



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2016

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2016

Prepared By:

Finance Department

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INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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RANCHO PALOS VERDES

December 22, 2016

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, 2016, 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 the Independent Auditor's Report and 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.

Administration

- Public Safety Action Plan adopted to aggressively reduce burglary crime in RPV. Included RPV leading the peninsula cities to implement expanded Automated License Plate Recognition (ALPR) program. In addition, a joint Surveillance and Apprehension Team (SAT) detective began April 2016.
- Improved the City's readiness and promoted community awareness of emergency preparedness through the following activities and programs, including:
 - Conducted the annual Emergency Operation Center Staff Training and Emergency Preparedness Drill at the City's Emergency Operations Center;
 - Moved forward with the City's Continuity of Operations Plan (COOP) project; and

- Produced Public Service Announcements (PSA) on emergency preparedness topics for broadcast on RPVtv
 - Completed Federal and State mandated Basic Incident Command/Standardized Emergency Management/National Incident Management Systems regional training for Staff in Area G cities.
- Continued to pursue the acquisition of tax-defaulted properties for parkland and open space purposes from Los Angeles County.
- Produced multiple public safety outreach newsletters, articles, and RPVtv pieces to inform residents, including a PSA titled “See Something, Say Something” that won a Telly award.
- “Zero Tolerance” campaign for motorcycles and speeders in the Switchback area.
- Memorandum of Understanding (MOU) adopted between the City and the Rancho Palos Verdes Employee Association that was budget neutral.
- Completed a total of 9.0 full-time and 10.0 part-time personnel recruitments during the fiscal year.
- Recruited accomplished executive staff including Deputy City Manager and Community Development Director.
- Laserfiche Document Portal installed with virtually all City documents and contracts available and searchable online.
- City Council Agenda published on Tuesdays – two days earlier than previous practice.
- City Attorney RFP issued and new City Attorney appointed by Council.
- IT Service Provider RFP resulting in Prosum providing expertise, capacity, and systems to support City services to residents
- GIS System implemented as a repository for land-based City asset information, including a portal with information of interest to the public.
- Cityworks Computerized Maintenance Management System was deployed allowing Public Works to better track and report on work orders and maintenance activities.
- Broadcast equipment upgrades to modern digital recording and broadcast equipment at Hesse Park and RPVtv station.
- Created a new performance evaluation program raising the standards for employees and improving the organizational culture.

- Managed 129 Public Records Act requests, up 90 percent from the previous fiscal year's 68 requests.
- Worked with the City Attorney and the Joint Powers Insurance Authority to respond to 54 claims against the city and 15 subpoenas or summons for staff appearance or for the production of records.

Community Development

- Continued to take steps to update the City's General Plan by updating the text for the entirety of the Plan as well as all the proposed General Plan Land Use Map changes. Staff anticipates that the Planning Commission will complete their review and forward the Draft Updated General Plan to the City Council in summer 2017.
- The City of Rancho Palos Verdes (RPV), in partnership with the City of Los Angeles, developed a uniform strategy for the Western Avenue corridor between Summerland Ave. and Palos Verdes Drive North. The *Western Avenue Corridor Street Enhancement Strategy* (the *Strategy*) was adopted by the City Council on December 15, 2015. The *Strategy* is intended to harmonize approaches to multi-modal mobility, streetscape design, landscaping, and signage to foster the development of a common set of functional concepts between the City of RPV and LA. The *Strategy* supplements the City's *Western Avenue Traffic Improvement Plan* (approved by the City Council in 2007) and provides City Staff and future decision makers across three jurisdictions (RPV, LA and CalTrans) a roadmap for improving the functionality, aesthetics and experience of Western Avenue by bridging the gap between a major thoroughfare and a commercial corridor.
- The City of RPV, working with the South Bay Cities Council of Governments (SBCCOG), approved the Energy Efficiency Chapters of the City's Emissions Reduction Action Plan (ERAP), which was adopted by the City Council on November 4, 2015. Approval of these Chapters means that the City voluntarily agrees to reduce communitywide and municipal energy usage to help the State of California meet its goal to reduce GHG emissions by 15% below 2005 levels, as stated in Assembly Bill 32.
- On May 17, 2016, the City Council initiated a Code Amendment addressing the operation of short-term rentals, which are typically considered rentals (home-sharing or vacation rental) of a residential property for a period of time less than 30 consecutive days, in the City's residential zoning districts. The City Council and Planning Commission are currently reviewing code language affirming the City's Development Code that prohibits short-term rentals within the City's Single-Family Residential Zoning Districts.
- Assisted the Recreation and Parks Department in obtaining Council approval to improve the lower portion of Hesse Park with passive recreational amenities, drought tolerate landscaping, and improvements to the existing site drainage

- 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 assisting Public Works with the construction of the Sunnyside Ridge Trail as identified in the City's Conceptual Trails Plan.

Public Works

- Completed Phase 1A of the Accessibility Transition Plan Implementation Project which completed ADA improvements at the Ladera Linda Community Center, Ryan Park and PVIC for a total of \$97,200.
- Completed and submitted, on behalf of the Peninsula Water Management Group, the Draft Enhanced Watershed Management Program to the Los Angeles Regional Water Quality Control Board in accordance with Municipal Separate Storm Sewer System (MS4) permit requirements.
- Initiated and completed a project to migrate work control and asset management tracking to an automated Computerized Maintenance Management System (CMMS). The initial phase of selecting a platform (Cityworks) and sourcing an implementation consultant was completed in FY15-16. Implementation and transition to the new platform was completed and system testing will continue through FY16-17.
- Initiated a citywide proactive full-time graffiti abatement program, complete with daily service, a real-time, web-based application for smart phones and tablets and a hotline.
- Initiated final design and construction of the Sunnyside Ridge Trail Segment Project which will construct an equestrian and pedestrian trail connection between Sunnyside Ridge Road and Palos Verdes Drive East. The budget for the project is \$465,000 of which \$300,000 is granted to the City from the County of Los Angeles.
- Initiated and completed the Mira Catalina CDBG ADA Access Ramps and Sidewalk Improvement Project which constructed ADA compliant ramps and sidewalks adjacent to Mira Catalina Elementary School, Lucania Drive, Starline Drive and Crest Road. The project was wholly funded by CDBG grants funds in the amount of \$91,918.
- Initiated and completed construction of the Palos Verdes Drive West CDBG ADA Access and Sidewalk Improvement project which constructed sidewalk to connect the Point Vicente neighborhood to the Golden Cove commercial and retail area. The project also constructed two ADA access ramps and a new bus stop and shelter. The project was wholly funded by CDBG grant funds in the amount of \$196,838.
- Initiated and completed the Roan Road Storm Drain Rehabilitation project which constructed 140 linear feet of new pipe from a previously rehabilitated section to the outlet into Dodson Canyon. This storm drain rehabilitation project was completed for \$94,006.

- Implemented crossing guard services at Ridgecrest Intermediate School, Silver Spur Elementary School and Dodson Middle School to assist with the safe passage of students during the drop-off and pick-up periods. The costs for crossing guards are shared with the Palos Verdes Peninsula Unified School District.
- Initiated construction of the Hawthorne Blvd Beautification Project which replaced the existing juniper-filled median planters with 80 36"-box trees to beautify the arterial corridor. This is the first phase of a multi-phased beautification project.
- Initiated construction of the Hawthorne Blvd Traffic Signal Synchronization Project which will synchronize and coordinate 7 signalized intersections along Hawthorne Blvd and connect Hesse Park and Ryan Park to the Civic Center Campus via fiber optic cabling.
- Initiated and completed construction of the Grayslake Road Drainage Improvement project which rehabilitated an existing storm drain line located within a City easement adjacent to private property.
- Created and adopted a Wireless Telecommunications Ordinance which regulates and standardizes the permit requirements for the installation of wireless facilities placed in the public rights-of-way.
- Create and adopted a Special Events Ordinance which regulates and establishes a permit process for managing community events which could compromise public health and safety.
- Initiated construction of the Portuguese Bend Landslide Dewatering Wells Installation project which will install 9 dewatering wells at strategic locations that have the highest probability of intercepting ground water flows before they enter the active landslide.
- Initiated and completed construction of the 2015 Storm Drain Lining project which lined 5,250 linear feet of existing storm drain pipes at various locations throughout the City.
- Completed construction of the FY12-13 & FY13-14 Residential Street Rehabilitation projects, which resurfaced local roadways in Area 1 (neighborhoods bordered by Hawthorne Boulevard and Silver Spur Road), Area 5B (neighborhoods bordered by Hawthorne Boulevard, Crest Road, and Palos Verdes Drive West) and Area 9 (neighborhoods bordered by Western Avenue). The project improvements included upgraded access ramps, slurry seal, asphalt concrete, tree root pruning, sidewalk repair, and updated roadway signing and striping.
- Initiated construction of the FY 14-15 Residential Street Rehabilitation Project, Phase 1 (concrete repairs) which will repair broken asphalt and concrete on the local roadways in Area 2.

- Initiated construction of the FY15-16 Sidewalk Repair Program, which will replace approximately 20,000 square feet of sidewalk, curb and gutter that was uplifted and damaged primarily by the roots of overgrown street trees.

Recreation and Recreation

- Entered into an arrangement with the LA County Sheriff's Department to double the enforcement presence in the Palos Verdes Nature Preserve.
- Increased staff presence and park hours at a number of facilities including Ladera Linda Park, Robert Ryan Park, and Abalone Cove Shoreline Park in order to both improve services to park visitors and improve the care and maintenance of City facilities.
- Lower Hesse Park Improvement project approved and funded by City Council. \$300,000 in grant funds received from Los Angeles County to partially fund project.
- Implemented an Open Space Management (OSM) Division to better manage the City's 1,400-acre Palos Verdes Nature Preserve. OSM Staff patrol the Preserve approximately 80 hours each week and perform maintenance. To date, staff has made 15,751 public contacts, completed numerous maintenance activities, and collected valuable statistic to assist the Department with open space management activities.
- Coordinated approximately 70 onsite and offsite recreation activities for REACH, the City's therapeutic program serving adults with developmental disabilities living on the Peninsula and in the south bay.
- Continued to pursue donations through the City's Gifts for Parks Program to assist with Recreation and Parks facilities, operations, and special events; including: the Fourth of July Celebration that saw a 48% increase in donations over 2015, REACH Program for 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.
- Partnered with the Palos Verdes Library District's Young Readers Department to offer a total of 28 Story Time programs at three City park sites.
- Participated in annual RHE/PVP Chamber Earth Day Fair, promoting environmental education, healthy planet activities, and providing outreach for Department programs. Participated in annual RHE/PVP Chamber Street Fair and Music Festival, promoting local businesses and providing outreach for Department programs.

- Initiated Healthy RPV program to improve the health and well-being of residents through the promotion of healthy eating, education, physical activity. Created webpage with healthy recipes and exercise/sport classes and programs offered at City parks. Coordinated free weekly Yoga in the Park classes for the public, provided six months of free Open Gym opportunities for the public, and partnered with PVPUSD and YMCA to provide summer swim program.

FINANCIAL INFORMATION

Internal Control

The Finance 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 \$0.8 million favorable budget variance in the General fund for the fiscal year ended June 30, 2016. Favorable revenue variances of \$1.0 million for taxes were added to a \$1.7 million favorable expenditure variance minus \$1.9 million of transfers out that spread across 30 different programs. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices, savings from the vacant positions, and the continued careful management of resources during FY 2015-16.

Significant Financial Events

There were no changes to financial policies that resulted in a significant impact on the June 30, 2016 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 \$750,000 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 the Uniform Guidance. For the year ended June 30, 2016, \$348,636 was expended on Federal financial assistance programs; and therefore a Single Audit was not required.

GFOA Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Rancho Palos Verdes for its CAFR for the fiscal year ended June 30, 2015. This was the 23rd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that 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

The preparation of this report would have not been possible without the dedication of the entire staff of the Finance Department. I would also like to acknowledge the assistance of the City's auditors, Vavrinek, Trine, Day & Co., LLP and the contributions of all the departments by providing data necessary to prepare the City's FY 2015-16 CAFR.

In closing, I want to thank 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,



Deborah Cullen
Director of Finance



RANCHO PALOS VERDES

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FY 2015-2016**

CITY OFFICIALS

Ken Dyda
Mayor

Brian Campbell
Mayor Pro Tem

Susan Brooks
Councilwoman

Jerry Duhovic
Councilman

Anthony M. Misetich
Councilman

CITY STAFF

Doug Willmore
City Manager

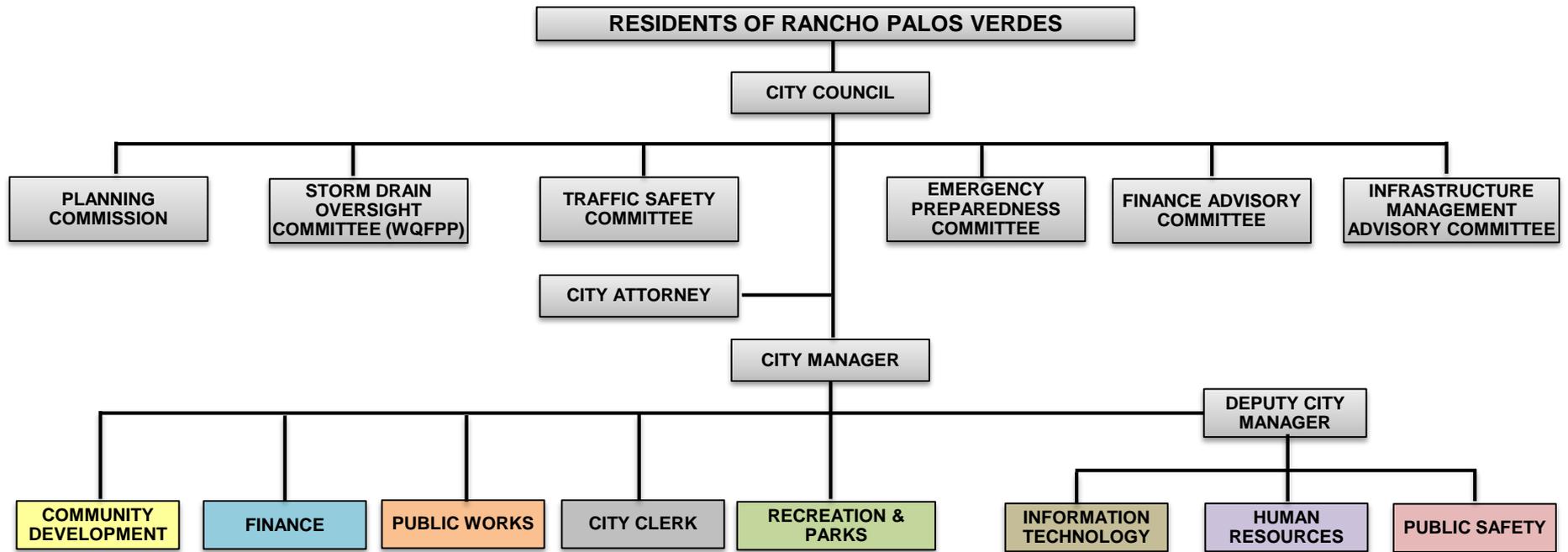
Gabriella Yap
Deputy City Manager

Deborah Cullen
Director of Finance

Cory Linder
Director of Recreation & Parks

Ara Mihranian
Director of Community Development

Michael Throne
Director of Public Works





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, 2015

Executive Director/CEO

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A stylized graphic of an open book. The pages are represented by white and light gray curved shapes. The text "FINANCIAL SECTION" is centered over the book in a bold, black, sans-serif font.

