3 million of accrued interest.

As mentioned above, City Management does not currently have enough information to estimate the amount of RPTTF revenue that may become available in the future to repay the Consolidated Loan from the City. Los Angeles County manages the distribution of RPTTF, which is complicated by a 1997 Memorandum of Understanding between the City, the County, and the former Redevelopment Agency (discussed in detail below). City Management expects to work with the County during 2014 to clarify distribution terms, so that future distributions may be reasonably estimated and a schedule of repayment may be established for the Consolidated Loan from the City.

Due to the inability to estimate future repayments, as well as the differing interpretations between the DOF and City Management for the calculation of accrued interest, the City’s loan receivable of \$12,058,578 has been completely offset with an allowance for uncollectable amounts on the City’s financial statements. As further information becomes available, the allowance for uncollectable amounts may be adjusted in future periods, potentially resulting in a recognized net receivable for the City.

	Principal	Interest	Total
City's Consolidated Loan at June 30, 2012	\$ 6,742,776	\$12,546,283	\$ 19,289,059
Write-off of accrued interest during fiscal year end June 30, 2013		(7,267,627)	(7,267,627)
Interest accrued during fiscal year end June 30, 2013		37,146	37,146
City's Consolidated Loan at June 30, 2013	<u>\$ 6,742,776</u>	<u>\$ 5,315,802</u>	<u>\$ 12,058,578</u>
Allowance for Successor Agency receivable			<u>\$(12,058,578)</u>

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

#### Tax Increment Bond and Deferred Interest Payable

In July 1991, the former Redevelopment Agency received \$10,000,000 in loan proceeds (the Loan) from the County of Los Angeles (the County) upon the County's issue of Abalone Cove Improvement Bonds 2651-M pursuant to a Reimbursement and Settlement Agreement (the Agreement), dated October 27, 1987 in connection with the Horan Lawsuit. The Loan was made for the purpose of abating the Abalone Cove landslide. The settlement Loan was secured by property assessment liens in the Abalone Cove project area.

As stipulated by the parties to the Agreement, a portion of the Loan proceeds was used to repay a tax allocation and revenue anticipation promissory note issued to the County in the principal amount of \$1,450,000, plus accrued interest equal to \$179,244. A second portion of the proceeds was used to repay expenses advanced by the County in the amount of \$135,614. A third portion was used to repay certain loans from the City to the former Redevelopment Agency in the amount of \$787,340.

Per the terms of the Agreement, \$1,000,000 of the proceeds was deposited in the Abalone Cove Permanent Fund of the Joint Powers Improvement Authority. The remainder of the proceeds was accounted for in the former Redevelopment Agency's Abalone Cove Fund. Concurrent with the execution of the Agreement, the County deeded its title in the Abalone Cove Beach Park to the former Redevelopment Agency.

As part of the Agreement, the former Redevelopment Agency was required to transfer 17 percent of tax increment revenue to the Consolidated Fire Protection District of the County and 50.9 percent of tax increment revenue for debt repayment to the County. In accordance with the Agreement, the former Redevelopment Agency was to pay the Loan principal plus interest at 7.7654 percent over a 30-year period that began in 1992. However, these debt payments were to be deferred 10 years until the fiscal year ended June 30, 2002.

As part of the deferral arrangement, the accrued interest from the inception of the Loan through June 30, 2002, in the amount of \$7,314,944, was scheduled for payment over a 20-year period beginning in the fiscal year ended June 30, 2002 with no additional interest. The remaining balance of \$10,274,119 was scheduled for payment to the County over a 20-year period beginning in the fiscal year ended June 30, 2002, with interest at 7.7654 percent.

On November 1, 1997, the City, the former Redevelopment Agency and the County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed to the County by the former Redevelopment Agency. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed to the County was cancelled. As consideration for the loan

## **CITY OF RANCHO PALOS VERDES**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013**

cancellation, the former Redevelopment Agency made a lump sum payment to the County in the amount of \$4,545,000 and issued a \$5,455,000 tax increment bond to the County (the bond). Of the \$4,545,000 lump sum payment, \$2,000,000 was paid from tax increment revenue and interest earnings accumulated in the Debt Service Fund. The remaining \$2,545,000 was funded by a combination of a loan from the General Fund of the City to the Agency for \$1,545,000 and a net operating transfer from the Agency's Abalone Cove Capital Projects Fund to the Debt Service Fund of \$1,000,000. The private property liens resulting from the formation of the bond assessment district in connection with the Reimbursement and Settlement Agreement in 1987 were discharged in accordance with the terms of the MOU.

The bond was issued as a conduit through the Improvement Authority to the County. No issuance costs were incurred. Future allocations of property tax to the Successor Agency will fund the payment of the bond debt and the deferred interest from the original Loan until paid in full. The principal of the bond began maturing in installments each December 2nd, commencing December 2, 2004. Interest accrues at a rate of 5 percent per annum and is payable in arrears each June 2nd and December 2nd.

Additionally, both the accrued interest and deferred interest on the \$10,000,000 Loan previously owed the County was retroactively recalculated from the Loan origination date at a rate of approximately 5 percent compared to 7.7654 percent per the original Agreement. The recalculated deferred interest was \$3,111,400. In accordance with the MOU, the recalculated deferred interest does not accrue additional interest. As of June 30, 2013, a total of \$3,049,106 in accumulated tax increment has been applied against this balance, including \$372,610 applied during fiscal year 2012-13. The remaining balance at June 30, 2013, was \$62,294. The accumulated amount of property tax increment withheld by the County prior to dissolution, in excess of amounts applied to principal and interest payments is recorded in the Successor Agency Fund as a prepaid item at June 30, 2013.

The California Department of Finance has approved the Tax Increment Bond and Deferred Interest Payable as obligations of the Successor Agency.

The debt service schedule below summarizes all fixed principal and interest payments for the term of the bond. Because the payback period for the deferred interest amount will fluctuate depending on the availability of excess property tax revenue, no amounts have been included in the following schedule for repayment of the deferred interest.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

Year Ending June 30,	Principal	Interest	Total
2014	\$ 135,000	\$ 243,875	\$ 378,875
2015	155,000	236,625	391,625
2016	180,000	228,250	408,250
2017	200,000	218,750	418,750
2018	230,000	208,000	438,000
2019-2023	1,570,000	830,750	2,400,750
2024-2028	2,475,000	330,125	2,805,125
Totals	<u>\$4,945,000</u>	<u>\$ 2,296,375</u>	<u>\$ 7,241,375</u>

**NOTE #15 – RESTATEMENT OF BEGINNING FUND BALANCE**

As described in Note 5, the former Redevelopment Agency (RDA) entered into a Disposition and Development Agreement (DDA) with AMCAL Mirandela Fund LP (AMCAL) in 2009. As part of this transaction, \$2,990,000 was previously reported in fund balance. In order to reflect the long-term nature of the transaction, this amount has been removed from the City Affordable Housing In-Lieu Fund, a nonmajor capital projects fund as of July 1, 2012.

FUND BALANCE:	City Affordable Housing In-Lieu Fund
Beginning of year as previously reported	\$ 3,491,189
Prior year fund balance related to the note receivable	(2,990,000)
Beginning of year, as restated	<u>\$ 501,189</u>

## **SUPPLEMENTARY INFORMATION**

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Revenue from other agencies	\$ 250,000	\$ 4,085,167	\$ 138,678	\$ (3,946,489)
Use of money and property	42,300	42,300	44,678	2,378
<b>TOTAL REVENUES</b>	<b>292,300</b>	<b>4,127,467</b>	<b>183,356</b>	<b>(3,944,111)</b>
<b>EXPENDITURES:</b>				
Capital Outlay				
Infrastructure administration	20,000	23,541	16,530	7,011
Street improvements	1,850,000	1,833,394	1,833,394	-
Parks/Trails/Open Space improvements	768,000	890,721	637,315	253,406
Sewer improvements	-	-	-	-
Building improvements	55,000	5,000	24,432	(19,432)
<b>TOTAL EXPENDITURES</b>	<b>2,693,000</b>	<b>2,752,656</b>	<b>2,511,671</b>	<b>240,985</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,400,700)</b>	<b>1,374,811</b>	<b>(2,328,315)</b>	<b>(3,703,126)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	5,311,125	8,657,300	6,780,000	(1,877,300)
Transfers out	-	(8,293,009)	(8,293,009)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,311,125</b>	<b>364,291</b>	<b>(1,513,009)</b>	<b>(1,877,300)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,910,425</b>	<b>1,739,102</b>	<b>(3,841,324)</b>	<b>(5,580,426)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>15,406,941</b>	<b>15,406,941</b>	<b>15,406,941</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 18,317,366</b>	<b>\$ 17,146,043</b>	<b>\$ 11,565,617</b>	<b>\$ (5,580,426)</b>

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2013**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenues Fund Descriptions

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with law or administrative regulation for a specific purpose.

Air Quality Management – to account for AB2766 fees received to fund programs to reduce air pollution from motor vehicles.

El Prado – to account for taxes collected to maintain and service existing and proposed improvements to the common area of the El Prado neighborhood.

Proposition A – to account for the City share of an additional one-half percent sales tax designated to fund certain public transportation orientated projects.

Proposition C – to account for sales taxes received from the County and used to support public transit and related services.

Measure R – to account for the half-cent sales tax approved by the Los Angeles County voters in November 2008 to meet transportation needs, including maintenance and improvement of arterial streets, traffic control, bikeway and pedestrian improvements, and public transit.

Beautification – to account for monies received for the City's recycling program used for community improvement, grants and promotion of recycling.

Waste Reduction – to account for AB939 fees received for state mandated waste reduction and recycling plans and programs.

Public Safety Grants – to account for federal grant funds for local law enforcement supplemental services, AB3229 funds used for additional law enforcement services and public safety technology equipment.

1972 Act Landscaping and Lighting District (1972 Act) – to account for revenues and costs associated with the City's landscaping and lighting district.

1911 Act Lighting District (1911 Act) – to account for revenue and costs associated with a lighting district transferred to the "city-side" landscape and lighting district from the County in 1995.

Joint Powers Improvement Authority - Portuguese Bend – to account for maintenance and repairs of landslide abatement improvements in the Portuguese Bend Project area.

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2013**

**NONMAJOR GOVERNMENTAL FUNDS**

Measure A – to account for the voter approved 1992 and 1996 Measure A funds and other state and county grants used for the acquisition of open space and park improvements.

Abalone Cove Sewer Assessment District – to account for property assessments used to partially pay for operation and maintenance of the Abalone Cove sewer system.

Dr. Allen and Charlotte Ginsburg Cultural Arts Building (Ginsburg Cultural Art Bldg) – to account for a private donation to be used for either construction of a building at the Upper Point Vicente Civic Center to be used for dancing and other cultural activities, or for the purchase of open space within the City for habitat conservation and passive recreational purposes.

Donor Restricted Contributions – to account for donations received to construct or acquire recreational facilities within the City.

Bikeways – to account for state funds that are used for the construction of bikeways and pedestrian facilities.

Environmental Excise Tax – to account for taxes received in connection with new construction within the City.

Quimby – to account for developer paid fees or the dedication of land for park and recreation purposes.

Capital Projects Fund Descriptions

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.

Affordable Housing In-Lieu – to account for developer fees paid in-lieu of providing affordable housing in conjunction with new development as required by the Affordable Housing Chapter of the City’s Municipal Code (Chapter 17.11).

Low-Moderate Income Housing – to account for low & moderate income housing assets that were transferred to the City after electing to retain the housing assets and function of the former redevelopment agency, which was dissolved on January 31, 2012.

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2013**

**NONMAJOR GOVERNMENTAL FUNDS**

Permanent Fund Descriptions

Permanent Funds are used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Subregion One Maintenance – to account for monies used to maintain public improvements and habitat areas dedicated to the City upon completion of the Subregion One residential development project also known as Oceanfront Estates. As part of the development agreement, the City received a \$750,000 non-expendable deposit. The interest earnings contribute to the maintenance of the public open space.

Habitat Restoration – to account for fees paid by developers for conservation easements to be used exclusively for habitat restoration efforts on City owned property.

Joint Powers Improvement Authority - Abalone Cove – to account for monies received as part of a July 1991 Reimbursement and Settlement Agreement with the County of Los Angeles. As a part of this Agreement, the Authority received a \$1,000,000 non-expendable deposit. The interest earnings are used to pay for maintenance and repair of Abalone Cove landslide abatement improvements.

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds			
	Air Quality Management	El Prado	Proposition A	Proposition C
ASSETS				
Cash and investments	\$ 138,992	\$ 18,789	\$ 601,852	\$ 1,591,338
Receivables:				
Taxes	-	201	-	-
Interest	72	10	288	1,025
Notes	-	-	-	-
Other	13,234	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 152,298</b>	<b>\$ 19,000</b>	<b>\$ 602,140</b>	<b>\$ 1,592,363</b>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 291,149	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>291,149</b>	<b>-</b>
FUND BALANCES:				
Non-Spendable				
Endowment principal	-	-	-	-
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Receivable from Successor Agency	-	-	-	-
Long term receivables	-	-	-	-
Habitat restoration	-	-	-	-
Restricted	152,298	19,000	310,991	1,592,363
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>152,298</b>	<b>19,000</b>	<b>310,991</b>	<b>1,592,363</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 152,298</b>	<b>\$ 19,000</b>	<b>\$ 602,140</b>	<b>\$ 1,592,363</b>

Special Revenue Funds (Continued)

Measure R	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ 805,227	\$ 1,002,898	\$ 362,399	\$ 20,335	\$ 64,175
-	-	-	-	5,753
422	672	206	65	134
-	-	-	-	-
-	-	22,822	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 805,649</u>	<u>\$ 1,003,570</u>	<u>\$ 385,427</u>	<u>\$ 20,400</u>	<u>\$ 70,062</u>
\$ -	\$ 439	\$ 19,268	\$ -	\$ -
-	-	-	-	-
-	-	\$ -	-	-
<u>-</u>	<u>439</u>	<u>19,268</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
805,649	-	366,159	20,400	70,062
-	-	-	-	-
-	1,003,131	-	-	-
-	-	-	-	-
<u>805,649</u>	<u>1,003,131</u>	<u>366,159</u>	<u>20,400</u>	<u>70,062</u>
<u>\$ 805,649</u>	<u>\$ 1,003,570</u>	<u>\$ 385,427</u>	<u>\$ 20,400</u>	<u>\$ 70,062</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2013

	Special Revenue Funds			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Measure A	Abalone Cove Sewer Assessment District
<b>ASSETS</b>				
Cash and investments	\$ 1,752,829	\$ 367,436	\$ -	\$ 42,993
Receivables:				
Taxes	12,003	-	-	1,461
Interest	1,011	-	15	25
Notes	-	-	-	-
Other	-	-	241,750	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,765,843</b>	<b>\$ 367,436</b>	<b>\$ 241,765</b>	<b>\$ 44,479</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 56,237	\$ 1,424	\$ -	\$ 8,573
Due to other funds	-	-	197,653	-
Deferred revenue	-	-	241,750	-
<b>TOTAL LIABILITIES</b>	<b>56,237</b>	<b>1,424</b>	<b>439,403</b>	<b>8,573</b>
<b>FUND BALANCES:</b>				
Non-Spendable				
Endowment principal	-	-	-	-
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Receivable from Successor Agency	-	-	-	-
Long term receivables	-	-	-	-
Habitat restoration	-	-	-	-
Restricted	1,709,606	366,012	-	-
Committed	-	-	-	35,906
Assigned	-	-	-	-
Unassigned	-	-	(197,638)	-
<b>TOTAL FUND BALANCES</b>	<b>1,709,606</b>	<b>366,012</b>	<b>(197,638)</b>	<b>35,906</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,765,843</b>	<b>\$ 367,436</b>	<b>\$ 241,765</b>	<b>\$ 44,479</b>

Special Revenue Funds (Continued)

Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions	Bikeways	Environmental Excise Tax	Quimby	Total Special Revenue Funds
\$ 138,812	\$ 843,219	\$ 58,479	\$ 448,602	\$ 29,487	\$ 8,287,862
-	-	-	-	-	19,418
78	229	31	249	18	4,550
-	-	-	-	-	-
-	-	2,544	-	-	280,350
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 138,890</u>	<u>\$ 843,448</u>	<u>\$ 61,054</u>	<u>\$ 448,851</u>	<u>\$ 29,505</u>	<u>\$ 8,592,180</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,090
-	-	-	-	-	197,653
-	-	-	-	-	241,750
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>816,493</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
138,890	843,448	61,054	448,851	29,505	6,934,288
-	-	-	-	-	35,906
-	-	-	-	-	1,003,131
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,638)</u>
<u>138,890</u>	<u>843,448</u>	<u>61,054</u>	<u>448,851</u>	<u>29,505</u>	<u>7,775,687</u>
<u>\$ 138,890</u>	<u>\$ 843,448</u>	<u>\$ 61,054</u>	<u>\$ 448,851</u>	<u>\$ 29,505</u>	<u>\$ 8,592,180</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2013

	Capital Projects Funds		
	City Affordable Housing In-Lieu	City Low-Moderate Income Housing	Total Capital Projects Funds
<b>ASSETS</b>			
Cash and investments	\$ 501,091	\$ 12,408	\$ 513,499
Receivables:			
Taxes	-	-	-
Interest	280	3	283
Notes	-	-	-
Other	-	-	-
Prepaid items	820	-	820
Advance to other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 502,191</b>	<b>\$ 12,411</b>	<b>\$ 514,602</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	\$ 3	\$ -	\$ 3
Due to other funds	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>FUND BALANCES:</b>			
Non-Spendable			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Prepaid items	820	-	820
Receivable from Successor Agency	-	-	-
Long term receivables	-	-	-
Habitat restoration	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	501,368	12,411	513,779
Unassigned	-	-	-
<b>TOTAL FUND     BALANCES</b>	<b>502,188</b>	<b>12,411</b>	<b>514,599</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 502,191</b>	<b>\$ 12,411</b>	<b>\$ 514,602</b>

Permanent Funds

Subregion One Maintenance	Habitat Restoration	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 799,987	\$ 217,840	\$ 1,111,662	\$ 2,129,489	\$ 10,930,850
-	-	-	-	19,418
455	122	1	578	5,411
-	-	-	-	-
-	61,833	-	61,833	342,183
-	-	-	-	820
-	-	-	-	-
<u>\$ 800,442</u>	<u>\$ 279,795</u>	<u>\$ 1,111,663</u>	<u>\$ 2,191,900</u>	<u>\$ 11,298,682</u>
\$ 8,741	\$ 65,154	\$ 3,120	\$ 77,015	\$ 454,108
-	-	-	-	197,653
-	-	-	-	241,750
<u>8,741</u>	<u>65,154</u>	<u>3,120</u>	<u>77,015</u>	<u>893,511</u>
750,000	-	-	750,000	750,000
-	-	1,000,000	1,000,000	1,000,000
-	-	-	-	820
-	-	-	-	-
-	-	-	-	-
-	84,957	-	84,957	84,957
41,701	129,684	108,543	279,928	7,214,216
-	-	-	-	35,906
-	-	-	-	1,516,910
-	-	-	-	(197,638)
<u>791,701</u>	<u>214,641</u>	<u>1,108,543</u>	<u>2,114,885</u>	<u>10,405,171</u>
<u>\$ 800,442</u>	<u>\$ 279,795</u>	<u>\$ 1,111,663</u>	<u>\$ 2,191,900</u>	<u>\$ 11,298,682</u>

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2013

	Special Revenue Funds			
	Air Quality Management	El Prado	Proposition A	Proposition C
REVENUES:				
Taxes	\$ -	\$ 2,207	\$ -	\$ -
Revenue from other agencies	50,806	-	662,802	551,623
Use of money and property	305	49	912	4,795
Donation	-	-	-	-
Other revenues	-	-	60,000	-
<b>TOTAL REVENUES</b>	<b>51,111</b>	<b>2,256</b>	<b>723,714</b>	<b>556,418</b>
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	30	583,144	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>30</b>	<b>583,144</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>51,111</b>	<b>2,226</b>	<b>140,570</b>	<b>556,418</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(305,866)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(305,866)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>51,111</b>	<b>2,226</b>	<b>140,570</b>	<b>250,552</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	101,187	16,774	170,421	1,341,811
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 152,298</u>	<u>\$ 19,000</u>	<u>\$ 310,991</u>	<u>\$ 1,592,363</u>

Special Revenue Funds (Continued)

Measure R	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ -	\$ -	\$ -	\$ -	\$ 260,328
411,838	-	58,829	100,000	-
1,885	3,263	902	212	414
-	-	-	-	-
-	147,999	216,581	-	-
<u>413,723</u>	<u>151,262</u>	<u>276,312</u>	<u>100,212</u>	<u>260,742</u>
-	-	-	-	-
-	20,614	157,114	-	69,682
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>20,614</u>	<u>157,114</u>	<u>-</u>	<u>69,682</u>
<u>413,723</u>	<u>130,648</u>	<u>119,198</u>	<u>100,212</u>	<u>191,060</u>
-	-	-	-	-
<u>-</u>	<u>(193,000)</u>	<u>(22,000)</u>	<u>(100,000)</u>	<u>(199,077)</u>
<u>-</u>	<u>(193,000)</u>	<u>(22,000)</u>	<u>(100,000)</u>	<u>(199,077)</u>
413,723	(62,352)	97,198	212	(8,017)
<u>391,926</u>	<u>1,065,483</u>	<u>268,961</u>	<u>20,188</u>	<u>78,079</u>
<u>\$ 805,649</u>	<u>\$ 1,003,131</u>	<u>\$ 366,159</u>	<u>\$ 20,400</u>	<u>\$ 70,062</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2013