FINANCIAL SECTION

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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, 2016, 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, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective statements of revenues, expenditures, and changes in fund balance – budget and actual for the general fund and gas tax 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 Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. 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 through 18, the schedule of the proportionate share of the net pension liability, and the schedule of contributions on pages 83 and 84 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, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relates 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 combining and individual non-major fund statements and budgetary comparison schedules are 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 December 19, 2016 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.



Rancho Cucamonga, California
December 19, 2016

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**MANAGEMENT'S DISCUSSION &
ANALYSIS**

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CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. 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 v-xiv of this report.

Financial Highlights

The assets and deferred outflows of resources of the City of Rancho Palos Verdes exceed its liabilities and deferred inflows of resources at the close of the Fiscal Year ended June 30, 2016, by \$219.0 million (*Net Position*). Of this amount, \$47.8 million (*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 restricted, and is therefore not available to meet the City's obligations.

At the fiscal year ended June 30, 2016, the City's Total Net Position increased by \$8.6 million. The primary factors for the increase are discussed below.

As of June 30, 2016, the City's Governmental Funds reported combined ending Fund Balances of \$59.2 million an increase of \$9.2 million in comparison with the prior year. The majority of the increase is attributable to the reduction of capital outlay and additional transient occupancy tax transfers accumulated for future capital improvement projects.

As of June 30, 2016, unassigned fund balance for the General Fund was \$13.7 million or 68% of General Fund expenditures. The \$13.3 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 annually budgeted General Fund expenditures.

OVERVIEW OF THE BASIC 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.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, community development and parks 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.

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

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

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, 2016. 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 Gas Tax Fund, and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 24 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 24-33 of this report.

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.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

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 43-79 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 83-134 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$219.0 million at June 30, 2016. By far, the largest portion of the City's Net Position of \$150 million or 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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

City of Rancho Palos Verdes Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 74,857,766	\$ 67,162,047	\$ 6,210,234	\$ 5,847,529	\$ 81,068,000	\$ 73,009,576
Capital assets	118,398,503	119,450,510	31,662,640	31,167,848	150,061,143	150,618,358
Total assets	193,256,269	186,612,557	37,872,874	37,015,377	231,129,143	223,627,934
Deferred outflows of resources	1,550,506	793,750	-	-	1,550,506	793,750
Long-term liabilities outstanding	7,678,051	6,067,063	-	-	7,678,051	6,067,063
Other liabilities	-	6,069,199	-	513,700	-	6,582,899
Total liabilities	7,678,051	12,136,262	-	513,700	7,678,051	12,649,962
Deferred inflows of resources	655,926	1,964,715	-	-	655,926	1,964,715
Net Investment in capital assets	118,398,503	119,450,510	31,662,640	31,167,848	150,061,143	150,618,358
Restricted	21,120,703	11,646,676	-	-	21,120,703	11,646,676
Unrestricted	42,210,124	42,208,144	5,598,163	5,333,829	47,808,287	47,541,973
Total net position	\$ 181,729,330	\$ 173,305,330	\$ 37,260,803	\$ 36,501,677	\$ 218,990,133	\$ 209,807,007

A portion of the City’s Net Position of \$21.1 million or 10%, represents resources subject to external restrictions. The remaining balance of Unrestricted Net Position of \$47.8 million or 22 % may be used to meet the government’s ongoing obligations to its citizens and creditors.

Total current and other assets increased by \$8.1 million in comparison to the previous year. This is due to the completion of street rehabilitation projects in FY 2014-15 and the continuation of accumulating additional transient occupancy tax to fund future capital improvement projects.

Capital assets decreased by \$0.5 million from the current year’s depreciation expense and other liabilities decreased by \$1.5 million due to the decreased activity of capital projects in progress that will continue in FY 2016-17.

Governmental Activities

Governmental Activities increased the City’s Net Position by \$7.8 million primarily due to increase of revenues and decreased expenses.

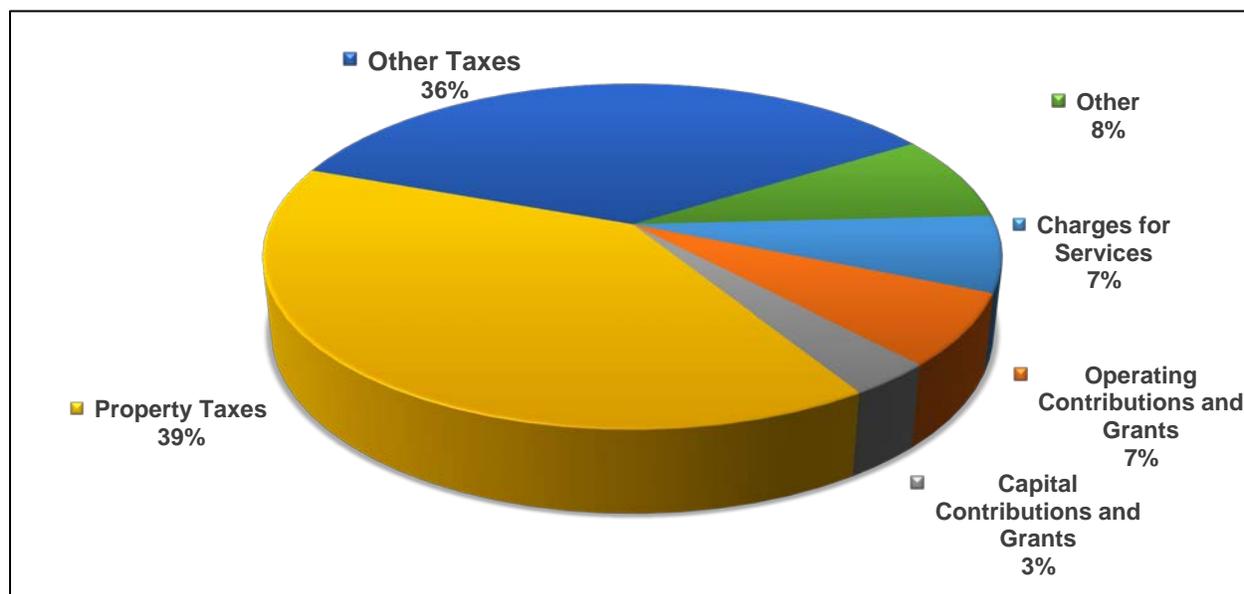
CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

City of Rancho Palos Verdes Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 2,490,951	\$ 2,785,005	\$ 1,384,897	\$ 1,368,570	\$ 3,875,848	\$ 4,153,575
Operating contributions and grants	2,332,320	2,274,130	-	-	2,332,320	2,274,130
Capital contributions and grants	1,110,646	1,230,131	-	1,212,995	1,110,646	2,443,126
General revenues:						
Property taxes	13,763,845	12,451,632	-	-	13,763,845	12,451,632
Other taxes	12,390,945	12,151,475	-	-	12,390,945	12,151,475
Other	2,821,865	2,895,591	20,662	467,900	2,842,527	3,363,491
Total revenues	34,910,572	33,787,964	1,405,559	3,049,465	36,316,131	36,837,429
Expenses:						
Administration	\$ 8,061,904	7,127,433	-	-	8,061,904	7,127,433
Public safety	5,214,553	4,670,441	-	-	5,214,553	4,670,441
Public works	9,610,047	10,691,559	-	-	9,610,047	10,691,559
Community development	1,971,262	2,071,920	-	-	1,971,262	2,071,920
Parks and recreation	2,051,976	1,669,434	-	-	2,051,976	1,669,434
Non-departmental	133,783	190,468	-	-	133,783	190,468
Water Quality Flood Protection	-	-	646,433	1,422,428	646,433	1,422,428
Total expenses	27,043,525	26,421,255	646,433	1,422,428	27,689,958	27,843,683
(Decrease) / Increase in net position	7,867,047	7,366,709	759,126	1,627,037	8,626,173	8,993,746
(Decrease) / Increase in net position	7,867,047	7,366,709	759,126	1,627,037	8,626,173	8,993,746
Net position - beginning of fiscal year	173,862,283	165,938,621	36,501,677	34,874,640	210,363,960	200,813,261
Net position - end of fiscal year	\$ 181,729,330	\$ 173,305,330	\$ 37,260,803	\$ 36,501,677	\$ 218,990,133	\$ 209,807,007

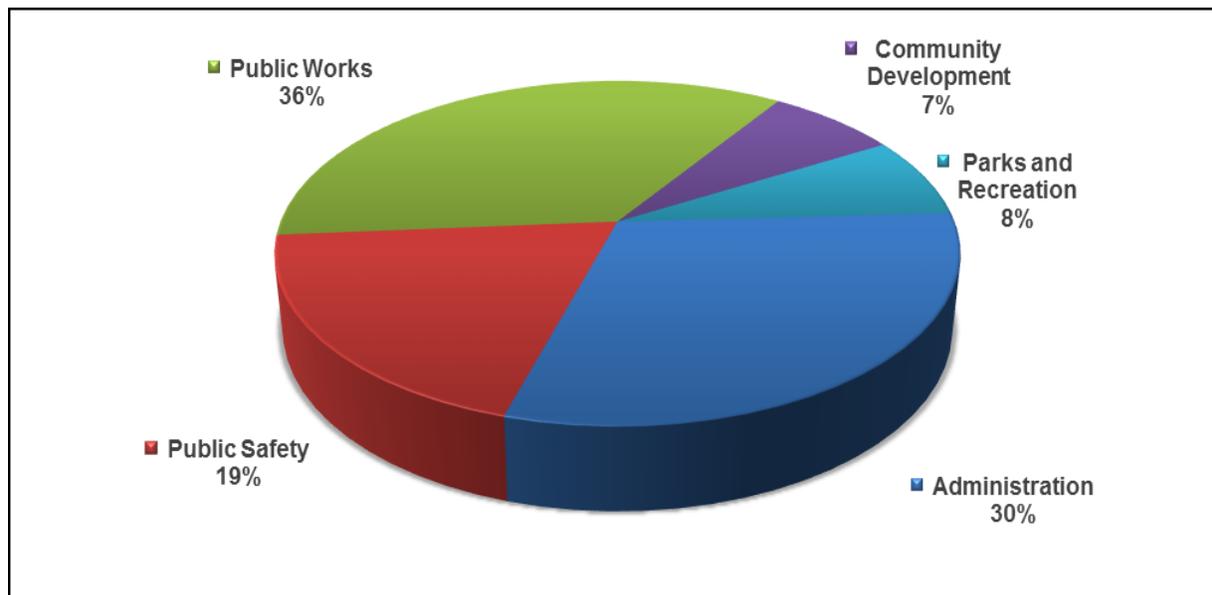
Sources of Revenue - Governmental Activities



CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

Expenses by Function – Governmental Activities



Business-Type Activities

Business-type activities increased the City's net position by \$759,126 due to the reduced operating and depreciation expenses in the Water Quality Flood Protection. In comparison to the previous year, the increase in net position was lowered by \$867,910 as a result of the sunset of revenues from the Storm Drain User Fee.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As of the end of the current fiscal year, the City's Governmental Funds reported combined ending Fund Balances of \$59.2 million, an increase of \$9.2 million in comparison to the prior year. Approximately \$56.8 million or 96% of the combined ending Fund Balances constitutes spendable fund balance. The combined spendable fund balance includes negative unassigned fund deficits of \$40,163 for the Employee Benefits and \$26,426 for the Community Development Block Grant. The remainder of the combined ending Fund Balances are either non-spendable due to legal restrictions or non-spendable in the form of prepaid items and inventory. Additional information on the non-spendable items can be found in Note # 7 on pages 61-64 of this report.

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 is \$13.7 million, while total Fund Balance reached to \$15.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund Balance and Total

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

Fund Balance to total fund uses (expenditures and transfers out). Unassigned Fund Balance represents 44% of total General Fund uses, while total Fund Balance represents 49% of the same amount.

The fund balance of the City's General Fund decreased by \$1.6 million. The decreased amount is primarily attributable to transfers out increasing by \$1.8 million from the prior year.

The Gas Tax Fund Balance ended the year at \$1.3 million. The increase of \$36 thousand is from the reduced street landscape maintenance expenditures.

The CIP Fund Balance ended the year at \$29.7 million, an increase of \$9.3 million in comparison to the previous year. As mentioned earlier, the majority of the increase is attributable to the reduction of capital outlay and additional transient occupancy tax transfers accumulated for future capital improvement projects.