	Special Revenue Funds			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Measure A	Abalone Cove Sewer Assessment District
REVENUES:				
Taxes	\$ 524,670	\$ -	\$ -	\$ 48,416
Revenue from other agencies	-	-	100,000	-
Use of money and property	4,774	-	47	121
Donation	-	-	-	-
Other revenues	-	-	-	1,241
<b>TOTAL REVENUES</b>	<b>529,444</b>	<b>-</b>	<b>100,047</b>	<b>49,778</b>
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	420,517	49,712	-	63,843
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>420,517</b>	<b>49,712</b>	<b>-</b>	<b>63,843</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	108,927	(49,712)	100,047	(14,065)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	106,000	-	10,700
Transfers out	(69,705)	-	(232,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(69,705)</b>	<b>106,000</b>	<b>(232,000)</b>	<b>10,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>39,222</b>	<b>56,288</b>	<b>(131,953)</b>	<b>(3,365)</b>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	1,670,384	309,724	(65,685)	39,271
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 1,709,606</b>	<b>\$ 366,012</b>	<b>\$ (197,638)</b>	<b>\$ 35,906</b>

Special Revenue Funds (Continued)

Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions	Bikeways	Environmental Excise Tax	Quimby	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 835,621
-	-	52,740	-	-	1,988,639
410	1,144	39	1,221	84	20,577
-	445,468	-	-	-	445,468
-	-	9,750	33,105	-	468,677
<u>410</u>	<u>446,612</u>	<u>62,529</u>	<u>34,326</u>	<u>84</u>	<u>3,758,981</u>
-	-	-	-	-	-
-	9,973	-	-	-	1,374,629
-	-	-	-	-	-
20,000	-	-	-	-	20,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>20,000</u>	<u>9,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,394,629</u>
(19,590)	436,639	62,529	34,326	84	2,364,352
-	-	-	-	-	116,700
-	-	(1,536)	-	-	(1,123,184)
-	-	(1,536)	-	-	(1,006,484)
(19,590)	436,639	60,993	34,326	84	1,357,868
<u>158,480</u>	<u>406,809</u>	<u>61</u>	<u>414,525</u>	<u>29,421</u>	<u>6,417,819</u>
<u>\$ 138,890</u>	<u>\$ 843,448</u>	<u>\$ 61,054</u>	<u>\$ 448,851</u>	<u>\$ 29,505</u>	<u>\$ 7,775,687</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

For the year ended June 30, 2013

	Capital Projects Funds		
	City Affordable Housing In-Lieu	City Low-Moderate Income Housing	Total Capital Projects Funds
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	-	-	-
Use of money and property	1,407	3	1,410
Donation	-	-	-
Other revenues	3,102	12,408	15,510
<b>TOTAL REVENUES</b>	<b>4,509</b>	<b>12,411</b>	<b>16,920</b>
EXPENDITURES:			
Current:			
Administration	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community development	3,510	-	3,510
Parks and recreation	-	-	-
Capital Outlay	-	-	-
Debt Service			
Debt service - principal	-	-	-
Debt service - interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,510</b>	<b>-</b>	<b>3,510</b>
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES	999	12,411	13,410
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>999</b>	<b>12,411</b>	<b>13,410</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	501,189	-	501,189
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 502,188	\$ 12,411	\$ 514,599

Permanent Funds

Subregion One Maintenance	Habitat Restoration	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 835,621
-	184	-	184	1,988,823
2,260	658	7	2,925	24,912
-	-	-	-	445,468
-	37,079	-	37,079	521,265
2,260	37,921	7	40,188	3,816,089
-	-	-	-	-
-	-	-	-	-
49,118	134,321	94,278	277,717	1,652,346
-	-	-	-	3,510
-	-	-	-	20,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
49,118	134,321	94,278	277,717	1,675,856
(46,858)	(96,400)	(94,271)	(237,529)	2,140,233
65,000	90,000	-	155,000	271,700
-	-	-	-	(1,123,184)
65,000	90,000	-	155,000	(851,484)
18,142	(6,400)	(94,271)	(82,529)	1,288,749
773,559	221,041	1,202,814	2,197,414	9,116,422
<u>\$ 791,701</u>	<u>\$ 214,641</u>	<u>\$ 1,108,543</u>	<u>\$ 2,114,885</u>	<u>\$ 10,405,171</u>

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 50,806	\$ 806
Use of money and property	490	490	305	(185)
TOTAL REVENUES	<u>50,490</u>	<u>50,490</u>	<u>51,111</u>	<u>621</u>
EXPENDITURES:				
Public works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50,490	50,490	51,111	621
OTHER FINANCING USES:				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	-	60,000
NET CHANGE IN FUND BALANCE	(9,510)	(9,510)	51,111	60,621
FUND BALANCE - BEGINNING OF YEAR	<u>101,187</u>	<u>101,187</u>	<u>101,187</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 91,677</u>	<u>\$ 91,677</u>	<u>\$ 152,298</u>	<u>\$ 60,621</u>

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

EL PRADO SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,900	\$ 1,900	\$ 2,207	\$ 307
Use of money and property	80	80	49	(31)
TOTAL REVENUES	1,980	1,980	2,256	276
EXPENDITURES:				
Public works	1,000	1,000	30	970
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	980	980	2,226	1,246
FUND BALANCE - BEGINNING OF YEAR	16,774	16,774	16,774	-
FUND BALANCE - END OF YEAR	\$ 17,754	\$ 17,754	\$ 19,000	\$ 1,246

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 586,200	\$ 586,200	\$ 662,802	\$ 76,602
Other revenues	60,000	60,000	60,000	-
Use of money and property	490	490	912	422
TOTAL REVENUES	646,690	646,690	723,714	77,024
EXPENDITURES:				
Public works	595,200	583,200	583,144	56
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	51,490	63,490	140,570	77,080
FUND BALANCE - BEGINNING OF YEAR	170,421	170,421	170,421	-
FUND BALANCE - END OF YEAR	\$ 221,911	\$ 233,911	\$ 310,991	\$ 77,080

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 489,000	\$ 489,000	\$ 551,623	\$ 62,623
Use of money and property	10	10	4,795	4,785
TOTAL REVENUES	489,010	489,010	556,418	67,408
OTHER FINANCING USES:				
Transfers out	(490,000)	(1,796,927)	(305,866)	1,491,061
NET CHANGE IN FUND BALANCE	(990)	(1,307,917)	250,552	1,558,469
FUND BALANCE - BEGINNING OF YEAR	1,341,811	1,341,811	1,341,811	-
FUND BALANCE - END OF YEAR	\$ 1,340,821	\$ 33,894	\$ 1,592,363	\$ 1,558,469

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 364,500	\$ 364,500	\$ 411,838	\$ 47,338
Use of money and property	10	10	1,885	1,875
TOTAL REVENUES	364,510	364,510	413,723	49,213
OTHER FINANCING USES:				
Transfers out	(200,000)	(564,000)	-	564,000
NET CHANGE IN FUND BALANCE	164,510	(199,490)	413,723	613,213
FUND BALANCE - BEGINNING OF YEAR	391,926	391,926	391,926	-
FUND BALANCE - END OF YEAR	\$ 556,436	\$ 192,436	\$ 805,649	\$ 613,213

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BEAUTIFICATION SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 280,000	\$ 132,000	\$ 147,999	\$ 15,999
Use of money and property	2,060	2,060	3,263	1,203
TOTAL REVENUES	282,060	134,060	151,262	17,202
EXPENDITURES:				
Public works	95,600	20,100	20,614	(514)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	186,460	113,960	130,648	16,688
OTHER FINANCING USES:				
Transfers out	(443,000)	(666,690)	(193,000)	473,690
NET CHANGE IN FUND BALANCE	(256,540)	(552,730)	(62,352)	490,378
FUND BALANCE - BEGINNING OF YEAR	1,065,483	1,065,483	1,065,483	-
FUND BALANCE - END OF YEAR	\$ 808,943	\$ 512,753	\$ 1,003,131	\$ 490,378

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WASTE REDUCTION SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 47,500	\$ 47,500	\$ 58,829	\$ 11,329
Other revenues	158,800	158,800	216,581	57,781
Use of money and property	1,040	1,040	902	(138)
TOTAL REVENUES	207,340	207,340	276,312	68,972
EXPENDITURES:				
Public works	183,050	183,050	157,114	25,936
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,290	24,290	119,198	94,908
OTHER FINANCING USES:				
Transfers out	(52,000)	(52,000)	(22,000)	30,000
NET CHANGE IN FUND BALANCE	(27,710)	(27,710)	97,198	124,908
FUND BALANCE - BEGINNING OF YEAR	268,961	268,961	268,961	-
FUND BALANCE - END OF YEAR	\$ 241,251	\$ 241,251	\$ 366,159	\$ 124,908

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC SAFETY GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	-	212	212
TOTAL REVENUES	100,000	100,000	100,212	212
EXPENDITURES:				
Public safety	-	19,600	-	19,600
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,000	80,400	100,212	19,812
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	-	(19,600)	212	19,812
FUND BALANCE - BEGINNING OF YEAR	20,188	20,188	20,188	-
FUND BALANCE - END OF YEAR	\$ 20,188	\$ 588	\$ 20,400	\$ 19,812

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1972 ACT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 258,000	\$ 258,000	\$ 260,328	\$ 2,328
Use of money and property	390	390	414	24
TOTAL REVENUES	258,390	258,390	260,742	2,352
EXPENDITURES:				
Public works	73,000	73,000	69,682	3,318
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	185,390	185,390	191,060	5,670
OTHER FINANCING USES:				
Transfers out	(200,000)	(200,000)	(199,077)	923
NET CHANGE IN FUND BALANCE	(14,610)	(14,610)	(8,017)	6,593
FUND BALANCE - BEGINNING OF YEAR	78,079	78,079	78,079	-
FUND BALANCE - END OF YEAR	\$ 63,469	\$ 63,469	\$ 70,062	\$ 6,593

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

1911 ACT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 440,000	\$ 440,000	\$ 524,670	\$ 84,670
Use of money and property	7,300	7,300	4,774	(2,526)
TOTAL REVENUES	447,300	447,300	529,444	82,144
EXPENDITURES:				
Public works	445,900	445,900	420,517	25,383
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,400	1,400	108,927	107,527
OTHER FINANCING USES:				
Transfers out	(113,000)	(203,000)	(69,705)	133,295
NET CHANGE IN FUND BALANCE	(111,600)	(201,600)	39,222	240,822
FUND BALANCE - BEGINNING OF YEAR	1,670,384	1,670,384	1,670,384	-
FUND BALANCE - END OF YEAR	\$ 1,558,784	\$ 1,468,784	\$ 1,709,606	\$ 240,822

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

JOINT POWERS IMPROVEMENT AUTHORITY PORTUGUSE BEND SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,100	\$ 1,100	\$ -	\$ (1,100)
EXPENDITURES:				
Public works	143,400	118,400	49,712	68,688
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(142,300)	(117,300)	(49,712)	67,588
OTHER FINANCING SOURCES:				
Transfers in	106,000	106,000	106,000	-
NET CHANGE IN FUND BALANCE	(36,300)	(11,300)	56,288	67,588
FUND BALANCE - BEGINNING OF YEAR	309,724	309,724	309,724	-
FUND BALANCE - END OF YEAR	\$ 273,424	\$ 298,424	\$ 366,012	\$ 67,588

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE A SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 250,000	\$ 100,000	\$ (150,000)
Use of money and property	170	170	47	(123)
TOTAL REVENUES	100,170	250,170	100,047	(150,123)
OTHER FINANCING USES:				
Transfers out	(100,000)	(250,000)	(232,000)	18,000
NET CHANGE IN FUND BALANCE	170	170	(131,953)	(132,123)
FUND BALANCE - BEGINNING OF YEAR	(65,685)	(65,685)	(65,685)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (65,515)	\$ (65,515)	\$ (197,638)	\$ (132,123)

**CITY OF RANCHO PALOS VERDES**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**ABALONE COVE SEWER ASSESSMENT DISTRICT SPECIAL REVENUE FUND**

**For the year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 46,600	\$ 46,600	\$ 48,416	\$ 1,816
Other revenues	-	-	1,241	1,241
Use of money and property	100	100	121	21
TOTAL REVENUES	46,700	46,700	49,778	3,078
EXPENDITURES:				
Public works	64,000	69,900	63,843	6,057
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,300)	(23,200)	(14,065)	9,135
OTHER FINANCING SOURCES:				
Transfers in	10,700	10,700	10,700	-
NET CHANGE IN FUND BALANCE	(6,600)	(12,500)	(3,365)	9,135
FUND BALANCE - BEGINNING OF YEAR	39,271	39,271	39,271	-
FUND BALANCE - END OF YEAR	\$ 32,671	\$ 26,771	\$ 35,906	\$ 9,135

**CITY OF RANCHO PALOS VERDES**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**DR. ALLEN AND CHARLOTTE GINSBURG CULTURAL ARTS BUILDING SPECIAL REVENUE FUND**

**For the year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 790	\$ 790	\$ 410	\$ (380)
TOTAL REVENUES	790	790	410	(380)
EXPENDITURES:				
Park and recreation	-	20,000	20,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	790	(19,210)	(19,590)	(380)
FUND BALANCE - BEGINNING OF YEAR	158,480	158,480	158,480	-
FUND BALANCE - END OF YEAR	\$ 159,270	\$ 139,270	\$ 138,890	\$ (380)

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DONOR RESTRICTED CONTRIBUTIONS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Donation	\$ -	\$ -	\$ 445,468	\$ 445,468
Use of money and property	2,040	2,040	1,144	(896)
TOTAL REVENUES	2,040	2,040	446,612	444,572
EXPENDITURES:				
Public works	-	9,973	9,973	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,040	(7,933)	436,639	444,572
FUND BALANCE - BEGINNING OF YEAR	406,809	406,809	406,809	-
FUND BALANCE - END OF YEAR	\$ 408,849	\$ 398,876	\$ 843,448	\$ 444,572

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIKEWAYS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 25,000	\$ 51,204	\$ 52,740	\$ 1,536
Other revenues	-	9,750	9,750	-
Use of money and property	-	-	39	39
TOTAL REVENUES	25,000	60,954	62,529	1,575
OTHER FINANCING USES:				
Transfers out	(25,051)	(61,015)	(1,536)	59,479
NET CHANGE IN FUND BALANCE	(51)	(61)	60,993	61,054
FUND BALANCE - BEGINNING OF YEAR	61	61	61	-
FUND BALANCE - END OF YEAR	\$ 10	\$ -	\$ 61,054	\$ 61,054

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ENVIRONMENTAL EXCISE TAX SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ -	\$ 33,105	\$ 33,105
Use of money and property	1,770	1,770	1,221	(549)
TOTAL REVENUES	1,770	1,770	34,326	32,556
EXPENDITURES:				
Public works	-	61,800	-	61,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,770	(60,030)	34,326	94,356
OTHER FINANCING USES:				
Transfers out	(50,000)	(50,000)	-	50,000
NET CHANGE IN FUND BALANCE	(48,230)	(110,030)	34,326	144,356
FUND BALANCE - BEGINNING OF YEAR	414,525	414,525	414,525	-
FUND BALANCE - END OF YEAR	\$ 366,295	\$ 304,495	\$ 448,851	\$ 144,356

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

QUIMBY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	84	84
TOTAL REVENUES	-	-	84	84
EXPENDITURES:				
Park and recreation	-	29,000	-	29,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(29,000)	84	29,084
FUND BALANCE - BEGINNING OF YEAR	29,421	29,421	29,421	-
FUND BALANCE - END OF YEAR	<u>\$ 29,421</u>	<u>\$ 421</u>	<u>\$ 29,505</u>	<u>\$ 29,084</u>

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AFFORDABLE HOUSING IN-LIEU CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ -	\$ 3,102	\$ 3,102
Use of money and property	4,160	4,160	1,407	(2,753)
TOTAL REVENUES	4,160	4,160	4,509	349
EXPENDITURES:				
Community development	-	3,510	3,510	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,160	650	999	349
FUND BALANCE - BEGINNING OF YEAR	501,189	501,189	501,189	-
FUND BALANCE - END OF YEAR	<u>\$ 505,349</u>	<u>\$ 501,839</u>	<u>\$ 502,188</u>	<u>\$ 349</u>

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ -	\$ 12,408	\$ 12,408
Use of money and property	-	-	3	3
TOTAL REVENUES	-	-	12,411	12,411
EXPENDITURES:				
Community development	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	12,411	12,411
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 12,411	\$ 12,411

**CITY OF RANCHO PALOS VERDES**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**SUBREGION ONE MAINTENANCE PERMANENT FUND**

**For the year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,800	\$ 3,800	\$ 2,260	\$ (1,540)
EXPENDITURES:				
Public works	70,000	70,000	49,118	20,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(66,200)	(66,200)	(46,858)	19,342
OTHER FINANCING SOURCES:				
Transfers in	65,000	65,000	65,000	-
NET CHANGE IN FUND BALANCE	(1,200)	(1,200)	18,142	19,342
FUND BALANCE - BEGINNING OF YEAR	773,559	773,559	773,559	-
FUND BALANCE - END OF YEAR	<u>\$ 772,359</u>	<u>\$ 772,359</u>	<u>\$ 791,701</u>	<u>\$ 19,342</u>

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HABITAT RESTORATION PERMANENT FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ 184	\$ 184
Other revenues	-	-	37,079	37,079
Use of money and property	1,130	1,130	658	(472)
TOTAL REVENUES	1,130	1,130	37,921	36,791
EXPENDITURES:				
Public works	131,000	134,321	134,321	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(129,870)	(133,191)	(96,400)	36,791
OTHER FINANCING SOURCES:				
Transfers in	90,000	90,000	90,000	-
NET CHANGE IN FUND BALANCE	(39,870)	(43,191)	(6,400)	36,791
FUND BALANCE - BEGINNING OF YEAR	221,041	221,041	221,041	-
FUND BALANCE - END OF YEAR	\$ 181,171	\$ 177,850	\$ 214,641	\$ 36,791

CITY OF RANCHO PALOS VERDES

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

JOINT POWERS IMPROVEMENT AUTHORITY ABALONE COVE PERMANENT FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,900	\$ 5,900	\$ 7	\$ (5,893)
EXPENDITURES:				
Public works	49,900	109,900	94,278	15,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,000)	(104,000)	(94,271)	9,729
FUND BALANCE - BEGINNING OF YEAR	1,202,814	1,202,814	1,202,814	-
FUND BALANCE - END OF YEAR	\$ 1,158,814	\$ 1,098,814	\$ 1,108,543	\$ 9,729

## CITY OF RANCHO PALOS VERDES

JUNE 30, 2013

### INTERNAL SERVICE FUNDS DESCRIPTIONS

The Internal Service Funds are used to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

Equipment Replacement – to account for purchases, replacement and maintenance of certain equipment items on behalf of all City departments.

Building Replacement – to account for the accumulation of funds transferred from the General Fund for replacement of certain buildings on behalf of the City.

Employee Benefits – to account for employee benefit costs for all employees charged to various City departments.

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

June 30, 2013

ASSETS	Equipment Replacement	Building Replacement	Employee Benefits	Totals
<b>CURRENT ASSETS:</b>				
Cash and investments	\$ 2,581,381	\$ 944,753	\$ 14,877	\$ 3,541,011
Receivables:				
Interest	1,525	530	58	2,113
Other	-	-	3,890	3,890
Prepaid items	53,557	-	154,519	208,076
<b>TOTAL CURRENT ASSETS</b>	<b>2,636,463</b>	<b>945,283</b>	<b>173,344</b>	<b>3,755,090</b>
<b>NONCURRENT ASSETS:</b>				
Capital assets:				
Property and equipment	1,590,378	-	-	1,590,378
Accumulated depreciation	(1,340,703)	-	-	(1,340,703)
<b>TOTAL NONCURRENT ASSETS</b>	<b>249,675</b>	<b>-</b>	<b>-</b>	<b>249,675</b>
<b>TOTAL ASSETS</b>	<b>2,886,138</b>	<b>945,283</b>	<b>173,344</b>	<b>4,004,765</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	48,615	4,678	61,973	115,266
Due to other fund	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>48,615</b>	<b>4,678</b>	<b>61,973</b>	<b>115,266</b>
<b>NET POSITION</b>				
Net investment in capital assets	249,675	-	-	249,675
Unrestricted	2,587,848	940,605	111,371	3,639,824
<b>TOTAL NET POSITION</b>	<b>\$ 2,837,523</b>	<b>\$ 940,605</b>	<b>\$ 111,371</b>	<b>\$ 3,889,499</b>