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 fiscal year amounted to \$5.6 million. Unrestricted Net Position of the Internal Service Funds at the end of the fiscal year amounted to \$3.1 million. The total growth in Enterprise Fund net position was \$759 thousand or about 9% of unrestricted Net Position.

General Fund Budgetary Highlights

The difference between original budgeted operating expenditures and the final amended budget was an increase of \$954 thousand; and is briefly summarized as follows:

- An increase of \$532 thousand was attributable to appropriations continued from FY 2014-15.
- An increase of \$261 thousand from Recreation and Parks mainly from additional part-time staff for the Preserve and additional operating park hours.
- A decrease of \$236 thousand from midyear adjustments.
- An increase of \$276 thousand for Automated License Plate Recognition (ALPR).
- Other combined adjustments resulted in net increase of \$121 thousand.

CITY OF RANCHO PALOS VERDES

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City’s investment in Capital Assets for its Governmental activities as of June 30, 2016, amounts to \$118.4 million (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 \$1.1 million or 1%.

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

- Depreciation of \$4 million was recorded for the City’s Capital Assets.
- A total of \$2.4 million of construction in progress was added for various projects.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2016 is \$150.1 million

City of Rancho Palos Verdes Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital assets not being depreciated						
Land	\$ 42,087,575	\$ 42,087,575	\$ 1,428,243	\$ 1,428,243	\$ 43,515,818	\$ 43,515,818
Construction in progress	1,536,580	4,010,354	482,090	86,486	2,018,670	4,096,840
Total capital assets not being depreciated	43,624,155	46,097,929	1,910,333	1,514,729	45,534,488	47,612,658
Capital assets being depreciated, net						
Buildings	6,395,430	6,353,169	-	-	6,395,430	6,353,169
Vehicles	72,318	87,937	-	-	72,318	87,937
Computer equipment	374,524	176,558	-	-	374,524	176,558
Furniture, fixtures and equipment	352,975	222,709	-	-	352,975	222,709
Infrastructure						
Roadway system	47,598,976	45,700,251	-	-	47,598,976	45,700,251
Sewer system	6,299,321	6,834,470	-	-	6,299,321	6,834,470
Storm drain system	8,944,000	9,179,025	29,752,307	29,653,119	38,696,307	38,832,144
Park system	4,736,804	4,798,462			4,736,804	4,798,462
Total capital assets being depreciated, net	74,774,348	73,352,581	29,752,307	29,653,119	104,526,655	103,005,700
Capital Assets, net	\$118,398,503	\$119,450,510	\$31,662,640	\$31,167,848	\$150,061,143	\$150,618,358

Additional information on the City’s Capital Assets can be found in Note #4 on pages 58-59 of this report.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2016

Long-term debt. At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$357,504 for Employee Compensated Absences.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	2016	2015
Employee compensated absences	\$ 357,504	\$ 352,743

At the fiscal year ended June 30, 2016, the City's total debt increased by \$4,761 or 1%, due to the new employee salary rates and additional accrued leave 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 \$1,688,650,000.

ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND RATES

- Property tax revenue accounts for about 39 percent of Government-Wide revenues. Local property values remain strong, and the City's property assessments grew by 6.65 % for FY 2015-16.
- The Consumer Price Index for Los Angeles County increased by 1.8% for the 12 months ended June 2016. The City's original FY 2016-17 General Fund expenditure budget increased by 9.8% when compared to the original FY 2015-16 budget. Revenue in excess of budgeted expenditures (about \$5.2 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 Department at 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275 or finance@rpvca.gov.



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CITY OF RANCHO PALOS VERDES
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 63,730,964	\$ 6,180,584	\$ 69,911,548
Receivables:			
Taxes	1,449,099	-	1,449,099
Interest	67,129	6,589	73,718
Notes	7,832,800	-	7,832,800
Due from other government agencies	56,257	-	56,257
Other	987,453	23,061	1,010,514
Inventory	32,994	-	32,994
Prepaid items	701,070	-	701,070
TOTAL CURRENT ASSETS	74,857,766	6,210,234	81,068,000
NONCURRENT ASSETS:			
Receivable from Successor Agency	10,497,099		10,497,099
Allowance for Successor Agency receivable	(10,497,099)		(10,497,099)
Capital assets			
Land	42,087,575	1,428,243	43,515,818
Construction in process	1,536,580	482,090	2,018,670
Capital assets, net accumulated depreciation			
Property and equipment	799,817	-	799,817
Building and improvements	6,395,430	-	6,395,430
Infrastructure	67,579,101	29,752,307	97,331,408
TOTAL NONCURRENT ASSETS	118,398,503	31,662,640	150,061,143
TOTAL ASSETS	193,256,269	37,872,874	231,129,143
DEFERRED OUTFLOWS OF RESOURCES	1,550,506	-	1,550,506
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	3,931,472	574,342	4,505,814
Retentions payable	44,833	37,729	82,562
Unearned revenue	4,406	-	4,406
Deposits payable	445,737	-	445,737
Compensated absences due within one year	317,020	-	317,020
TOTAL CURRENT LIABILITIES	4,743,468	612,071	5,355,539
LONG-TERM LIABILITIES:			
Compensated absences due beyond one year	40,484	-	40,484
Net pension liability	7,637,567	-	7,637,567
TOTAL LONG-TERM LIABILITIES	7,678,051	-	7,678,051
TOTAL LIABILITIES	12,421,519	612,071	13,033,590
DEFERRED INFLOWS OF RESOURCES	655,926	-	655,926
NET POSITION			
Net investment in capital assets	118,398,503	31,662,640	150,061,143
Restricted			
Expendable	18,691,181		18,691,181
Nonexpendable	2,429,522		2,429,522
Unrestricted	42,210,124	5,598,163	47,808,287
TOTAL NET POSITION	\$ 181,729,330	\$ 37,260,803	\$ 218,990,133

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 8,061,904	\$ 317,559	\$ 22,352	\$ -
Public safety	5,214,553	179,658	114,628	-
Public works	9,610,047	159,216	2,195,340	1,110,646
Community development	1,971,262	957,982	-	-
Parks and recreation	2,051,976	780,701	-	-
Non-departmental	133,783	95,835	-	-
Total governmental activities	<u>27,043,525</u>	<u>2,490,951</u>	<u>2,332,320</u>	<u>1,110,646</u>
Business-type Activity:				
Water Quality Flood Protection	<u>646,433</u>	<u>1,384,897</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,689,958</u>	<u>\$ 3,875,848</u>	<u>\$ 2,332,320</u>	<u>\$ 1,110,646</u>

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

Total general revenues and transfers

Change in net position

Net position - beginning of year,
as restated

Net position - end of year

Net Revenue (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
\$ (7,721,993)	\$ -	\$ (7,721,993)
(4,920,267)	-	(4,920,267)
(6,144,845)	-	(6,144,845)
(1,013,280)	-	(1,013,280)
(1,271,275)	-	(1,271,275)
(37,948)	-	(37,948)
<u>(21,109,608)</u>	<u>-</u>	<u>(21,109,608)</u>
<u>-</u>	<u>738,464</u>	<u>738,464</u>
<u>(21,109,608)</u>	<u>738,464</u>	<u>(20,371,144)</u>
13,763,845	-	13,763,845
5,196,987	-	5,196,987
2,104,328	-	2,104,328
2,044,650	-	2,044,650
1,865,682	-	1,865,682
1,179,298	-	1,179,298
214,428	20,662	235,090
<u>2,607,437</u>	<u>-</u>	<u>2,607,437</u>
<u>28,976,655</u>	<u>20,662</u>	<u>28,997,317</u>
7,867,047	759,126	8,626,173
<u>173,862,283</u>	<u>36,501,677</u>	<u>210,363,960</u>
<u>\$ 181,729,330</u>	<u>\$ 37,260,803</u>	<u>\$ 218,990,133</u>

CITY OF RANCHO PALOS VERDES

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2016

	General	Special Revenue Gas Tax	Capital Projects Capital Improvements
ASSETS			
Cash and investments	\$ 15,220,695	\$ 2,087,591	\$ 30,239,296
Receivables:			
Taxes	1,431,187	-	-
Interest	17,233	2,041	29,706
Due from other government agencies	638	10,415	-
Other	768,255	-	154,491
Due from other funds	66,589	-	-
Inventory	32,994	-	-
Prepaid items	530,552	-	-
Receivable from Successor Agency	10,497,099	-	-
Allowance for Successor Agency receivable	(10,497,099)	-	-
TOTAL ASSETS	\$ 18,068,143	\$ 2,100,047	\$ 30,423,493
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,413,963	\$ 751,326	\$ 536,116
Due to other funds	-	-	-
Retentions payable	9,162	-	35,671
Advanced from other funds	-	-	-
Unearned revenue	-	-	-
Deposits payable	445,737	-	-
TOTAL LIABILITIES	2,868,862	751,326	571,787
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	131,182	-	143,064
FUND BALANCES			
Non-Spendable			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Prepaid items	530,552	-	-
Inventory	32,994	-	-
Habitat restoration	-	-	-
Restricted	801,907	1,348,721	6,466,632
Committed	-	-	-
Assigned	-	-	23,242,010
Unassigned	13,702,646	-	-
TOTAL FUND BALANCES	15,068,099	1,348,721	29,708,642
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 18,068,143	\$ 2,100,047	\$ 30,423,493

Other Governmental Funds	Total Governmental Funds
\$ 13,165,367	\$ 60,712,949
17,912	1,449,099
14,497	63,477
45,204	56,257
62,616	985,362
-	66,589
-	32,994
-	530,552
-	10,497,099
-	(10,497,099)
<u>\$ 13,305,596</u>	<u>\$ 63,897,279</u>

\$ 129,628	\$ 3,831,033
26,426	26,426
-	44,833
-	-
4,406	4,406
-	445,737
<u>160,460</u>	<u>4,352,435</u>

<u>47,158</u>	<u>321,404</u>
---------------	----------------

750,000	750,000
1,000,000	1,000,000
-	530,552
-	32,994
115,976	115,976
10,073,921	18,691,181
-	-
1,158,081	24,400,091
-	13,702,646
<u>13,097,978</u>	<u>59,223,440</u>

<u>\$ 13,305,596</u>	<u>\$ 63,897,279</u>
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CITY OF RANCHO PALOS VERDES

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

June 30, 2016

Fund balances - total governmental funds	\$ 59,223,440
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.	117,598,686
Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds.	321,404
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	7,832,800
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(357,504)
The employee pension liability and related amounts are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(6,742,987)
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>3,853,491</u>
Net position of governmental activities	<u>\$ 181,729,330</u>

See accompanying notes to financial statements.

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CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	General	Special Revenue Gas Tax	Capital Projects Capital Improvements
REVENUES:			
Taxes	\$ 24,857,475	\$ -	\$ -
Licenses and permits	2,382,743		
Revenue from other agencies	22,352	919,750	45,866
Charges for services	500,925	1,495	
Fines and forfeitures	179,658		
Use of money and property	605,790	5,783	87,808
Other revenues	354,338	27,460	
TOTAL REVENUES	28,903,281	954,488	133,674
EXPENDITURES:			
Current			
Administration	6,183,010		
Public safety	5,214,553		
Public works	3,984,821	1,954,274	
Community development	2,619,150		
Parks and recreation	2,042,418		
Non-departmental	237,778		
Capital Outlay			1,344,355
TOTAL EXPENDITURES	20,281,730	1,954,274	1,344,355
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,621,551	(999,786)	(1,210,681)
OTHER FINANCING SOURCES (USES):			
Transfers in	146,257	1,035,791	10,471,894
Transfers out	(10,352,274)		-
TOTAL OTHER FINANCING SOURCES (USES)	(10,206,017)	1,035,791	10,471,894
NET CHANGE IN FUND BALANCE	(1,584,466)	36,005	9,261,213
FUND BALANCE - BEGINNING OF YEAR	16,652,565	1,312,716	20,447,429
FUND BALANCE - END OF YEAR	\$ 15,068,099	\$ 1,348,721	\$ 29,708,642

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 867,820	\$ 25,725,295
	2,382,743
2,454,989	3,442,957
55,670	558,090
	179,658
50,232	749,613
1,397,336	1,779,134
<u>4,826,047</u>	<u>34,817,490</u>
	6,183,010
	5,214,553
2,022,220	7,961,315
-	2,619,150
	2,042,418
	237,778
	1,344,355
<u>2,022,220</u>	<u>25,602,579</u>
<u>2,803,827</u>	<u>9,214,911</u>
130,380	11,784,322
(1,431,714)	(11,783,988)
(1,301,334)	334
1,502,493	9,215,245
<u>11,595,485</u>	<u>50,008,195</u>
<u>\$ 13,097,978</u>	<u>\$ 59,223,440</u>

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, 2016

Net change in fund balances - total governmental funds \$ 9,215,245

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 is reconciled as follows:

Cost of assets capitalized	2,398,307
Depreciation expense	(3,762,926)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	186,161
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Increases in long-term notes receivable use current financial resources and are included in the expenditures of governmental funds. Repayments of long-term notes receivable 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.	8,921
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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.	(4,761)
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Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represents the net difference in pension expenditures recorded in the governmental funds and pension expense.	142,299
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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 are reported with governmental activities.	(316,199)
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Change in net position of governmental activities	\$ 7,867,047
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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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Taxes	\$ 24,434,281	\$ 24,434,281	\$ 24,857,475	\$ 423,194
Licenses and permits	2,160,100	2,160,100	2,382,743	222,643
Revenue from other agencies	-	-	22,352	22,352
Charges for services	378,800	378,800	500,925	122,125
Fines and forfeitures	120,000	120,000	179,658	59,658
Use of money and property	713,720	713,720	605,790	(107,930)
Other revenues	75,307	75,307	354,338	279,031
TOTAL REVENUES	27,882,208	27,882,208	28,903,281	1,021,073
EXPENDITURES:				
Administration				
City council	129,590	129,590	119,331	10,259
City manager	894,417	928,994	885,212	43,782
Legal services	1,030,000	1,010,000	1,049,278	(39,278)
City clerk	734,176	728,876	637,521	91,355
Community outreach	79,640	79,640	75,344	4,296
RPV TV	144,320	213,700	221,837	(8,137)
Risk management	475,000	475,000	589,889	(114,889)
Personnel	434,579	431,579	388,905	42,674
Finance	1,271,426	1,271,426	1,243,420	28,006
Information technology - data	962,413	972,913	876,156	96,757
Information technology - voice	80,000	100,000	96,117	3,883
Total Administration	6,235,561	6,341,718	6,183,010	158,708
Public Safety				
Sheriff services	5,046,200	5,006,200	4,792,928	213,272
Special safety programs	145,300	703,200	110,754	592,446
Animal control	88,000	110,035	115,235	(5,200)
Emergency preparedness	186,814	221,414	195,636	25,778
Total Public Safety	5,466,314	6,040,849	5,214,553	826,296
Public Works				
Public works administration	2,236,463	2,356,163	2,234,405	121,758
Traffic management	311,000	126,600	113,729	12,871
Storm water quality	487,000	307,700	299,740	7,960
Public building maintenance	511,200	592,800	501,709	91,091
Parks/trails/open space maintenance	995,300	913,232	818,498	94,734
Sewer maintenance	13,100	41,900	16,740	25,160
Total Public Works	4,554,063	4,338,395	3,984,821	353,574

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Community Development				
Planning	1,256,515	1,409,515	1,269,390	140,125
Building & safety services	773,471	776,771	762,358	14,413
Code enforcement	211,151	211,151	160,856	50,295
NCCP	-	75,053	-	75,053
View restoration/preservation	294,642	275,642	289,446	(13,804)
Geology	150,000	125,000	137,100	(12,100)
Total Community Development	<u>2,685,779</u>	<u>2,873,132</u>	<u>2,619,150</u>	<u>253,982</u>
Parks and Recreation				
Recreation administration	938,325	938,622	906,415	32,207
Recreation facilities	440,676	700,676	523,080	177,596
Special events	136,193	136,193	127,484	8,709
Point Vicente Interpretive Center	370,805	370,805	386,052	(15,247)
REACH	40,190	40,190	41,946	(1,756)
Support services	68,845	68,845	57,441	11,404
Total Parks and Recreation	<u>1,995,034</u>	<u>2,255,331</u>	<u>2,042,418</u>	<u>212,913</u>
Non-departmental	<u>107,700</u>	<u>149,000</u>	<u>237,778</u>	<u>(88,778)</u>
TOTAL EXPENDITURES	<u>21,044,451</u>	<u>21,998,425</u>	<u>20,281,730</u>	<u>1,716,695</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,837,757	5,883,783	8,621,551	2,737,768
OTHER FINANCING SOURCES (USES):				
Transfers in	208,000	208,000	146,257	(61,743)
Transfers out	(8,417,303)	(8,417,303)	(10,352,274)	(1,934,971)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,209,303)</u>	<u>(8,209,303)</u>	<u>(10,206,017)</u>	<u>(1,996,714)</u>
NET CHANGE IN FUND BALANCE	(1,371,546)	(2,325,520)	(1,584,466)	741,054
FUND BALANCE - BEGINNING OF YEAR	<u>16,652,565</u>	<u>16,652,565</u>	<u>16,652,565</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,281,019</u>	<u>\$ 14,327,045</u>	<u>\$ 15,068,099</u>	<u>\$ 741,054</u>

CITY OF RANCHO PALOS VERDES

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

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 1,094,552	\$ 1,239,552	\$ 919,750	\$ (319,802)
Charges for services	3,000	3,000	1,495	(1,505)
Use of money and property	8,810	8,810	5,783	(3,027)
Other revenues	25,000	25,000	27,460	2,460
TOTAL REVENUES	1,131,362	1,276,362	954,488	(321,874)
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,656,279	1,753,119	1,347,990	405,129
Traffic signal maintenance	127,000	217,000	80,857	136,143
Portuguese Bend road maintenance	574,500	574,500	525,426	49,074
TOTAL EXPENDITURES	2,357,779	2,544,619	1,954,274	590,345
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,226,417)</u>	<u>(1,268,257)</u>	<u>(999,786)</u>	<u>268,471</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>1,035,791</u>	<u>1,035,791</u>	<u>1,035,791</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(190,626)	(232,466)	36,005	268,471
FUND BALANCE - BEGINNING OF YEAR	<u>1,312,716</u>	<u>1,312,716</u>	<u>1,312,716</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,122,090</u></u>	<u><u>\$ 1,080,250</u></u>	<u><u>\$ 1,348,721</u></u>	<u><u>\$ 268,471</u></u>

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CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	<u>\$ 1,384,898</u>	<u>\$ 2,499,624</u>
OPERATING EXPENSES:		
Personnel services	72,232	2,247,354
Materials and supplies	-	279,499
Maintenance	573,282	36,209
Depreciation	<u>919</u>	<u>266,725</u>
TOTAL OPERATING EXPENSES	<u>646,433</u>	<u>2,829,787</u>
OPERATING INCOME (LOSS)	738,464	(330,163)
NON-OPERATING REVENUES:		
Investment income	<u>20,662</u>	<u>14,298</u>
TOTAL NON-OPERATING REVENUES	<u>20,662</u>	<u>14,298</u>
INCOME (LOSS) BEFORE TRANSFERS	759,126	(315,865)
TRANSFERS		
Transfers out	<u>-</u>	<u>(334)</u>
TOTAL TRANSFERS	<u>-</u>	<u>(334)</u>
CHANGE IN NET POSITION	759,126	(316,199)
NET POSITION - BEGINNING OF YEAR AS RESTATED	<u>36,501,677</u>	<u>4,169,690</u>
NET POSITION - END OF YEAR	<u><u>\$ 37,260,803</u></u>	<u><u>\$ 3,853,491</u></u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2016

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and investments	\$ 443,516
Receivables:	
Interest	495
Notes	4,928
Prepaid items	311,875
TOTAL ASSETS	760,814
LIABILITIES	
Accounts payable and accrued liabilities	2,450
Short-term liability	
Due within one year - Portuguese Bend	96,384
Due within one year - Abalone Cove	85,234
Due within one year - bond payable	200,000
Long-term liabilities	
Due beyond one year - Portuguese Bend	6,966,986
Due beyond one year - Abalone Cove	3,344,729
Due beyond one year - bond payable	4,275,000
TOTAL LIABILITIES	14,970,783
NET POSITION (DEFICIT) HELD IN TRUST	\$ (14,209,969)

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 534,491
Use of money and property	<u>1,705</u>
TOTAL ADDITIONS	<u>536,196</u>
DEDUCTIONS	
Administration	24,106
Debt interest and fiscal charges	<u>764,913</u>
TOTAL DEDUCTIONS	<u>789,019</u>
CHANGE IN NET POSITION	<u>(252,823)</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(13,957,146)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (14,209,969)</u>

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016

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 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, 2016

for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows, 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. The financial resources accounted for in the General Fund may be used to fund any City program.
- *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 centralize the accounting for employee benefits costs, purchases of equipment, furniture and vehicles on behalf of all City departments, and 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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

fiduciary activities. These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources; including capital assets, infrastructure, 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 inter-fund 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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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 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 Gas Tax 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 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, 2016

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 an additional appropriation of \$1.9 million including transfers out. The increase includes \$954 thousand in General fund, \$187 thousand in Special Revenue fund, and \$820 thousand in Capital Projects funds.

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 proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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, 2016, based on calculations by City Management, the proceeds of taxes in the amount of \$22.9 million did not exceed appropriation limit of \$26.1 million.

E. Capital Assets

Capital assets include land, construction in progress, building and improvements, vehicles, computer equipment, furniture, fixtures and equipment, 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 upon separation; and therefore, the City does not accrue a liability.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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 reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. All fair values are determined by external consultants. Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

H. Cash and Investments

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 and the Employee Benefits 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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

thus, an equivalent portion of fund balance is reported as non-spendable. The City had a total of \$701,070 of prepaid items as of June 30, 2016.

K. Estimates

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

When net position is decreased by a transaction that is applicable to a future reporting period, it is the City's policy to report a deferred inflow of resources. Conversely, when net position is increased by a transaction that is applicable to a future reporting period, it is the City's policy to report a deferred outflow of resources.

N. New Pronouncements

GASB Statement No. 72 – *Fair Value Measurement and Application*. GASB has amended the definitions and principles of fair value measurement to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using accepted valuation techniques. This standard also expands fair value disclosures to provide comprehensive information in the financial statements about the impact of fair value measurements on a government's financial position. This statement was implemented effective July 1, 2015.

GASB Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB 43. The City does not offer OPEB. This statement is not effective until June 30, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

employees of other governments, and replaces GASB 45. The City does not offer OPEB. This statement is not effective until June 30, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 77 - *Tax Abatement Disclosures*. GASB established disclosure guidance for governments that have granted tax abatements. This statement is not effective until June 30, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement narrows the scope and applicability of GASB Statement No. 68, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). This statement is not effective until June 30, 2016. The City has not determined its effect on the financial statements.

GASB Statement No. 79 - *Certain External Investment Pools and Pool Participants*. GASB has establishes new criteria to continue amortized cost accounting for certain external investment pools in light of recent SEC changes to money market fund criteria. This statement is not effective until June 30, 2016. The City has not determined its effect on the financial statements.

GASB Statement No. 80 - *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. GASB will requires state or local governments to use the blending method when presenting in their financial statements component units organized as not-for-profit (NFP) corporations in which the primary government is the sole corporate member. The primary government will present activities of an acquired or created, legally separate NFP corporation similar to a department or activity of the primary government. This statement is not effective until June 30, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 81 - *Irrevocable Split-Interest Agreements*. This Statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available. This statement is not effective until June 30, 2017. The City has not determined its effect on the financial statements.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

GASB Statement No. 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement takes effect June 30, 2017. The City has not determined its effect on the financial statements.

NOTE #2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2016, 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	\$ 69,911,548	\$ 443,516	\$ 70,355,064

Cash and investments as of June 30, 2016 consist of the following:

Petty Cash	\$ 3,000
Deposits with Financial Institution	6,635,273
Money Market Account	3,815,623
Certificates of Deposit	10,500,032
Local Agency Investment Fund (LAIF)	49,401,136
	<u>\$ 70,355,064</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, and concentration of credit risk.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

<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
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%

On June 30, 2016, the City held demand deposits in the amount of \$6.6 million. Per the investment policy, demand deposits and money market savings accounts may exceed \$5 million for no more than thirty days if the accounts are to hold monies being transitioned. The balance was reduced below the \$5 million amount by July 2016.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect 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				Total
	0 - 12 months	12 - 24 months	24 - 36 months	36 - 48 months	
Local Agency Investment Fund (LAIF)	\$ 49,401,136	\$ -	\$ -	\$ -	\$ 49,401,136
Certificates of Deposit	3,000,032	3,500,000	3,250,000	750,000	10,500,032
Money Market Account	3,815,623	-	-	-	3,815,623

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 and its investments are not rated.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, the City's investments in LAIF and Certificate of Deposits 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 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, \$9.9 million 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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in LAIF, the money market account, and the certificates of deposit is uncategorized with respect to the fair value hierarchy.

NOTE #3 – INTERFUND TRANSACTIONS

Interfund balances consisted of the following at June 30, 2016:

		Due To
		General Fund
Due From	CDBG Fund	26,426
	Employee Benefits Fund	40,163
	Total:	<u>\$ 66,589</u>

General fund cash was used to cover grant expenditures in the Community Development Block Grant (CDBG) Fund, until reimbursement is received from the granting agency.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, consisted of the following:

		Transfer From			Totals
		General Fund	Other Governmental Funds	Internal Service Funds	
Transfer To	General Fund	\$ -	\$ 145,923	\$ 334	\$ 146,257
	Gas Tax		1,035,791	-	1,035,791
	Capital Improvement Projects	10,221,894	250,000	-	10,471,894
	Other Governmental Funds	130,380	-	-	130,380
	Totals:	<u>\$ 10,352,274</u>	<u>\$ 1,431,714</u>	<u>\$ 334</u>	<u>\$ 11,784,322</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 a total of \$10,352,274. Of this amount, \$10,221,894 was transferred to the Capital Improvement Projects (CIP) Fund. The transfer included \$6,144,952 of funding for the CIP Reserve for future infrastructure projects, as required by the City Council's Reserve Policy; an additional \$2,214,942 for future projects as directed by City Council; and \$1,862,000 of funding for the annual residential street rehabilitation program. The remaining balance of \$130,380 was transferred to Improvement Authority Abalone Cove for \$37,000; Abalone Cove Sewer District for \$80,700 and Community Development Block Grant for \$12,680. General Fund also received \$146,257 during the year. Of this amount, \$100,000 was transferred from Public Safety Fund; another \$42,923 was transferred from Measure A Maintenance Fund and the remaining \$3,334 was transferred from Waste Reduction Fund and Building Replacement Fund. Gas Tax Fund received \$1,035,791, which includes transfers of: \$200,000 from the 1972 Act Fund for street landscape maintenance; \$97,791 from the Beautification Fund for median maintenance; \$95,000 from the Waste Reduction Fund, \$117,000 from the 1911 Act Fund for traffic signal maintenance; and \$526,000 of Proposition C money for roadway maintenance within the landslide area. The CIP Fund received a total of \$10,471,894. The transfer included \$10,221,894 from General Fund and \$250,000 from Other Governmental Funds.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016.