**CITY OF RANCHO PALOS VERDES**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS**

**For the year ended June 30, 2013**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 568,604	\$ -	\$ 1,867,575	\$ 2,436,179
<b>OPERATING EXPENSES:</b>				
Personnel services	-	-	1,847,520	1,847,520
Materials and supplies	219,840	5,011	-	224,851
Maintenance	234,073	-	-	234,073
Depreciation	123,880	-	-	123,880
<b>TOTAL OPERATING EXPENSES</b>	<b>577,793</b>	<b>5,011</b>	<b>1,847,520</b>	<b>2,430,324</b>
<b>OPERATING INCOME / (LOSS)</b>	<b>(9,189)</b>	<b>(5,011)</b>	<b>20,055</b>	<b>5,855</b>
<b>NONOPERATING REVENUES:</b>				
Other revenues	-	-	-	-
Investment income	7,773	2,609	573	10,955
<b>TOTAL NONOPERATING REVENUES</b>	<b>7,773</b>	<b>2,609</b>	<b>573</b>	<b>10,955</b>
<b>INCOME LOSS BEFORE TRANSFERS</b>	<b>(1,416)</b>	<b>(2,402)</b>	<b>20,628</b>	<b>16,810</b>
<b>TRANSFER OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,416)</b>	<b>(2,402)</b>	<b>20,628</b>	<b>16,810</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>2,838,939</b>	<b>943,007</b>	<b>90,743</b>	<b>3,872,689</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 2,837,523</b>	<b>\$ 940,605</b>	<b>\$ 111,371</b>	<b>\$ 3,889,499</b>

**CITY OF RANCHO PALOS VERDES**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**For the year ended June 30, 2013**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from interfund services provided	\$ 568,604	\$ -	\$ 1,867,575	\$ 2,436,179
Payments to suppliers	(462,245)	(331)	-	(462,576)
Payments to employees	-	-	(1,850,447)	(1,850,447)
<b>NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES</b>	<b>106,359</b>	<b>(331)</b>	<b>17,128</b>	<b>123,156</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(122,533)	-	-	(122,533)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Receipts from other revenues	-	-	-	-
Transfer to other funds	-	-	-	-
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received on investments	11,999	2,680	(2,251)	12,428
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,175)</b>	<b>2,349</b>	<b>14,877</b>	<b>13,051</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>2,585,556</b>	<b>942,404</b>	<b>-</b>	<b>3,527,960</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,581,381</b>	<b>\$ 944,753</b>	<b>\$ 14,877</b>	<b>\$ 3,541,011</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>				
Operating income / (loss)	\$ (9,189)	\$ (5,011)	\$ 20,055	\$ 5,855
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	123,880	-	-	123,880
Changes in operating assets and liabilities:				
Increase / decrease in prepaid items	(22,215)	-	105,212	82,997
Increase / decrease in accrued liabilities	13,883	4,680	10,375	28,938
Increase / decrease in due to other fund	-	-	(118,514)	(118,514)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ 106,359</b>	<b>\$ (331)</b>	<b>\$ 17,128</b>	<b>\$ 123,156</b>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the City of Rancho Palos Verdes' comprehensive annual 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 city's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	119
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	127
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future. The City does not have general bond indebtedness or debt issued with pledged revenue.</i>	131
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	133
Operating Information <i>These schedules contain services and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	136

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Rancho Palos Verdes**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities										
Net investment in capital assets	\$ 92,499	\$ 94,023	\$ 109,991	\$ 109,746	\$ 109,376	\$ 107,867	\$ 115,331	\$ 115,145	\$ 114,488	\$ 113,284
Restricted	11,586	12,075	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835
Unrestricted	14,271	15,659	16,024	17,823	30,471	31,277	31,855	39,066	67,112	46,687
Total governmental activities net position	<u>\$ 118,356</u>	<u>\$ 121,757</u>	<u>\$ 138,432</u>	<u>\$ 139,732</u>	<u>\$ 140,847</u>	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>	<u>\$ 183,351</u>	<u>\$ 161,806</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ 1,311	\$ 2,158	\$ 5,599	\$ 12,477	\$ 12,458	\$ 12,753	\$ 13,356	\$ 18,319
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	2,000	2,799	5,258	7,740	2,108	2,825	3,365	3,532	9,727
Total business-type activities net position	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 4,110</u>	<u>\$ 7,416</u>	<u>\$ 13,339</u>	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>	<u>\$ 16,888</u>	<u>\$ 28,046</u>
Primary government										
Net investment in capital assets	\$ 92,499	\$ 94,023	\$ 111,302	\$ 111,904	\$ 114,975	\$ 120,344	\$ 127,789	\$ 127,898	\$ 127,845	\$ 131,603
Restricted	11,586	12,075	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835
Unrestricted	14,271	17,659	18,823	23,081	38,211	33,385	34,680	42,431	70,644	56,414
Total primary government net position	<u>\$ 118,356</u>	<u>\$ 123,757</u>	<u>\$ 142,542</u>	<u>\$ 147,148</u>	<u>\$ 154,186</u>	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>	<u>\$ 200,238</u>	<u>\$ 189,852</u>

**City of Rancho Palos Verdes**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>										
Governmental activities:										
Administration	\$ 3,499	\$ 4,055	\$ 4,350	\$ 4,953	\$ 4,724	\$ 6,357	\$ 7,824	\$ 5,997	\$ 5,906	\$ 5,534
Public safety	3,024	3,079	3,437	3,751	4,044	4,233	4,242	4,335	4,178	4,348
Public works	7,462	9,488	9,290	9,969	9,026	10,555	13,633	10,389	11,202	10,874
Parks and recreation	948	1,065	1,659	1,439	1,396	1,605	1,826	1,391	1,490	1,696
Community development	2,296	2,223	2,060	2,631	2,441	2,697	2,550	2,622	2,432	2,526
Non-departmental	-	-	-	-	-	-	320	-	-	-
Interest on long-term debt	273	272	270	271	270	268	265	260	109	-
Total governmental activities expenses	<u>17,502</u>	<u>20,182</u>	<u>21,066</u>	<u>23,014</u>	<u>21,901</u>	<u>25,715</u>	<u>30,660</u>	<u>24,994</u>	<u>25,318</u>	<u>24,978</u>
Business-type activities:										
Water Quality Flood Protection	-	-	47	271	301	437	580	489	560	594
Total primary government expenses	<u>\$ 17,502</u>	<u>\$ 20,182</u>	<u>\$ 21,113</u>	<u>\$ 23,285</u>	<u>\$ 22,202</u>	<u>\$ 26,152</u>	<u>\$ 31,240</u>	<u>\$ 25,483</u>	<u>\$ 25,878</u>	<u>\$ 25,572</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Administration	\$ 69	\$ 62	\$ 35	\$ 29	\$ 538	\$ 555	\$ 681	\$ 654	\$ 747	\$ 779
Public safety	165	163	224	332	316	267	229	261	194	150
Public works	217	131	37	185	1,002	422	1,356	622	684	543
Parks and recreation	6	41	45	51	483	483	896	457	503	476
Community development	1,363	1,188	1,319	1,599	1,760	1,643	1,764	1,714	1,644	1,854
Operating grants and contributions	2,836	2,728	3,894	4,200	3,570	2,963	6,633	3,689	3,628	4,133
Capital grants and contributions	37	4,524	17,299	317	1,472	642	7,179	5	139	139
Total governmental activities program revenues	<u>4,693</u>	<u>8,837</u>	<u>22,853</u>	<u>6,713</u>	<u>9,141</u>	<u>6,975</u>	<u>18,738</u>	<u>7,402</u>	<u>7,538</u>	<u>8,074</u>
Business-type activities:										
Charges for services:										
Water Quality Flood Protection	-	-	-	1,188	1,222	1,578	1,264	1,312	1,319	1,313
Operating grants and contributions	-	-	-	-	-	-	-	-	-	2,137
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188</u>	<u>1,222</u>	<u>1,578</u>	<u>1,264</u>	<u>1,312</u>	<u>1,319</u>	<u>3,450</u>
Total primary government program revenues	<u>\$ 4,693</u>	<u>\$ 8,837</u>	<u>\$ 22,853</u>	<u>\$ 7,901</u>	<u>\$ 10,363</u>	<u>\$ 8,553</u>	<u>\$ 20,002</u>	<u>\$ 8,714</u>	<u>\$ 8,857</u>	<u>\$ 11,524</u>
Net (expense)/revenue										
Governmental activities	\$ (12,809)	\$ (11,345)	\$ 1,787	\$ (16,301)	\$ (12,760)	\$ (18,740)	\$ (11,922)	\$ (17,592)	\$ (17,780)	\$ (16,904)
Business-type activities	-	-	(47)	917	921	1,141	684	823	759	2,856
Total primary government net expense	<u>\$ (12,809)</u>	<u>\$ (11,345)</u>	<u>\$ 1,740</u>	<u>\$ (15,384)</u>	<u>\$ (11,839)</u>	<u>\$ (17,599)</u>	<u>\$ (11,238)</u>	<u>\$ (16,769)</u>	<u>\$ (17,022)</u>	<u>\$ (14,048)</u>

**City of Rancho Palos Verdes**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 5,706	\$ 5,840	\$ 9,621	\$ 10,235	\$ 10,935	\$ 11,462	\$ 11,431	\$ 11,854	\$ 11,480	\$ 11,284
Transient occupancy tax	-	28	31	32	26	85	1,955	2,640	3,349	3,790
Sales taxes	1,205	1,276	1,214	1,381	1,056	1,053	1,246	1,548	1,449	1,588
Franchise taxes	1,275	1,307	1,454	1,512	1,599	1,709	1,711	1,825	1,881	1,907
Utility user taxes	1,851	1,901	2,191	2,271	2,329	2,267	2,395	2,407	2,333	2,481
Other taxes	2,867	4,545	727	331	794	605	712	814	674	778
Investment income	331	594	997	1,615	1,555	631	207	318	604	184
Other	2,481	1,255	762	2,101	300	225	307	271	52	929
Transfers	-	(2,000)	(2,109)	(2,017)	(4,719)	-	-	-	-	(8,293)
Extraordinary item	-	-	-	-	-	-	-	-	23,348	(19,289)
Total governmental activities	<u>15,716</u>	<u>14,746</u>	<u>14,888</u>	<u>17,461</u>	<u>13,875</u>	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>	<u>45,170</u>	<u>(4,641)</u>
Business-type activities:										
Investment income	-	-	48	51	283	105	14	13	11	10
User Fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	320	-	-	-	-	-	-
Transfers	-	2,000	2,109	2,017	4,719	-	-	-	-	8,293
Total business-type activities	<u>-</u>	<u>2,000</u>	<u>2,157</u>	<u>2,388</u>	<u>5,002</u>	<u>105</u>	<u>14</u>	<u>13</u>	<u>11</u>	<u>8,303</u>
Total primary government	<u>\$ 15,716</u>	<u>\$ 16,746</u>	<u>\$ 17,045</u>	<u>\$ 19,849</u>	<u>\$ 18,877</u>	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>	<u>\$ 45,181</u>	<u>\$ 3,662</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,907	\$ 3,401	\$ 16,675	\$ 1,160	\$ 1,115	\$ (703)	\$ 8,042	\$ 4,085	\$ 27,390	\$ (21,545)
Business-type activities	-	2,000	2,110	3,305	5,923	1,246	698	836	770	11,159
Total primary government net expense	<u>\$ 2,907</u>	<u>\$ 5,401</u>	<u>\$ 18,785</u>	<u>\$ 4,465</u>	<u>\$ 7,038</u>	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>	<u>\$ 28,159</u>	<u>\$ (10,386)</u>

**City of Rancho Palos Verdes**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2004	\$ 5,706	\$ -	\$ 1,205	\$ 1,275	\$ 1,851	\$ 2,867	\$ 12,904
2005	5,840	28	1,276	1,307	1,901	4,545	14,897
2006	9,621 <sup>1</sup>	31	1,214	1,454	2,191	727 <sup>1</sup>	15,238
2007	10,235	32	1,381	1,512	2,271	331	15,762
2008	10,935	26	1,056	1,599	2,329	794	16,739
2009	11,462	85	1,053	1,709	2,267	605	17,181
2010	11,431	1,955	1,246	1,711	2,395	712	19,450
2011	11,854	2,640	1,548	1,825	2,407	814	21,088
2012	11,480	3,349	1,449	1,881	2,333	674	21,166
2013	11,284	3,790	1,588	1,907	2,481	778	21,828

1: Most of the Motor Vehicle In Lieu Tax is received as Property Tax beginning in 2006.