Governmental Activities	Beginning Balance As restated	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 42,087,575	-	-	\$ 42,087,575
Construction in progress	4,010,354	2,398,307	(4,872,081)	1,536,580
Total capital assets not being depreciated	46,097,929	2,398,307	(4,872,081)	43,624,155
Capital assets being depreciated:				
Building and improvements	12,626,637	119,723	-	12,746,360
Vehicles	356,365	12,804	-	369,169
Computer equipment	1,034,356	-	(39,855)	994,501
Furniture, fixtures and equipment	766,639	9,580	(10,794)	765,425
Infrastructure				
Roadway system	97,600,303	4,752,358	-	102,352,661
Sewer system	25,965,995	-	-	25,965,995
Storm drain system	13,148,416	-	-	13,148,416
Parks system	6,371,095	-	-	6,371,095
Total capital assets being depreciated	157,869,806	4,894,465	(50,649)	162,713,622
Less accumulated depreciation for:				
Buildings and improvements	(6,273,468)	(77,462)	-	(6,350,930)
Vehicles	(268,428)	(28,423)	-	(296,851)
Computer equipment	(526,525)	(133,307)	39,855	(619,977)
Furniture, fixtures and equipment	(318,249)	(104,995)	10,794	(412,450)
Infrastructure				
Roadway system	(51,900,053)	(2,853,632)	-	(54,753,685)
Sewer system	(19,131,525)	(535,149)	-	(19,666,674)
Storm drain system	(3,969,391)	(235,025)	-	(4,204,416)
Parks system	(1,572,633)	(61,658)	-	(1,634,291)
Total accumulated depreciation	(83,960,272)	(4,029,651)	50,649	(87,939,274)
Total capital assets being depreciated, net	73,909,534	864,814	-	74,774,348
Governmental activities capital assets, net	\$ 120,007,463	3,263,121	(4,872,081)	\$ 118,398,503

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Administration (depreciation of buildings)	\$ 77,462
Public Works (depreciation of roadways, sewers, and storm drains)	3,623,806
Recreation Services (depreciation of parks system)	61,658
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>266,725</u>
Total Depreciation Expense – Governmental Activities	<u>\$4,029,651</u>

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,428,243	-	-	\$ 1,428,243
Construction in progress	86,486	495,711	(100,107)	482,090
Total capital assets not being depreciated	<u>1,514,729</u>	<u>495,711</u>	<u>(100,107)</u>	<u>1,910,333</u>
Capital assets being depreciated:				
Equipment	11,813	-	-	11,813
Storm drain system	31,700,469	100,107	-	31,800,576
Total capital assets being depreciated	<u>31,712,282</u>	<u>100,107</u>	<u>-</u>	<u>31,812,389</u>
Less accumulated depreciation for:				
Equipment	(11,813)	-	-	(11,813)
Storm drain system	(2,047,350)	(932)	13	(2,048,269)
Total accumulated depreciation	<u>(2,059,163)</u>	<u>(932)</u>	<u>13</u>	<u>(2,060,082)</u>
Total capital assets being depreciated, net	<u>29,653,119</u>	<u>99,175</u>	<u>13</u>	<u>29,752,307</u>
Business-type activities capital assets, net	<u>\$31,167,848</u>	<u>594,886</u>	<u>(100,094)</u>	<u>\$31,662,640</u>

Depreciation expense of \$932 is included in the Water Quality Flood Protection enterprise fund.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE #5 – NOTES RECEIVABLE

	Governmental Activities
Notes Receivable	\$ 7,832,800
	Notes Receivable
City Affordable Housing In-Lieu	\$ 1,491,748
City Low-Moderate Income Housing	5,911,391
Community Development Block Grant	429,661
Subtotal:	7,832,800
Receivable from Successor Agency	10,493,332
Allowance from Successor Agency receivable	(10,493,332)
Total Notes Receivable:	\$ 7,832,800

The receivable from the Successor Agency is discussed further in Note #14.

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 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 \$1,185,574 at June 30, 2016 was \$7,403,139.

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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 is \$429,661.

NOTE #6 – LONG-TERM DEBT

	Balance			Balance	Amount Due
	July 1, 2015	Additions	Deletions	June 30, 2016	in One Year
Employee Compensated Absences	\$ 352,743	\$317,559	\$(312,798)	\$ 357,504	\$ 317,020

Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$317,020 is estimated to be the amount that will be used and/or paid out during the fiscal year ended June 30, 2016.

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:

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 difference between total net position and the two categories noted above: Net Investment in Capital Assets and Restricted Net position.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Fund Financial Statements

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

Non-spendable – 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 or ordinance, which are considered to be equally binding. 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.

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.

The City’s governmental fund balances were classified as follows at June 30, 2016:

	General Fund	Gas Tax Fund	Capital Improvement Fund	Other Governmental Funds
Nonspendable:				
In Form (inventory and prepaid)	\$ 563,546	\$ -	\$ -	\$ -
Legally	-	-	-	1,750,000
Habitat Restoration	-	-	-	115,976
Restricted				
Public Works	22,500	1,348,721	6,466,632	10,073,921
City Administration	40,852	-	-	-
Public Safety	679,430	-	-	-
Community Development	8,225	-	-	-
Recreation and Parks	50,900	-	-	-
Committed	-	-	-	-
Assigned				
Public Works	-	-	23,112,010	1,158,081
Continued Appropriations	-	-	130,000	-
Unassigned:				
Unrestricted Fund Balance	13,426,498	-	-	-
Continued Appropriations	276,148	-	-	-
Governmental Fund Balance Totals	\$ 15,068,099	\$ 1,348,721	\$ 29,708,642	\$ 13,097,978

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Non-spendable Fund Balance

- General Fund assets include \$32,994 of inventory held for resale at the Point Vicente Interpretive Center gift shop, and \$530,552 of prepayments for expenditures related to the fiscal year ended June 30, 2016.
- The fund balance of the Improvement Authority's Abalone Cove Fund includes a \$1,000,000 non-spendable fund balance, as required by a Reimbursement and Settlement Agreement dated October 27, 1987 in connection with the Horan Lawsuit (discussed further in Note #14).
- The fund balance of the Subregion One Maintenance Fund includes a \$750,000 non-spendable endowment, as required by the developer agreement for the Subregion One tract.
- Beginning with the fiscal year ended June 30, 2006, the City's Natural Communities Conservation Plan requires an endowment in the Habitat Restoration Fund to be funded at the rate of \$10,000 annually (plus interest) for fifty (50) years, to provide for maintenance of habitat in the future. The balance of \$115,976 represents 10 years of annual \$10,000 contributions plus interest earnings.

Restricted Fund Balance

- The balances of the City's Special Revenue Funds, including California Highway User Tax apportionments in the Gas Tax Fund, are constrained to use for specific purposes by other governmental agencies.
- The \$801,907 balance of the General Fund is restricted for ongoing projects approved by the City Council. One of the projects is restricted for Automated Vehicle License Plate Reader in the amount of \$667,980.
- The \$333,300 balance of the Gas Tax Fund is restricted for ongoing sidewalk repairs.
- The \$6,466,632 balance of the Capital Improvement Fund is restricted for ongoing improvements for streets, building, parks, trails and open space, and Portuguese Bend's dewatering wells project.

Assigned Fund Balance

- The \$23,242,010 balance of the Capital Improvement Projects Fund has been assigned for the planning, design and construction of infrastructure projects.
- The \$476,117 balance of the Beautification Fund has been assigned for beautification projects within the City's right-of-way, as well as the promotion of recycling and beautification programs.
- Balances totaling \$659,816 within the Low-Moderate Income Housing Fund and the Affordable Housing In-Lieu Fund have been assigned for the provision of affordable housing within the City.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Unassigned Fund Balance

- City Council Policy No. 41 – *Reserve Policies*, adopted via resolution, requires the City to maintain a minimum General Fund balance of at least fifty percent of annual operating expenditures. This reserve serves as a Rainy Day Fund with a balance of \$13,426,498 at June 30, 2016.
- On December 6, 2016 the City Council approved to carry forward \$276,148 of FY 2015-16 General Fund appropriations to FY 2016-17.

Statement of Net Position

The City’s Net Position at June 30, 2016 includes restricted amounts totaling \$20,557,157. The restrictions are itemized in the following table, and are noted above, in the discussion of governmental fund balances.

Improvement Authority non-spendable balance	1,000,000
Subregion One maintenance non-spendable endowment	750,000
Natural Communities Conservation Plan non-spendable endowment	115,976
General Fund restricted balance for Purchase Orders carry-forward	801,907
Street Maintenance restricted balance	1,348,721
Capital Improvement Fund	6,466,632
Other Governmental Funds restricted balances	10,073,921
Total Restricted portion of Net Position	<u>\$ 20,557,157</u>

NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS

Pension Plan Description

All qualified permanent and probationary employees are eligible to participate in the City of Rancho Palos Verdes Employee Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The CalPERS Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. The risk pools are included within the Public Employees’ Retirement Fund C (PERF C). Benefit provisions under the Plan are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumption and membership information. Copies of the reports can be found on the CalPERS website.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

The Plan's provisions and benefits in effect at June 30, 2016, are summarized in the following table.

	Miscellaneous		
	Classic Tier 1	Classic Tier 2	New Members
Hire Date	Prior to January 1, 2013	Prior to October 2, 2012	On or after January 1, 2013
Formula	2.5% at 55	2.0% at 60	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of annual salary	2.50%	2.00%	2.00%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	9.671%	6.709%	6.237%

Contribution Description

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

employees. Contributions to the pension plan from the City were \$830,645 for the year ended June 30, 2016.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2016, in the amount of \$7,637,567.

The City's net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2014 and 2015 measurement dates was as follows:

Proportion - June 30, 2014	0.09200%
Proportion - June 30, 2015	0.11130%
Change - Increase (Decrease)	0.01930%

For the year ended June 30, 2016, the City recognized pension expense of \$688,347. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 830,645	\$ -
Difference between actual contributions and proportionate share of contributions	673,681	-
Net difference between projected and actual earnings on pension plan investments	-	219,024
Differences between Expected and actual experience	46,180	-
Changes of Assumptions	-	436,902
Total	\$ 1,550,506	\$ 655,926

The amount of \$830,645 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,		
2017	\$	49,338
2018		47,637
2019		21,715
2020		(54,756)
	<u>\$</u>	<u>63,935</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	3.3% - 14.2% (1)
Mortality	Derived using CalPERS' Membership Data
(1) Depending on age, service, and type of employment.	

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Changes of Assumptions

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.65 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	Target Allocation	¹ Real Return Years 1-10	² Rate Return Years 11+
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99	2.43
Inflation Sensitive	6%	0.45	3.36
Private Equity	10%	6.83	6.95
Real Estate	10%	4.50	5.13
Infrastructure and Forestland	2%	4.50	5.09
Liquidity	2%	(0.55)	(1.05)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.65 percent, as well as what the City's proportionate share of net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65 percent), or 1-percentage point higher (8.65 percent), than the current rate:

<u>Discount Rate -1%</u> <u>(6.65%)</u>	<u>Current Discount Rate</u> <u>(7.65%)</u>	<u>Discount Rate +1%</u> <u>(8.65%)</u>
\$ 12,470,707	\$ 7,637,567	\$ 3,662,836

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in a separately issued CalPERS financial report.

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 the fiscal year ended June 30, 2016, the City contributed a total of \$83,470 to employee 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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

NOTE #9 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Rancho Palos Verdes is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 118 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.

Self-Insurance Programs of the CJPIA

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 general government 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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) \$3 million x/s \$2 million layer, and (c) \$2.5 million annual aggregate deductible in the \$5 million x/s \$5 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 of Rancho Palos Verdes participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rancho Palos Verdes. 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,

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Rancho Palos Verdes participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rancho Palos Verdes property is currently insured according to a schedule of covered property submitted by the City of Rancho Palos Verdes to the Authority. City of Rancho Palos Verdes property currently has all-risk property insurance protection in the amount of \$15,702,596. 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.

Earthquake and Flood Insurance

The City of Rancho Palos Verdes 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 of Rancho Palos Verdes property currently has earthquake protection in the amount of \$15,428,773. 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 of Rancho Palos Verdes 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 of Rancho Palos Verdes 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 of Rancho Palos Verdes according to a schedule. The City of Rancho Palos Verdes 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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

There were also no significant reductions in pooled or insured liability coverage in 2015-16.

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.

Green Hills Memorial Park

In 2007, the City's Planning Commission approved revisions to a master development plan for Green Hills Memorial Park; which included construction of a mausoleum along the Park's northern property line, including a reduction of the setback from the property line from eighty (80) feet to eight (8) feet. The adjacent property to the north is the Vista Verde condominium project in the City of Lomita. The Park constructed the mausoleum. The Planning Commission completed its review of the issue; and imposed additional operational conditions, and determined that no further interments should occur on the roof of the mausoleum until the City Council hears the appeal from the Commission's decision. Green Hills Memorial Park appealed the decision to the City Council and on November 17, 2015, the City Council adopted an agreement where Green Hills would indemnify the City from any claims and actions relating to the validity of the approvals and operation of the Green Hills cemetery complex. A mediation was conducted between the affected condominium owners, Green Hills and the City on August 5, 2015. The City's sole contribution towards the mediation process and for any settlements reached at mediation shall be \$200,000. As of June 30, 2016 there are no updates to report.

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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

NOTE #12 – UNAVAILABLE REVENUES

The unavailable revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2016 are presented in the following table.

Revenue Measurable but Not Available (beyond 60 days):	
General Fund	\$ 131,182
Capital Improvements	143,064
Other Governmental Funds	47,158
Total Unavailable Revenues	\$ 321,404

NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following budget program had expenditures in excess of the budget for the year ended June 30, 2016, as follows:

General Fund			
Program	Budget	Expenditures	Excess
Legal Services	\$1,010,000	\$1,049,278	\$39,278
RPVTV	213,700	221,837	8,137
Risk Management	475,000	589,889	114,889
Animal Control	110,035	115,235	5,200
View Restoration	275,642	289,446	13,804
Geology	125,000	137,100	12,100
PVIC	370,805	386,052	15,247
REACH	40,190	41,946	1,756
Non-Departmental	149,000	237,778	88,778
Dr. Allen and Charlotte	0	16,000	16,000
Bikeways	0	97	97
Transfers Out	\$8,417,303	\$10,352,274	\$1,934,971

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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	\$ 4,928
Prepaid item	<u>311,875</u>
Total Non-Liquid Assets	<u>\$316,803</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, 2016 is \$4,928.