**City of Rancho Palos Verdes**  
**Fund Balances of Governmental Funds**  
**Last Seven Fiscal Years - Before GASB 54**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Fund							
Reserved	\$ 6,639	\$ 6,021	\$ 6,165	\$ 6,586	\$ 6,645	\$ 6,314	\$ 7,166
Designated	-	675	876	786	1,278	1,333	1,462
Unreserved, Undesignated	14,066	14,209	13,649	14,376	12,171	10,440	10,745
Total General Fund	<u>\$ 20,705</u>	<u>\$ 20,905</u>	<u>\$ 20,690</u>	<u>\$ 21,748</u>	<u>\$ 20,094</u>	<u>\$ 18,087</u>	<u>\$ 19,373</u>
All other Governmental Funds							
Reserved	\$ 7,229	\$ 3,147	\$ 3,315	\$ 2,396	\$ 2,724	\$ 3,672	\$ 6,361
Designated							
Special Revenue Funds	-	615	744	1,849	1,896	411	85
Capital Projects Funds	-	2,416	2,799	3,158	4,347	6,442	7,494
Permanent Fund	-	-	75	65	-	-	-
Debt Service Fund	-	-	-	-	-	-	-
Unreserved, Undesignated, reported in:							
Special Revenue Funds	5,040	5,902	6,615	6,426	7,494	7,910	6,058
Capital Projects Funds	2,430	3,320	2,077	1,869	1,908	3,373	1,240
Permanent Fund	418	426	329	325	371	362	333
Debt Service Fund	(12,070)	(12,793)	(13,741)	(14,873)	(15,990)	(16,823)	(17,797)
Total all other Governmental Funds	<u>\$ 3,047</u>	<u>\$ 3,033</u>	<u>\$ 2,213</u>	<u>\$ 1,215</u>	<u>\$ 2,750</u>	<u>\$ 5,347</u>	<u>\$ 3,774</u>

**City of Rancho Palos Verdes**  
**Fund Balances of Governmental Funds**  
**Last Three Fiscal Years - After GASB 54**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund			
Non-Spendable	\$ 7,515	\$ 7,493	\$ 138
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	11,385	12,464	14,370
Total General Fund	<u>\$ 18,900</u>	<u>\$ 19,957</u>	<u>\$ 14,508</u>
All other Governmental Funds			
Non-Spendable			
Special Revenue Funds	\$ 4,818	\$ 3,066	\$ -
Debt Service Fund	573	-	-
Capital Projects Funds	-	-	-
Permanent Fund	1,750	1,750	1,835
Restricted			
Special Revenue Funds	7,952	8,187	7,849
Capital Projects Funds	313	-	-
Permanent Fund	319	226	280
Committed			
Special Revenue Funds	-	-	36
Capital Projects Funds	-	-	-
Permanent Fund	-	-	-
Assigned			
Special Revenue Funds	-	-	-
Capital Projects Funds	11,650	15,407	13,084
Permanent Fund	-	-	-
Unassigned			
Special Revenue Funds	(126)	(108)	(198)
Debt Service Fund	(19,687)	-	-
Capital Projects Funds	-	-	-
Permanent Fund	-	-	-
Total all other Governmental Funds	<u>\$ 7,562</u>	<u>\$ 28,528</u>	<u>\$ 22,885</u>

**City of Rancho Palos Verdes**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual basis of Accounting)**  
**(Amounts expressed in thousands)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>										
Taxes	\$ 12,081	\$ 13,573	\$ 15,238	\$ 16,453	\$ 17,062	\$ 17,573	\$ 19,844	\$ 21,419	\$ 21,867	\$ 22,543
Licenses and permits	1,310	1,326	1,440	1,763	1,914	1,755	1,954	1,933	1,806	2,027
Fines and forfeitures	102	108	171	237	260	214	179	210	159	117
Use of money and property	733	1,306	7,038	3,480	2,108	1,240	1,601	1,560	1,350	1,383
Charges for services	379	152	49	61	60	163	81	73	149	141
Donation	-	-	-	-	-	-	-	-	-	445
Revenues from other agencies	3,453	7,848	15,511	4,118	4,647	3,575	10,180	3,162	3,421	3,395
Other Revenues	2,363	1,038	155	201	1,563	467	4,806	229	259	741
<b>Total Revenues</b>	<u>20,421</u>	<u>25,351</u>	<u>39,602</u>	<u>26,313</u>	<u>27,614</u>	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>	<u>29,011</u>	<u>30,791</u>
<b>Expenditures</b>										
Administration	3,328	3,852	4,041	4,607	4,411	4,915	5,720	5,503	5,726	5,401
Public Safety	3,039	3,092	3,438	3,751	4,044	4,233	4,242	4,335	4,178	4,348
Public Works	4,801	6,302	5,277	6,864	5,768	7,075	6,896	7,875	7,616	7,240
Parks and Recreation	946	965	1,593	1,319	1,281	1,354	1,702	1,257	1,479	1,557
Community Development	2,362	2,302	2,361	2,681	2,496	2,723	2,604	2,784	2,484	2,591
Non-Departmental	-	-	-	-	-	-	320	-	-	-
Pass Through to other agencies	156	188	200	152	169	187	-	-	-	-
Capital Outlay	368	4,912	20,202	3,124	3,112	2,459	14,567	2,557	3,155	2,721
Debt Service										
Principal	-	184	200	248	316	350	419	423	464	-
Interest	805	905	1,150	1,390	1,370	1,101	886	887	498	-
<b>Total Expenditures</b>	<u>15,805</u>	<u>22,702</u>	<u>38,462</u>	<u>24,136</u>	<u>22,967</u>	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>	<u>25,599</u>	<u>23,857</u>
Excess of Revenues over (under) Expenditures	4,616	2,649	1,140	2,177	4,647	590	1,289	2,965	3,412	6,934
<b>Other Financing Sources (uses)</b>										
Sales of capital assets	-	-	-	-	-	-	-	350	-	-
Transfers in	1,844	6,180	4,989	4,489	3,158	5,815	4,616	8,944	8,226	7,954
Transfers out	(1,844)	(8,180)	(7,247)	(6,606)	(7,924)	(5,815)	(6,192)	(8,944)	(7,856)	(16,247)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>-</u>	<u>(2,000)</u>	<u>(2,258)</u>	<u>(2,117)</u>	<u>(4,766)</u>	<u>-</u>	<u>(1,576)</u>	<u>350</u>	<u>371</u>	<u>(8,293)</u>
Extraordinary Gain (Loss)	-	-	-	-	-	-	-	-	18,240	(6,743)
<b>Net change in Fund Balances</b>	<u>\$ 4,616</u>	<u>\$ 649</u>	<u>\$ (1,118)</u>	<u>\$ 60</u>	<u>\$ (119)</u>	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>	<u>\$ 22,023</u>	<u>\$ (8,102)</u>
Cost of Assets Capitalized	379	4,623	19,465	2,800	2,764	1,895	10,866	3,180	2,865	2,022
Debt Services as a percentage of Non-Capital Expenditures	5.2%	6.0%	7.1%	7.7%	8.3%	6.4%	4.9%	5.8%	4.2%	0.0%

**City of Rancho Palos Verdes**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2004	\$ 5,706	\$ -	\$ 1,205	\$ 1,275	\$ 1,851	\$ 2,044	\$ 12,081
2005	8,494 <sup>1</sup>	28	1,009	1,307	1,901	834	13,573
2006	9,576	31	995	1,299	2,191	1,146	15,238
2007	10,385	32	1,020	1,511	2,272	1,233	16,453
2008	10,898	26	1,077	1,599	2,329	1,133	17,062
2009	11,462	85	1,060	1,709	2,267	990	17,573
2010	11,431	1,955	1,158	1,711	2,395	1,194	19,844
2011	11,854	2,640	1,518	1,825	2,407	1,175	21,419
2012	11,480	3,349	1,452	1,881	2,333	1,372	21,867
2013	11,284	3,790	1,589	1,907	2,481	1,492	22,543

Source: City General Ledger

1: Most of the Motor Vehicle In Lieu Fees are received as property tax beginning in 2006.

**City of Rancho Palos Verdes**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(In thousands of dollars)**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>City Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Factor of Taxable Assessed Value (3)</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2004	\$ 6,137,760	\$ 74,753	\$ 1,660	\$ 179,867	\$ 22,889	\$ 73,701	\$ 6,416,930	0.063728	\$ 8,539,971	1.33085	75.14%
2005 *	6,530,448	76,445	1,691	317,463	22,222	218,193	6,730,076	0.063728	8,956,722	1.33085	75.14%
2006 *	7,034,406	88,691	3,086	365,175	21,561	218,916	7,294,003	0.063728	9,707,224	1.33085	75.14%
2007	7,548,956	111,338	3,148	513,876	20,378	226,598	7,971,098	0.063728	10,608,336	1.33085	75.14%
2008	7,919,953	170,149	3,211	453,446	26,546	151,225	8,422,080	0.063728	11,208,525	1.33085	75.14%
2009	8,235,780	270,956	3,275	491,235	46,858	154,969	8,893,135	0.063728	11,835,429	1.33085	75.14%
2010	8,333,042	263,157	3,341	598,539	49,628	236,925	9,010,782	0.063728	9,515,593	1.05602	94.69%
2011	8,362,052	396,195	3,333	570,551	45,258	158,388	9,219,001	0.063728	9,067,313	0.98355	101.67%
2012	8,596,777	390,497	3,358	564,763	70,284	157,307	9,468,372	0.063728	10,683,820	1.12837	88.62%
2013	8,843,139	402,533	3,425	581,160	48,147	174,167	9,704,237	0.063728	11,390,239	1.17374	85.20%

Source: 2010-2013 & 2006-07 County Assessor data, MuniServices, LLC

\*Assessed values have been revised from prior CAFR publications to comply with GASB No. 44 standards and on-going consistency in reporting methodologies.