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 not yet applied to debt at June 30, 2016 is \$311,875.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Debt Summary

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 7,039,876	\$ 125,010	\$ (101,516)	\$ 7,063,370	\$ 96,384
Abalone Cove	3,417,189	70,314	(57,541)	3,429,963	85,234
Due to County:					
Tax Increment Bond	4,655,000		(180,000)	4,475,000	200,000
Totals	<u>\$ 15,112,065</u>	<u>\$ 195,324</u>	<u>\$ (339,057)</u>	<u>\$ 14,968,333</u>	<u>\$ 381,618</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. City Management expects that \$221,483 of RPTTF revenue will be available for repayment of the City's Consolidated Loan during the fiscal year ended June 30, 2017. As required by dissolution law, twenty percent of the amount available will be deposited into the City's Low-Moderate Income Housing Fund.

On September 22, 2015, Governor Brown signed new legislation that became effective immediately. The new legislation requires accrued interest on city loans to be recalculated using a simple interest rate of 3%. Previously, accrued interest on the City's loan was calculated using historical Local Agency Investment Fund (LAIF) rates. At June 30, 2016, using historical LAIF rates, the loan balance was \$12,051,966. Under the new legislation, the loan balance is \$10,493,332.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

	Principal	Interest	June 30, 2016 Balance
Portuguese Bend	\$ 4,166,997	\$ 2,896,373	\$ 7,063,370
Abalone Cove	2,343,807	1,086,155	3,429,962
Allowance from Successor Agency Receivable	(6,510,804)	(3,982,528)	(10,493,332)
Totals:	\$ -	\$ -	\$ -

Due to the uncertainty of Redevelopment Property Tax Trust Fund revenue available for future loan repayments, the City’s loan receivable of \$10,493,332 has been completely offset with an allowance for uncollectable amounts on the City’s financial statements.

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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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 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, 2014, the balance of the deferred interest debt has been completely repaid.

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

revenue, no amounts have been included in the following schedule for repayment of the deferred interest.

Year Ending June 30,	Principal	Interest	Total
2017	\$ 200,000	\$ 218,750	\$ 418,750
2018	230,000	208,000	438,000
2019	255,000	195,875	450,875
2020	280,000	182,500	462,500
2021	310,000	167,750	477,750
2022-2026	2,085,000	530,000	2,615,000
2027-2028	1,115,000	84,750	1,199,750
Totals	<u>\$4,475,000</u>	<u>\$ 1,587,625</u>	<u>\$ 6,062,625</u>

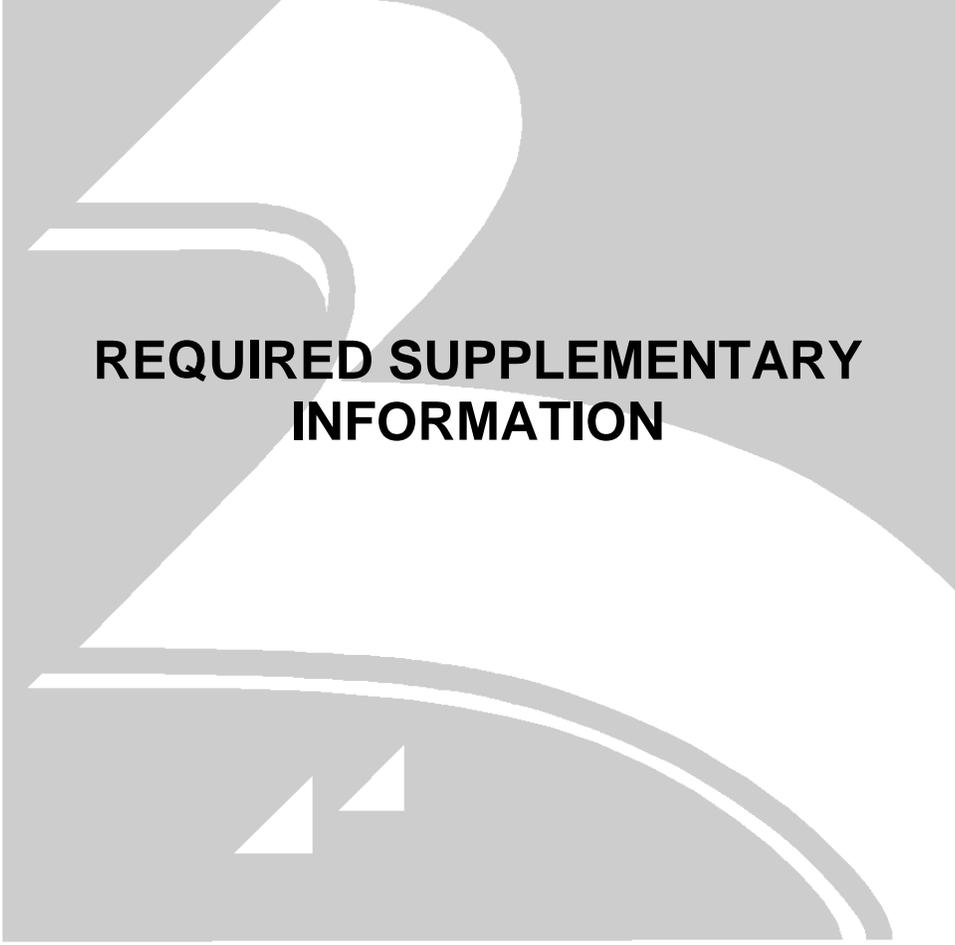
NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION

During FY 2015-16, Staff performed inventory count to update the City’s Equipment Replacement Schedule. As a result, the beginning balance has been restated as noted below to include items that were not included in the prior year’s schedule. Items added include computer equipment, furniture, fixtures and equipment.

	Governmental Activities
Beginning of year, as previously reported Net Position	\$ 173,305,330
Restatement of Equipment Replacement - beginning balance of computer and furniture	556,953
Beginning of year, as restated Net Position	<u>\$ 173,862,283</u>

	Internal Service Funds
Beginning of year, as previously reported Net Position	\$ 3,612,737
Restatement of Equipment Replacement - beginning balance of computer and furniture	556,953
Beginning of year, as restated Net Position	<u>\$ 4,169,690</u>

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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As of the fiscal year ending June 30, 2016
 Last Ten Years*
 Schedule of Proportionate Share of the Net Pension Liability

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.11130%	0.09183%
Proportionate share of the net pension liability	\$ 7,637,567	\$ 5,714,320
Covered - employee payroll	\$ 6,005,784	\$ 5,839,326
Proportionate share of the net pension liability as a percentage of covered-employee payroll	127.17%	97.86%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

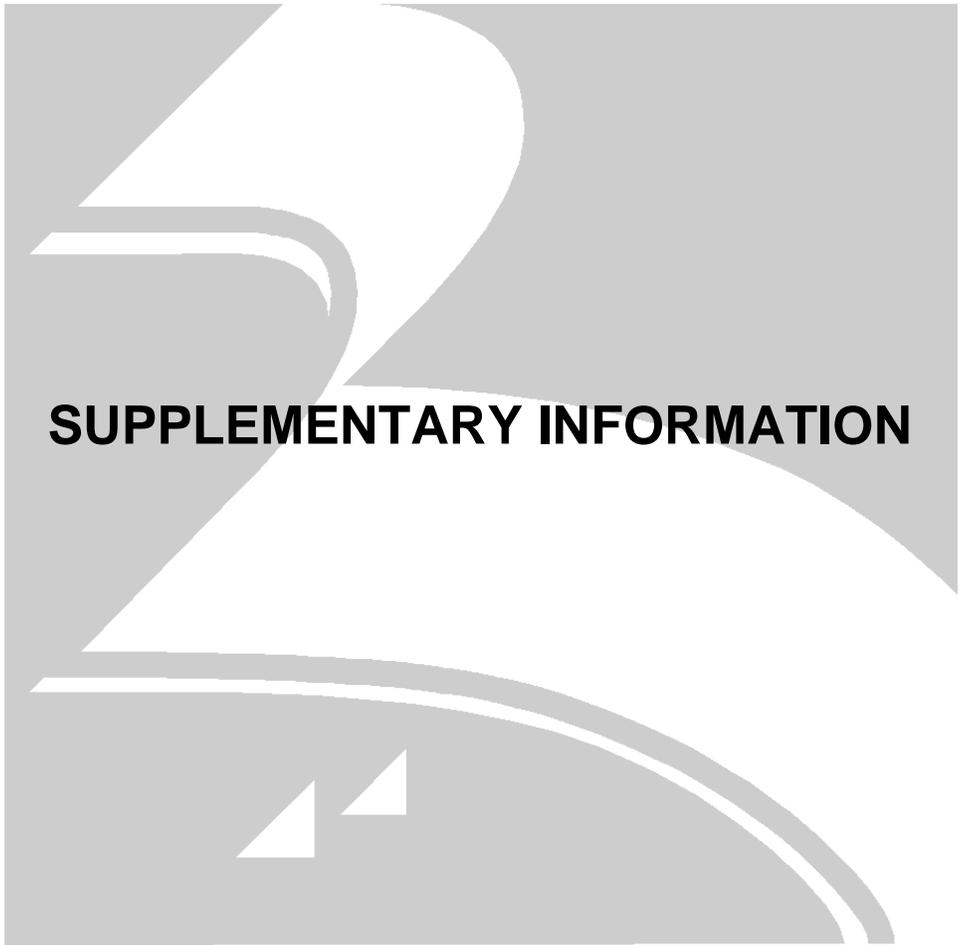
Note to Schedule:

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.

As of the fiscal year ending June 30, 2016
Last Ten Years*
Schedule of Contributions

	2016	2015
Actuarially determined contribution	\$ 487,223	\$ 725,496
Contributions in relation to the actuarially determined contribution	(830,645)	725,496
Contribution deficiency (excess)	\$ (343,422)	\$ -
Covered-employee payroll	\$ 5,590,165	\$ 5,926,209
Contributions as a percentage of covered-employee payroll	8.72%	12.24%

* - Fiscal year 2015 was the first year of implementation, therefore, only two years are shown.



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Special Revenue 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.

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

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

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.

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.

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

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

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

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.

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.

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 – 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.

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

Community Development Block Grant – to account for federal grants received from the Department of Housing and Urban Development.

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

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

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

Capital Projects Fund Descriptions

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

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.

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).

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.

Habitat Restoration – to account for fees paid by developers for conservation easements to be used exclusively for habitat restoration efforts on City owned property. The Habitat Restoration Fund to be funded at the rate of \$10,000 annually (plus interest) for fifty (50) years, to provide for maintenance of habitat in the future.

Sub-region One Maintenance – to account for monies used to maintain public improvements and habitat areas dedicated to the City upon completion of the Sub-region 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.

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, 2016

	<u>1972 Act</u>	<u>El Prado</u>	<u>1911 Act</u>
ASSETS			
Cash and investments	\$ 29,810	\$ 25,151	\$ 1,876,988
Receivables:			
Taxes	5,394	47	12,212
Interest	127	27	2,106
Due from other government agencies	-	-	-
Other	-	-	22
TOTAL ASSETS	<u>\$ 35,331</u>	<u>\$ 25,225</u>	<u>\$ 1,891,328</u>
LIABILITIES			
Accounts payable	\$ 3,500	\$ -	\$ 26,750
Due to other funds	-	-	-
Unearned Revenues			
TOTAL LIABILITIES	<u>3,500</u>	<u>-</u>	<u>26,750</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	31,831	25,225	1,864,578
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>31,831</u>	<u>25,225</u>	<u>1,864,578</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 35,331</u>	<u>\$ 25,225</u>	<u>\$ 1,891,328</u>

Continued

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ 475,579	\$ 462,273	\$ 92,375	\$ 303,297
-	-	-	-
538	518	86	375
-	-	14,563	-
-	15,436	-	-
<u>\$ 476,117</u>	<u>\$ 478,227</u>	<u>\$ 107,024</u>	<u>\$ 303,672</u>
\$ -	\$ 14,549	\$ -	\$ -
-	-	-	-
<u>-</u>	<u>14,549</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	463,678	107,024	303,672
-	-	-	-
476,117	-	-	-
<u>476,117</u>	<u>463,678</u>	<u>107,024</u>	<u>303,672</u>
<u>\$ 476,117</u>	<u>\$ 478,227</u>	<u>\$ 107,024</u>	<u>\$ 303,672</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2016

	Proposition A	Public Safety Grants	Measure R
ASSETS			
Cash and investments	\$ 390,255	\$ 41,836	\$ 1,632,888
Receivables:			
Taxes	-	-	-
Interest	309	72	1,685
Due from other government agencies	-	-	-
Other	-	-	-
TOTAL ASSETS	<u>\$ 390,564</u>	<u>\$ 41,908</u>	<u>\$ 1,634,573</u>
LIABILITIES			
Accounts payable	\$ 472	\$ -	\$ -
Due to other funds	-	-	-
Unearned Revenues			
TOTAL LIABILITIES	<u>472</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	390,092	41,908	1,634,573
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>390,092</u>	<u>41,908</u>	<u>1,634,573</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 390,564</u>	<u>\$ 41,908</u>	<u>\$ 1,634,573</u>

Continued

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ 167	\$ 83,310	\$ 85,666	\$ 876,396
-	259	-	-
4	84	91	876
-	-	-	-
47,158	-	-	-
<u>\$ 47,329</u>	<u>\$ 83,653</u>	<u>\$ 85,757</u>	<u>\$ 877,272</u>
\$ -	\$ 3,108	\$ -	\$ -
-	-	-	-
<u>-</u>	<u>3,108</u>	<u>-</u>	<u>-</u>
47,158	-	-	-
-	-	-	-
-	-	-	-
171	80,545	85,757	877,272
-	-	-	-
-	-	-	-
<u>171</u>	<u>80,545</u>	<u>85,757</u>	<u>877,272</u>
<u>\$ 47,329</u>	<u>\$ 83,653</u>	<u>\$ 85,757</u>	<u>\$ 877,272</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2016