(1) Total Direct Tax Rate is represented by TRA 001-224. This percentage is City's shared portion within 1% of County's general levy.

(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a factor was extrapolated and applied to current assessed values.

(3) The Factor used to calculate Estimated Actual Value was calculated for 2006-07 and applied to prior years for historical purposes.

**City of Rancho Palos Verdes**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:										
LA COUNTY GENERAL	0.230926	0.230926	0.230926	0.230926	0.230926	0.230926	0.230926	0.230926	0.230926	0.230926
LA COUNTY ACCUM CAP OUTLAY	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112
CONSOL. FIRE PRO.DIST OF LA CO.	0.172592	0.172592	0.172592	0.172592	0.172592	0.172592	0.172592	0.172592	0.172592	0.172592
LA CO. FIRE-FFW	0.006814	0.006814	0.006814	0.006814	0.006814	0.006814	0.006814	0.006814	0.006814	0.006814
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.001693	0.001693	0.001693	0.001693	0.001693	0.001693	0.001693	0.001693	0.001693	0.001693
LA CO FLOOD CONTROL MAINT	0.009580	0.009580	0.009580	0.009580	0.009580	0.009580	0.009580	0.009580	0.009580	0.009580
PALOS VERDES LIBRARY DIST MAINT	0.018010	0.018010	0.018010	0.018010	0.018010	0.018010	0.018010	0.018010	0.018010	0.018010
LA CO WEST VECTOR CONTROL DIST.	0.000190	0.000190	0.000190	0.000190	0.000190	0.000190	0.000190	0.000190	0.000190	0.000190
CO SANITATION DIST NO 5 OPERAT	0.011975	0.011975	0.011975	0.011975	0.011975	0.011975	0.011975	0.011975	0.011975	0.011975
RANCHO PV LIGHTING MAINT DIST	0.005187	0.005187	0.005187	0.005187	0.005187	0.005187	0.005187	0.005187	0.005187	0.005187
WTR REPLENISHMENT DIST OF SO CAL	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171
ERAF	0.075956	0.075956	0.075956	0.075956	0.075956	0.075956	0.075956	0.075956	0.075956	0.075956
EDUCATIONAL AUG FD IMPOUND	0.145328	0.145328	0.145328	0.145328	0.145328	0.145328	0.145328	0.145328	0.145328	0.145328
COUNTY SCHOOL SERVICES	0.001392	0.001392	0.001392	0.001392	0.001392	0.001392	0.001392	0.001392	0.001392	0.001392
CHILDREN'S INSTIL TUITION FUND	0.002763	0.002763	0.002763	0.002763	0.002763	0.002763	0.002763	0.002763	0.002763	0.002763
LA CITY COMM COLLEGE DIST	0.029709	0.029709	0.029709	0.029709	0.029709	0.029709	0.029709	0.029709	0.029709	0.029709
LA COMM COLL CHILDREN'S CTR FD	0.000307	0.000307	0.000307	0.000307	0.000307	0.000307	0.000307	0.000307	0.000307	0.000307
LA UNIFIED SCHOOL DIST	0.218730	0.218730	0.218730	0.218730	0.218730	0.218730	0.218730	0.218730	0.218730	0.218730
CO.SCH.SERV.FD-LOS ANGELES	0.000012	0.000012	0.000012	0.000012	0.000012	0.000012	0.000012	0.000012	0.000012	0.000012
DEV.CTR.HDCPD MINOR-LA UNIF.	0.001234	0.001234	0.001234	0.001234	0.001234	0.001234	0.001234	0.001234	0.001234	0.001234
LA CHILDRENS CENTER FD	0.003589	0.003589	0.003589	0.003589	0.003589	0.003589	0.003589	0.003589	0.003589	0.003589
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Debt Service Rates										
COUNTY	0.000990	0.000920	0.000800	0.000600	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
UNIFIED SCHOOLS	0.091910	0.103820	0.103840	0.106800	0.143100	0.145000	0.151809	0.186954	0.168187	0.175606
COMMNTY COLLEGE	0.019860	0.018100	0.014300	0.021400	0.008780	0.022120	0.023112	0.040310	0.035296	0.048750
PALOS VERDES LIB	0.008960	0.008520	0.007810	0.007300	0.013700	0.006800	0.006618	0.006719	0.006359	0.006441
FLOOD CONTROL	0.000470	0.000240	0.000050	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.006100	0.005800	0.005200	0.004700	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500
TOTAL	0.128290	0.137400	0.132000	0.140800	0.170080	0.178220	0.185839	0.237683	0.213542	0.234297
TOTAL TAX RATE	1.128290	1.137400	1.132000	1.140800	1.170080	1.178220	1.185839	1.237683	1.213542	1.234297

Source: 2010-2013 & 2006-07 County Assessor data, MuniServices, LLC  
Source: 2008-2009 & 2006 and prior: data is provided from previously published CAFR's.  
Los Angeles County Auditor/Controller TRA 001-224  
City has no separate debt service rate, direct rate is 100% operating

**City of Rancho Palos Verdes  
Principal Property Tax Payers  
Last Fiscal Year and Nine Years Ago**

Taxpayer	2012-13			2003-04		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Development LLC	332,528,555	1	3.43%			
PPC Villas RPV LLC	65,373,910	2	0.67%			
P V Victoria Apts LLC	55,973,088	3	0.58%			
VHPS LLC	48,585,846	4	0.50%			
Terraces Rancho Palos Verdes	36,121,534	5	0.37%			
Western Riviera Investors	29,917,298	6	0.31%			
Golden Cove LLC	27,890,262	7	0.29%			
BVF II Madison LLC	23,530,658	8	0.24%			
Terranea Resort Spa	23,175,177	9	0.24%			
Belmont Village RPV LP	22,847,959	10	0.24%			
Johnson Eric C	16,265,647	11	0.17%			
Tridiamond LLC	13,679,983	12	0.14%			
American Golf Inc.	10,976,847	13	0.11%			
Sadeghi Fatolah Flora	10,823,000	14	0.11%			
Vanderlip Investment Co	10,406,330	15	0.11%			
California Water Service Co	9,111,363	16	0.09%			
First Citizens Bank Trust Co	8,670,000	17	0.09%			
Palos Verdes Terrace LTD	7,815,491	18	0.08%			
Briles Richard & Keanna	7,546,482	19	0.08%			
Bruning Fred W	7,425,000	20	0.08%			
Kariger Brian P	7,188,636	21	0.07%			
Wang Lisa	7,150,000	22	0.07%			
Amdan Investment LLC Lessee	6,550,000	23	0.07%			
Labarba James G	6,255,759	24	0.06%			
Gerts Igor Anna	6,090,000	25	0.06%			
Ocean Trails L P				63,807,638	1	1.01%
VRPV LLC Et Al				50,189,800	2	0.79%
P V Victoria Apts LLC				48,551,011	3	0.77%
RPV Associates LLC				28,877,571	4	0.46%
Western Riviera Investors				25,348,216	5	0.40%
York Long Point Assoc				18,488,986	6	0.29%
Top Terraces Inc.				12,692,880	7	0.20%
Gardner Theodore R				9,213,251	8	0.15%
American Golf Inc.				8,462,000	9	0.13%
California Water Service Co				8,062,850	10	0.13%
Kim Goon G				6,759,570	11	0.11%
Braun William				6,720,000	12	0.11%
Donahue Schriber Realty Group				6,061,618	13	0.10%
Labarba James G				5,425,238	14	0.09%
Chung David W				5,090,960	15	0.08%
MVI Corp				4,938,852	16	0.08%
Foster Robert D & Gina D				4,917,174	17	0.08%
Briles Richard & Keanna				4,775,435	18	0.08%
Bradford Edward T & Pallee G				4,627,394	19	0.07%
Knollbrook LTD				4,585,366	20	0.07%
Ganezer Max & Florence				4,573,026	21	0.07%
Hoffman John C & Paula J				4,556,788	22	0.07%
Moshfeghi Mehran				4,336,670	23	0.07%
Yeong Yae Kim				4,275,840	24	0.07%
Levine Irving				4,238,243	25	0.07%
<b>Total Top 25 Taxpayers</b>	<b>\$ 801,898,825</b>		<b>8.26%</b>	<b>\$ 349,576,377</b>		<b>5.51%</b>
<b>Total Taxable Value</b>	<b>\$ 9,704,237,000</b>		<b>100.00%</b>	<b>\$ 6,340,159,309</b>		<b>100.00%</b>

Source: Los Angeles County Assessor data, MuniServices, LLC

**City of Rancho Palos Verdes  
Property Tax Levies and Collections  
Last Nine Fiscal Years  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>		<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
	<b>Amount</b>	<b>Percentage of Levy</b>	<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	\$ 4,284		\$ 4,001	93.40%	\$ 144	\$ 4,145	96.76%
2006	4,643		4,506	97.06%	36	4,542	97.83%
2007	5,078		4,799	94.51%	10	4,809	94.70%
2008	5,351		5,316	99.35%	10	5,326	99.53%
2009	6,116		5,734	93.76%	8	5,742	93.88%
2010*	5,447		4,917	90.27%	8	4,925	90.42%
2011*	5,597		5,462	97.59%	9	5,471	97.74%
2012	5,777		5,656	97.91%	9	5,665	98.06%
2013	5,951		5,844	98.20%	9	5,853	98.35%

Source: County Assessor Data and City General Ledger

\* Includes 1% secured apportionment only

The detailed information presented in this table was not obtained by the City for fiscal years prior to 2005, and is therefore unavailable.