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
ASSETS			
Cash and investments	\$ 326,451	\$ -	\$ 2,367,266
Receivables:			
Taxes	-	-	-
Interest	456		2,441
Due from other government agencies	-	30,641	-
Other	-	-	-
TOTAL ASSETS	<u>\$ 326,907</u>	<u>\$ 30,641</u>	<u>\$ 2,369,707</u>
LIABILITIES			
Accounts payable	\$ 45,417	\$ 4,215	\$ -
Due to other funds	-	26,426	-
Unearned Revenues			
TOTAL LIABILITIES	<u>45,417</u>	<u>30,641</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	281,490	-	2,369,707
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	<u>281,490</u>	<u>-</u>	<u>2,369,707</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 326,907</u>	<u>\$ 30,641</u>	<u>\$ 2,369,707</u>

Continued

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ 204,366	\$ -	\$ 9,274,074	\$ 96,735
-	-	17,912	-
243	-	10,038	68
-	-	45,204	-
-	-	62,616	-
<u>\$ 204,609</u>	<u>\$ -</u>	<u>\$ 9,409,844</u>	<u>\$ 96,803</u>
\$ -	\$ -	\$ 98,011	\$ -
-	-	26,426	-
-	-	-	4,406
<u>-</u>	<u>-</u>	<u>124,437</u>	<u>4,406</u>
-	-	47,158	-
-	-	-	-
-	-	-	-
-	-	-	-
204,609	-	8,762,132	-
-	-	-	-
-	-	476,117	92,397
<u>204,609</u>	<u>-</u>	<u>9,238,249</u>	<u>92,397</u>
<u>\$ 204,609</u>	<u>\$ -</u>	<u>\$ 9,409,844</u>	<u>\$ 96,803</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2016

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
ASSETS			
Cash and investments	\$ 588,935	\$ 685,670	\$ 1,334,649
Receivables:			
Taxes	-	-	-
Interest	632	700	1,553
Due from other government agencies	-	-	-
Other	-	-	-
TOTAL ASSETS	<u>\$ 589,567</u>	<u>\$ 686,370</u>	<u>\$ 1,336,202</u>
LIABILITIES			
Accounts payable	\$ -	-	\$ -
Due to other funds	-	-	-
Unearned Revenues		4,406	
TOTAL LIABILITIES	<u>-</u>	<u>4,406</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	115,976
Restricted	-	-	1,220,226
Committed	-	-	-
Assigned	589,567	681,964	-
TOTAL FUND BALANCES	<u>589,567</u>	<u>681,964</u>	<u>1,336,202</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 589,567</u>	<u>\$ 686,370</u>	<u>\$ 1,336,202</u>

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 789,734	\$ 1,081,240	\$ 3,205,623	\$ 13,165,367
-	-	-	17,912
885	1,321	3,759	14,497
-	-	-	45,204
-	-	-	62,616
<u>\$ 790,619</u>	<u>\$ 1,082,561</u>	<u>\$ 3,209,382</u>	<u>\$ 13,305,596</u>
\$ 3,989	\$ 27,628	\$ 31,617	\$ 129,628
-	-	-	26,426
-	-	-	4,406
<u>3,989</u>	<u>27,628</u>	<u>31,617</u>	<u>160,460</u>
-	-	-	47,158
750,000	-	750,000	750,000
-	1,000,000	1,000,000	1,000,000
-	-	115,976	115,976
36,630	54,933	1,311,789	10,073,921
-	-	-	-
-	-	-	1,158,081
<u>786,630</u>	<u>1,054,933</u>	<u>3,177,765</u>	<u>13,097,978</u>
<u>\$ 790,619</u>	<u>\$ 1,082,561</u>	<u>\$ 3,209,382</u>	<u>\$ 13,305,596</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, 2016

	<u>1972 Act</u>	<u>El Prado</u>	<u>1911 Act</u>
REVENUES:			
Taxes	\$ 259,564	\$ 2,357	\$ 605,899
Revenue from other agencies			
Charges for services			
Use of money and property	399	89	6,894
Other revenues			
TOTAL REVENUES	<u>259,963</u>	<u>2,446</u>	<u>612,793</u>
EXPENDITURES:			
Public Works	75,335	31	426,065
Community Development			
TOTAL EXPENDITURES	<u>75,335</u>	<u>31</u>	<u>426,065</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>184,628</u>	<u>2,415</u>	<u>186,728</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	<u>(200,000)</u>		<u>(117,000)</u>
TOTAL OTHER FINANCING SOURCES USES	<u>(200,000)</u>	-	<u>(117,000)</u>
NET CHANGE IN FUND BALANCE	(15,372)	2,415	69,728
FUND BALANCE - BEGINNING OF YEAR	<u>47,203</u>	<u>22,810</u>	<u>1,794,850</u>
FUND BALANCE - END OF YEAR	<u>\$ 31,831</u>	<u>\$ 25,225</u>	<u>\$ 1,864,578</u>

Continued

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ -	\$ -	\$ -	\$ -
	23,238	54,096	634,714
2,052	1,834	326	1,968
	192,169		
2,052	217,241	54,422	636,682
	148,483	50,000	
-	148,483	50,000	-
2,052	68,758	4,422	636,682
(97,791)	(98,000)	-	(526,000)
(97,791)	(98,000)	-	(526,000)
(95,739)	(29,242)	4,422	110,682
571,856	492,920	102,602	192,990
\$ 476,117	\$ 463,678	\$ 107,024	\$ 303,672

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Proposition A	Public Safety Grants	Measure R
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	764,573	114,618	475,932
Charges for services			
Use of money and property	1,353	278	5,418
Other revenues			
TOTAL REVENUES	765,926	114,896	481,350
EXPENDITURES:			
Public Works	611,907		
Community Development			
TOTAL EXPENDITURES	611,907	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	154,019	114,896	481,350
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	-	(100,000)	-
TOTAL OTHER FINANCING SOURCES USES	-	(100,000)	-
NET CHANGE IN FUND BALANCE	154,019	14,896	481,350
FUND BALANCE - BEGINNING OF YEAR	236,073	27,012	1,153,223
FUND BALANCE - END OF YEAR	\$ 390,092	\$ 41,908	\$ 1,634,573

Continued

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ -	\$ -	\$ -	\$ -
90,225	55,670		
171	336	338	3,106
			15,168
90,396	56,006	338	18,274
	110,713	16,000	11,742
-	110,713	16,000	11,742
90,396	(54,707)	(15,662)	6,532
(42,923)	80,700		-
(42,923)	80,700	-	-
47,473	25,993	(15,662)	6,532
(47,302)	54,552	101,419	870,740
\$ 171	\$ 80,545	\$ 85,757	\$ 877,272

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		297,593	
Charges for services			
Use of money and property	1,422		7,686
Other revenues			1,074,511
TOTAL REVENUES	1,422	297,593	1,082,197
EXPENDITURES:			
Public Works	53,121	298,649	-
Community Development			
TOTAL EXPENDITURES	53,121	298,649	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,699)	(1,056)	1,082,197
OTHER FINANCING SOURCES (USES):			
Transfers in	-	12,680	
Transfers out			(50,000)
TOTAL OTHER FINANCING SOURCES USES	-	12,680	(50,000)
NET CHANGE IN FUND BALANCE	(51,699)	11,624	1,032,197
FUND BALANCE - BEGINNING OF YEAR	333,189	(11,624)	1,337,510
FUND BALANCE - END OF YEAR	\$ 281,490	\$ -	\$ 2,369,707

Continued

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ -	\$ -	\$ 867,820	\$ -
		2,454,989	
		55,670	
1,161	-	34,831	196
66,450		1,348,298	46,260
67,611	-	4,761,608	46,456
-	97	1,802,143	-
-	97	1,802,143	-
67,611	(97)	2,959,465	46,456
(200,000)	-	93,380 (1,431,714)	
(200,000)	-	(1,338,334)	-
(132,389)	(97)	1,621,131	46,456
336,998	97	7,617,118	45,941
\$ 204,609	\$ -	\$ 9,238,249	\$ 92,397

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		-	-
Charges for services		-	
Use of money and property	2,167	2,363	5,843
Other revenues	2,778	49,038	-
TOTAL REVENUES	4,945	51,401	5,843
EXPENDITURES:			
Public Works		-	139,343
Community Development	-	-	
TOTAL EXPENDITURES	-	-	139,343
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,945	51,401	(133,500)
OTHER FINANCING SOURCES (USES):			
Transfers in		-	-
Transfers out		-	
TOTAL OTHER FINANCING SOURCES USES	-	-	-
NET CHANGE IN FUND BALANCE	4,945	51,401	(133,500)
FUND BALANCE - BEGINNING OF YEAR	584,622	630,563	1,469,702
FUND BALANCE - END OF YEAR	\$ 589,567	\$ 681,964	\$ 1,336,202

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 867,820
			2,454,989
			55,670
3,080	4,115	13,038	50,232
			1,397,336
3,080	4,115	13,038	4,826,047
35,046	45,688	220,077	2,022,220
			-
35,046	45,688	220,077	2,022,220
(31,966)	(41,573)	(207,039)	2,803,827
-	37,000	37,000	130,380
			(1,431,714)
-	37,000	37,000	(1,301,334)
(31,966)	(4,573)	(170,039)	1,502,493
818,596	1,059,506	3,347,804	11,595,485
\$ 786,630	\$ 1,054,933	\$ 3,177,765	\$ 13,097,978

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 258,515	\$ 258,515	\$ 259,564	\$ 1,049
Use of money and property	380	380	399	19
TOTAL REVENUES	258,895	258,895	259,963	1,068
EXPENDITURES:				
Public Works	78,200	78,200	75,335	2,865
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	180,695	180,695	184,628	3,933
OTHER FINANCING SOURCES (USES):				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(19,305)	(19,305)	(15,372)	3,933
FUND BALANCE - BEGINNING OF YEAR	47,203	47,203	47,203	-
FUND BALANCE - END OF YEAR	\$ 27,898	\$ 27,898	\$ 31,831	\$ 3,933

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,000	\$ 2,000	\$ 2,357	\$ 357
Use of money and property	200	200	89	(111)
TOTAL REVENUES	2,200	2,200	2,446	246
EXPENDITURES:				
Public Works	1,000	1,000	31	969
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,200	1,200	2,415	1,215
FUND BALANCE - BEGINNING OF YEAR	22,810	22,810	22,810	-
FUND BALANCE - END OF YEAR	<u>\$ 24,010</u>	<u>\$ 24,010</u>	<u>\$ 25,225</u>	<u>\$ 1,215</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 550,000	\$ 550,000	\$ 605,899	\$ 55,899
Use of money and property	15,500	15,500	6,894	(8,606)
TOTAL REVENUES	565,500	565,500	612,793	47,293
EXPENDITURES:				
Public Works	459,000	459,000	426,065	32,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	106,500	106,500	186,728	80,228
OTHER FINANCING SOURCES (USES):				
Transfers out	(117,000)	(117,000)	(117,000)	-
NET CHANGE IN FUND BALANCE	(10,500)	(10,500)	69,728	80,228
FUND BALANCE - BEGINNING OF YEAR	1,794,850	1,794,850	1,794,850	-
FUND BALANCE - END OF YEAR	<u>\$ 1,784,350</u>	<u>\$ 1,784,350</u>	<u>\$ 1,864,578</u>	<u>\$ 80,228</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 870	\$ 870	\$ 2,052	\$ 1,182
OTHER FINANCING SOURCES (USES):				
Transfers out	(97,791)	(97,791)	(97,791)	-
NET CHANGE IN FUND BALANCE	(96,921)	(96,921)	(95,739)	1,182
FUND BALANCE - BEGINNING OF YEAR	571,856	571,856	571,856	-
FUND BALANCE - END OF YEAR	\$ 474,935	\$ 474,935	\$ 476,117	\$ 1,182

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 23,000	\$ 23,000	\$ 23,238	\$ 238
Use of money and property	3,330	3,330	1,834	(1,496)
Other revenues	182,500	182,500	192,169	9,669
TOTAL REVENUES	208,830	208,830	217,241	8,411
EXPENDITURES:				
Public Works	167,683	167,683	148,483	19,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41,147	41,147	68,758	27,611
OTHER FINANCING SOURCES (USES):				
Transfers out	(98,000)	(98,000)	(98,000)	-
NET CHANGE IN FUND BALANCE	(56,853)	(56,853)	(29,242)	27,611
FUND BALANCE - BEGINNING OF YEAR	492,920	492,920	492,920	-
FUND BALANCE - END OF YEAR	<u>\$ 436,067</u>	<u>\$ 436,067</u>	<u>\$ 463,678</u>	<u>\$ 27,611</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 54,096	\$ 4,096
Use of money and property	780	780	326	(454)
TOTAL REVENUES	50,780	50,780	54,422	3,642
EXPENDITURES:				
Public Works	50,000	50,000	50,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	780	780	4,422	3,642
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	780	780	4,422	3,642
FUND BALANCE - BEGINNING OF YEAR	102,602	102,602	102,602	-
FUND BALANCE - END OF YEAR	<u>\$ 103,382</u>	<u>\$ 103,382</u>	<u>\$ 107,024</u>	<u>\$ 3,642</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 636,098	\$ 636,098	\$ 634,714	\$ (1,384)
Use of money and property	1,910	1,910	1,968	58
TOTAL REVENUES	638,008	638,008	636,682	(1,326)
OTHER FINANCING SOURCES (USES):				
Transfers out	(526,000)	(526,000)	(526,000)	-
NET CHANGE IN FUND BALANCE	112,008	112,008	110,682	(1,326)
FUND BALANCE - BEGINNING OF YEAR	192,990	192,990	192,990	-
FUND BALANCE - END OF YEAR	<u>\$ 304,998</u>	<u>\$ 304,998</u>	<u>\$ 303,672</u>	<u>\$ (1,326)</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 766,869	\$ 766,869	\$ 764,573	\$ (2,296)
Use of money and property	280	280	1,353	1,073
TOTAL REVENUES	767,149	767,149	765,926	(1,223)
EXPENDITURES:				
Public Works	621,556	621,556	611,907	9,649
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	145,593	145,593	154,019	8,426
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	145,593	145,593	154,019	8,426
FUND BALANCE - BEGINNING OF YEAR	236,073	236,073	236,073	-
FUND BALANCE - END OF YEAR	<u>\$ 381,666</u>	<u>\$ 381,666</u>	<u>\$ 390,092</u>	<u>\$ 8,426</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 114,618	\$ 14,618
Use of money and property	190	190	278	88
TOTAL REVENUES	100,190	100,190	114,896	14,706
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	190	190	14,896	14,706
FUND BALANCE - BEGINNING OF YEAR	27,012	27,012	27,012	-
FUND BALANCE - END OF YEAR	\$ 27,202	\$ 27,202	\$ 41,908	\$ 14,706