**City of Rancho Palos Verdes  
Direct and Overlapping Governmental Activities Debt  
Current Year**

<b><u>DIRECT DEBT:</u></b>	<b>Total Debt</b>		<b>City's Share of</b>
	<b><u>6/30/2013</u></b>	<b><u>% Applicable (1)</u></b>	<b><u>Debt 6/30/13</u></b>
City of Rancho Palos Verdes	-	100.000%	-
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>Total Debt</b>		<b>City's Share of</b>
	<b><u>6/30/2013</u></b>	<b><u>% Applicable (1)</u></b>	<b><u>Debt 6/30/13</u></b>
Los Angeles County Flood Control District	\$19,770,000	0.922%	\$182,279
Metropolitan Water District	165,085,000	0.466%	769,296
Los Angeles Community College District	3,712,555,000	1.641%	60,923,028
Los Angeles Unified School District	10,945,695,000	0.195%	21,344,105
Palos Verdes Unified School District	77,661,570	47.684%	37,032,143
Palos Verdes Library District	4,580,000	50.198%	2,299,068
Los Angeles County Regional Park and Open Space Assessment District	142,870,000	0.898%	1,282,973
SUBTOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			123,832,892
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$1,729,437,327	0.898%	\$15,530,347
Los Angeles County Superintendent of Schools Certificates of Participation	10,377,239	0.898%	93,188
Los Angeles County Sanitation District No. 5 Authority	46,698,184	10.727%	5,009,314
Los Angeles County South Bay Cities Sanitation District Authority	7,956,403	4.426%	352,150
Los Angeles Unified School District Certificates of Participation	395,161,434	0.195%	770,565
SUBTOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$21,755,564
Less: Los Angeles County General Fund Obligations supported by landfill revenues			49,317
Los Angeles Unified School District QZABs supported by investment fund			9,851
SUBTOTAL NET OVERLAPPING GENERAL FUND DEBT			21,696,396
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
GROSS COMBINED SUBTOTAL OVERLAPPING DEBT			\$145,588,456
NET COMBINED SUBTOTAL OVERLAPPING DEBT			\$145,529,288
GROSS COMBINED TOTAL DEBT			\$145,588,456 (2)
NET COMBINED TOTAL DEBT			\$145,529,288

(1) 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 overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

2012-13 Assessed Valuation: 9,704,237,000

**Ratios to 2012-13 Assessed Valuation:**

**Direct Debt** **0.00%**  
 Total Direct and Overlapping Tax and Assessment Debt 1.28%

**Ratios to Adjusted Assessed Valuation:**

Gross Combined Total Debt 1.50%  
 Net Combined Total Debt 1.50%

Source: 2012-13 California Municipal Statistical Co.

**City of Rancho Palos Verdes  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (Amounts expressed in thousands)  
 Fiscal Year**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 962,539	\$ 1,021,177	\$ 1,105,647	\$ 1,195,665	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617	\$ 1,382,850	\$ 1,420,256	\$ 1,455,636
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 962,539</u>	<u>\$ 1,021,177</u>	<u>\$ 1,105,647</u>	<u>\$ 1,195,665</u>	<u>\$ 1,274,916</u>	<u>\$ 1,345,594</u>	<u>\$ 1,351,617</u>	<u>\$ 1,382,850</u>	<u>\$ 1,420,256</u>	<u>\$ 1,455,636</u>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Total Taxable Value (see page 127) \$ 9,704,237

Debt Limit (15% of total taxable value) 1,455,636  
 Debt applicable to limit -  
 Legal Debt Margin \$ 1,455,636

**City of Rancho Palos Verdes  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (4)</b>	<b>**Public School Enrollment</b>	<b>County Unemployment Rate (%) (3)</b>	<b>City Unemployment Rate (%) (3)</b>	<b>County Population (1)</b>	<b>City Population (% of County)</b>
2003-04	42,810	1,981,846,140	46.294	44.7	-	-	-	-	-
2004-05	43,525	2,219,905,575	51.003	43.4	-	-	1.5%	-	-
2005-06	42,991	2,192,669,973	51.003	43.4	-	-	1.5%	-	-
2006-07	43,092	2,197,821,276	51.003	43.4	-	-	1.5%	-	-
2007-08	42,964	2,549,698,580	59,345	44.4	11,976	7.2%	2.5%	10,275,914	0.42%
2008-09	42,720	2,262,493,920	52.961	43.4	12,033	7.5%	2.5%	10,301,658	0.41%
2009-10	42,642	2,250,346,266	52.773	44.9	11,900	11.6%	4.0%	10,355,053	0.41%
2010-11	41,766	2,425,936,344	58.084	44.3	11,928	11.9%	4.1%	9,858,989	0.42%
2011-12	41,897	2,561,016,971	61.127	47.6	11,840	11.1%	3.8%	9,884,632	0.42%
2012-13	42,114	2,618,143,152	62.168	47.8	11,873	11.0%	3.7%	9,958,091	0.42%

Source: MuniServices, LLC

The California Department of Finance demographics estimates now incorporate 2010 Census counts as the benchmark.

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.
- 3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

\*\*Student Enrollment reflects the total number of students enrolled in the Palos Verdes Unified School District. Other school districts within the City are not included.

**City of Rancho Palos Verdes**  
**Principal Sales Tax Producers**  
**Last Fiscal Year and Nine Years Ago**

<b>2012-13</b>		<b>2003-04</b>	
<b>Taxpayer</b>	<b>Business Type</b>	<b>Taxpayer</b>	<b>Business Type</b>
7-Eleven Food Stores	Food Markets	Admiral Risty Restaurant	Restaurants
Admiral Risty Restaurant	Restaurants	America's Tire	Auto Parts/Repair
America's Tire	Auto Parts/Repair	Ampak Enterprises	Light Industry
Asaka Japanese Cuisine	Restaurants	California Do It Center	Bldg.Matls-Retail
Carl's Jr. Restaurant	Restaurants	Carl's Jr. Restaurant	Restaurants
Centinela Feed & Pet Supplies Inc	Miscellaneous Retail	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Coco's Restaurants	Restaurants
Coco's Restaurants	Restaurants	El Pollo Loco	Restaurants
El Pollo Loco	Restaurants	Fedex Office	Miscellaneous Retail
Good Night Mattress	Furniture/Appliance	G S Peeke	Miscellaneous Other
Green Hills Memorial Park	Miscellaneous Other	Green Hills Memorial Park	Miscellaneous Other
Green Hills Mortuary	Miscellaneous Other	Green Hills Mortuary	Miscellaneous Other
Hughes Markets	Food Markets	Hughes Markets	Food Markets
IHOP Restaurants	Restaurants	IHOP Restaurants	Restaurants
Jack In The Box Restaurants	Restaurants	Jack In The Box Restaurants	Restaurants
Los Verdes Country Club	Restaurants	Los Verdes Country Club	Restaurants
Marie Callender Restaurant	Restaurants	Marie Callender Restaurant	Restaurants
Marshalls	Apparel Stores	Mobil Service Stations	Service Stations
Mobil Service Stations	Service Stations	New York Food & Catering	Restaurants
O'Reilly Auto Parts	Auto Parts/Repair	O'Reilly Auto Parts	Auto Parts/Repair
Smart & Final	Food Markets	Pacific Crown Service Station	Service Stations
Swank Audio Visuals	Electronic Equipment	Smart & Final	Food Markets
Terranea Resort	Restaurants	The Brixey Corporation	Office Equipment
Trader Joe's	Food Markets	Trader Joe's	Food Markets
Trump National Golf Club	Miscellaneous Retail	Trump National Golf Club	Miscellaneous Retail

Source: SBOE data, MuniServices, LLC  
Top Sales Tax Producers listed in alphabetical order.

**City of Rancho Palos Verdes  
Principal Employers  
Current Year and Three Years Ago**

<b>Employer</b>	<b>2013</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Palos Verdes Peninsula Unified School District	1,970	1	9.47%			
Terranea Resort Hotel	730	2	3.51%			
Trump National (1)	260	3	1.25%			
Marymount College	220	4	1.06%			
Keller Williams Realty	163	5	0.78%			
Canterbury	115	6	0.55%			
Belmontcorp LTD	111	7	0.53%			
Trader Joe's	88	8	0.42%			
Ralphs	83	9	0.40%			
Green Hills Memorial Park	80	10	0.38%			
Palos Verdes Peninsula Unified School District				1970	1	9.90%
Terranea Resort Hotel				730	2	3.67%
Trump National				300	3	1.51%
Marymount College				195	4	0.98%
Ralphs				115	5	0.58%
Keller Williams Realty				112	6	0.56%
Belmontcorp Ltd				94	7	0.47%
Green Hills Memorial Park				85	8	0.43%
American Golf Corp				70	9	0.35%
Trader Joe's				54	10	0.27%
Subtotal of Principal Employers	3,820		18.37%	3,725		18.72%
Total City Employment (2)	20,800			19,900		

Source: MuniServices, LLC

Results based on direct correspondence with city's local businesses.

(1) Includes full time and part time employees.

(2) Total City Employment provided by EDD Labor Force Data.

**City of Rancho Palos Verdes**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	45	45	47	50	55	58	53	54	52	53
Recreation Part-Time	10	10	10	10	10	11	17	18	17	16
Total	<u>55</u>	<u>55</u>	<u>57</u>	<u>60</u>	<u>65</u>	<u>69</u>	<u>70</u>	<u>72</u>	<u>69</u>	<u>69</u>

Source: City Budget documents and Payroll records

**City of Rancho Palos Verdes  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Administration</b>										
Employee Resignations	5	4	4	4	8	4	9	5	8	7
Workers Compensation Claims	2	3	4	2	4	2	5	3	3	3
Liability Claims	14	18	31	14	16	13	13	14	11	14
Budget Adjustments	27	36	48	32	26	18	21	17	11	24
Business Licenses Issued	2,102	1,909	1,801	1,837	1,709	1,819	1,629	1,891	1,294	1,868
Web Site Page Views	133,481	224,777	1.3 mil	1.6 mil	701,004	3.8 mil	2.9 mil	2.8mil	3.0mil	3.1mil
<b>Public Safety</b>										
Part I Crime Rates (per 10,000 population)	122	101	120	139	123	102	110	138	127	150
<b>Public Works</b>										
Solid Waste Diversion Rates (1)	61%	59%	55%	56%	4.7lbs/person/day	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	2.87lbs/person/day
Pavement Rating	89	89	82	82	DNA	84.5	84.5	84.5	84.5	84.3
<b>Parks and Recreation</b>										
Park Events	825	780	937	770	692	825	690	580	582	765
Class Meetings at Parks	2,935	2,893	2,856	2,647	2,772	2,708	2,398	2,313	1,587	1,202
Docent Led Nature Hikes	80	65	62	98	91	105	103	105	104	121
<b>Community Development</b>										
Building Permits Processed	1,399	1,233	1,382	1,244	1,692	1,404	1,243	1,432	1,221	1,403
Plan Checks	186	208	163	164	247	226	154	161	161	268
Municipal Code Violations Closed	214	180	159	162	216	339	138	371	321	312

Source: City Departments

DNA: Data Not Available

(1): A new system of measuring AB939 compliance was implemented in 2008 with the passage of SB1016. This changed the previous diversion calculation method to the new disposal-based indicator - the per capita disposal rate. The per capita disposal target is based on the average of 50 percent of generation in 2003 through 2006, expressed in terms of per capital disposal.

**City of Rancho Palos Verdes  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Administration										
Computer Workstations	DNA	81	81	85	91	92	101	92	88	93
Public Safety (1)										
Public Works										
Street Miles	143	143	143	143	143	143	143	143	144	141
Traffic Signals	15	15	15	15	16	16	16	16	18	15
Parks and Recreation										
Parks	15	15	16	16	16	16	15	15	15	15
Community Development										
Vehicles Used for Inspections	3	3	3	3	5	5	5	5	5	5

Source: City Capital Asset Records

DNA: Data Not Available

(1): Public safety services are contracted with other agencies. The City does not own any public safety capital assets.