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 477,079	\$ 477,079	\$ 475,932	\$ (1,147)
Use of money and property	1,320	1,320	5,418	4,098
TOTAL REVENUES	478,399	478,399	481,350	2,951
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	478,399	478,399	481,350	2,951
FUND BALANCE - BEGINNING OF YEAR	1,153,223	1,153,223	1,153,223	-
FUND BALANCE - END OF YEAR	<u>\$ 1,631,622</u>	<u>\$ 1,631,622</u>	<u>\$ 1,634,573</u>	<u>\$ 2,951</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 105,000	\$ 105,000	\$ 90,225	\$ (14,775)
Use of money and property	-	-	171	171
TOTAL REVENUES	105,000	105,000	90,396	(14,604)
OTHER FINANCING SOURCES (USES):				
Transfers out	(105,000)	(105,000)	(42,923)	62,077
NET CHANGE IN FUND BALANCE	-	-	47,473	47,473
FUND BALANCE - BEGINNING OF YEAR	(47,302)	(47,302)	(47,302)	-
FUND BALANCE - END OF YEAR	\$ (47,302)	\$ (47,302)	\$ 171	\$ 47,473

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 55,080	\$ 55,080	\$ 55,670	\$ 590
Use of money and property	80	80	336	256
TOTAL REVENUES	55,160	55,160	56,006	846
EXPENDITURES:				
Public Works	134,483	134,483	110,713	23,770
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(79,323)	(79,323)	(54,707)	24,616
OTHER FINANCING SOURCES (USES):				
Transfers in	80,700	80,700	80,700	-
NET CHANGE IN FUND BALANCE	1,377	1,377	25,993	24,616
FUND BALANCE - BEGINNING OF YEAR	54,552	54,552	54,552	-
FUND BALANCE - END OF YEAR	\$ 55,929	\$ 55,929	\$ 80,545	\$ 24,616

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 910	\$ 910	\$ 338	\$ (572)
TOTAL REVENUES	910	910	338	(572)
EXPENDITURES:				
Public Works	-	-	16,000	(16,000)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	910	910	(15,662)	(16,572)
FUND BALANCE - BEGINNING OF YEAR	101,419	101,419	101,419	-
FUND BALANCE - END OF YEAR	\$ 102,329	\$ 102,329	\$ 85,757	\$ (16,572)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,460	\$ 7,460	\$ 3,106	\$ (4,354)
Other revenue	-	-	15,168	15,168
TOTAL REVENUES	7,460	7,460	18,274	10,814
EXPENDITURES:				
Public Works	5,000	31,500	11,742	19,758
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,460	(24,040)	6,532	30,572
OTHER FINANCING SOURCES (USES):				
Transfers out	(455,000)	(455,000)	-	455,000
NET CHANGE IN FUND BALANCE	(452,540)	(479,040)	6,532	485,572
FUND BALANCE - BEGINNING OF YEAR	870,740	870,740	870,740	-
FUND BALANCE - END OF YEAR	\$ 418,200	\$ 391,700	\$ 877,272	\$ 485,572

CITY OF RANCHO PALOS VERDES

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

JOINT POWERS IMPROVEMENT AUTHORITY PORTUGUESE BEND SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,520	\$ 2,520	\$ 1,422	\$ (1,098)
EXPENDITURES:				
Public Works	113,200	133,200	53,121	80,079
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(110,680)	(130,680)	(51,699)	78,981
OTHER FINANCING SOURCES (USES):				
Transfers in	57,000	57,000	-	(57,000)
NET CHANGE IN FUND BALANCE	(53,680)	(73,680)	(51,699)	21,981
FUND BALANCE - BEGINNING OF YEAR	333,189	333,189	333,189	-
FUND BALANCE - END OF YEAR	\$ 279,509	\$ 259,509	\$ 281,490	\$ 21,981

CITY OF RANCHO PALOS VERDES

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ 164,408	\$ 297,593	\$ 133,185
EXPENDITURES:				
Public Works	-	404,115	298,649	105,466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(239,707)	(1,056)	238,651
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	12,680	12,680
NET CHANGE IN FUND BALANCE	-	(239,707)	11,624	251,331
FUND BALANCE - BEGINNING OF YEAR	(11,624)	(11,624)	(11,624)	-
FUND BALANCE - END OF YEAR	\$ (11,624)	\$ (251,331)	\$ -	\$ 251,331

CITY OF RANCHO PALOS VERDES

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

QUIMBY ACT SPECIAL REVENUE FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	19,030	19,030	7,686	(11,344)
Other revenues	-	-	1,074,511	1,074,511
TOTAL REVENUES	19,030	19,030	1,082,197	1,063,167
EXPENDITURES:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,030	19,030	1,082,197	1,063,167
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	(30,970)	(30,970)	1,032,197	1,063,167
FUND BALANCE - BEGINNING OF YEAR	1,337,510	1,337,510	1,337,510	-
FUND BALANCE - END OF YEAR	<u>\$ 1,306,540</u>	<u>\$ 1,306,540</u>	<u>\$ 2,369,707</u>	<u>\$ 1,063,167</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	2,350	2,350	1,161	(1,189)
Other revenues	-	-	66,450	66,450
TOTAL REVENUES	2,350	2,350	67,611	65,261
EXPENDITURES:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,350	2,350	67,611	65,261
OTHER FINANCING SOURCES (USES):				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(197,650)	(197,650)	(132,389)	65,261
FUND BALANCE - BEGINNING OF YEAR	336,998	336,998	336,998	-
FUND BALANCE - END OF YEAR	<u>\$ 139,348</u>	<u>\$ 139,348</u>	<u>\$ 204,609</u>	<u>\$ 65,261</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENSES:				
Public Works	-	-	97	(97)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(97)	(97)
FUND BALANCE - BEGINNING OF YEAR	97	97	97	-
FUND BALANCE - END OF YEAR	<u>\$ 97</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ (97)</u>

CITY OF RANCHO PALOS VERDES

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

LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 196	\$ 196
Other revenues	9,578	9,578	46,260	36,682
TOTAL REVENUES	9,578	9,578	46,456	36,878
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,578	9,578	46,456	36,878
FUND BALANCE - BEGINNING OF YEAR	45,941	45,941	45,941	-
FUND BALANCE - END OF YEAR	<u>\$ 55,519</u>	<u>\$ 55,519</u>	<u>\$ 92,397</u>	<u>\$ 36,878</u>

CITY OF RANCHO PALOS VERDES

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

AFFORDABLE HOUSING IN-LIEU CAPITAL PROJECTS FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,510	\$ 4,510	\$ 2,167	\$ (2,343)
Other revenues	-	-	2,778	2,778
TOTAL REVENUES	4,510	4,510	4,945	435
EXPENDITURES:				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,510	4,510	4,945	435
FUND BALANCE - BEGINNING OF YEAR	<u>584,622</u>	<u>584,622</u>	<u>584,622</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 589,132</u>	<u>\$ 589,132</u>	<u>\$ 589,567</u>	<u>\$ 435</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	13,010	13,010	5,843	(7,167)
TOTAL REVENUES	13,010	13,010	5,843	(7,167)
EXPENDITURES:				
Public Works	163,000	163,000	139,343	23,657
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(149,990)	(149,990)	(133,500)	16,490
OTHER FINANCING SOURCES (USES):				
Transfers in	125,000	125,000	-	(125,000)
NET CHANGE IN FUND BALANCE	(24,990)	(24,990)	(133,500)	(108,510)
FUND BALANCE - BEGINNING OF YEAR	1,469,702	1,469,702	1,469,702	-
FUND BALANCE - END OF YEAR	<u>\$ 1,444,712</u>	<u>\$ 1,444,712</u>	<u>\$ 1,336,202</u>	<u>\$ (108,510)</u>

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,200	\$ 7,200	\$ 3,080	\$ (4,120)
EXPENDITURES:				
Public Works	67,500	67,500	35,046	32,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(60,300)	(60,300)	(31,966)	28,334
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	-	(40,000)
NET CHANGE IN FUND BALANCE	(20,300)	(20,300)	(31,966)	(11,666)
FUND BALANCE - BEGINNING OF YEAR	818,596	818,596	818,596	-
FUND BALANCE - END OF YEAR	\$ 798,296	\$ 798,296	\$ 786,630	\$ (11,666)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 9,400	\$ 9,400	\$ 4,115	\$ (5,285)
EXPENDITURES:				
Public Works	71,900	71,900	45,688	26,212
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(62,500)	(62,500)	(41,573)	20,927
OTHER FINANCING SOURCES (USES):				
Transfers in	37,000	37,000	37,000	-
NET CHANGE IN FUND BALANCE	(25,500)	(25,500)	(4,573)	20,927
FUND BALANCE - BEGINNING OF YEAR	1,059,506	1,059,506	1,059,506	-
FUND BALANCE - END OF YEAR	\$ 1,034,006	\$ 1,034,006	\$ 1,054,933	\$ 20,927

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 541,183	\$ 3,238,785	\$ 45,866	\$ (3,192,919)
Use of money and property	16,700	16,700	87,808	71,108
TOTAL REVENUES	557,883	3,255,485	133,674	(3,121,811)
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	297,500	297,500	75,554	221,946
Street improvements	10,259,119	10,259,119	823,046	9,436,073
Parks/trails/open space improvements	2,077,733	2,077,733	270,977	1,806,756
Sewer improvements	-	-	-	-
Building improvements	1,359,174	1,359,174	112,342	1,246,832
Storm water quality improvements	150,000	150,000	-	150,000
Landslide improvements	955,000	955,000	62,436	892,564
TOTAL EXPENDITURES	15,098,526	15,098,526	1,344,355	13,754,171
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,540,643)	(11,843,041)	(1,210,681)	10,632,360
OTHER FINANCING SOURCES (USES):				
Transfers in	9,403,806	14,007,053	10,471,894	(3,535,159)
Transfers out	-	(820,000)	-	820,000
TOTAL OTHER FINANCING SOURCES (USES)	9,403,806	13,187,053	10,471,894	(2,715,159)
NET CHANGE IN FUND BALANCE	(5,136,837)	1,344,012	9,261,213	7,917,201
FUND BALANCE - BEGINNING OF YEAR	20,447,429	20,447,429	20,447,429	-
FUND BALANCE - END OF YEAR	\$ 15,310,592	\$ 21,791,441	\$ 29,708,642	\$ 7,917,201

CITY OF RANCHO PALOS VERDES

JUNE 30, 2016

INTERNAL SERVICE FUND 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 of replacement equipment, furniture and vehicles 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, 2016

	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Building Replacement</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS:				
Cash and investments	\$ 3,018,015	\$ -	\$ -	\$ 3,018,015
Receivables:				
Interest	3,326	326	-	3,652
Other	-	2,091	-	2,091
Prepaid items	-	170,518	-	170,518
TOTAL CURRENT ASSETS	<u>3,021,341</u>	<u>172,935</u>	<u>-</u>	<u>3,194,276</u>
NONCURRENT ASSETS:				
Capital assets				
Property and equipment	2,129,095	-	-	2,129,095
Accumulated depreciation	(1,329,278)	-	-	(1,329,278)
TOTAL NONCURRENT ASSETS	<u>799,817</u>	<u>-</u>	<u>-</u>	<u>799,817</u>
TOTAL ASSETS	<u>\$ 3,821,158</u>	<u>\$ 172,935</u>	<u>\$ -</u>	<u>\$ 3,994,093</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	20,995	79,444	-	100,439
Due to other funds	-	40,163	-	40,163
TOTAL LIABILITIES	<u>20,995</u>	<u>119,607</u>	<u>-</u>	<u>140,602</u>
NET POSITION				
Net investment in capital assets	799,817	-	-	799,817
Unrestricted	3,000,346	53,328	-	3,053,674
TOTAL NET POSITION	<u>\$ 3,800,163</u>	<u>\$ 53,328</u>	<u>\$ -</u>	<u>\$ 3,853,491</u>

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
OPERATING REVENUES:				
Charges for services	\$ 332,700	\$ 2,166,924	\$ -	\$ 2,499,624
OPERATING EXPENSES:				
Personnel services	-	2,247,354	-	2,247,354
Materials and supplies	279,499	-	-	279,499
Maintenance	36,209	-	-	36,209
Depreciation	266,725	-	-	266,725
TOTAL OPERATING EXPENSES	582,433	2,247,354	-	2,829,787
OPERATING INCOME (LOSS)	(249,733)	(80,430)	-	(330,163)
NON-OPERATING REVENUES:				
Other revenues	-	-	-	-
Investment income	11,634	2,330	334	14,298
TOTAL NON-OPERATING REVENUES	11,634	2,330	334	14,298
INCOME (LOSS) BEFORE TRANSFER	(238,099)	(78,100)	334	(315,865)
TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	-	(334)	(334)
TOTAL TRANSFERS	-	-	(334)	(334)
CHANGE IN NET POSITION	(238,099)	(78,100)	-	(316,199)
NET POSITION - BEGINNING OF YEAR AS RESTATED	4,038,262	131,428	-	4,169,690
NET POSITION - END OF YEAR	\$ 3,800,163	\$ 53,328	\$ -	\$ 3,853,491

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2016

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 332,700	\$ 2,166,924	\$ -	\$ 2,499,624
Payments to suppliers	(391,483)	-	-	(391,483)
Payments to employees	-	(2,209,285)	(565)	(2,209,850)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(58,783)	(42,361)	(565)	(101,709)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(22,384)	-	-	(22,384)
Amounts borrowed from other funds	-	40,163	-	40,163
Transfer to other funds	-	-	(334)	(334)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	(22,384)	40,163	(334)	17,445
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	10,194	2,198	899	13,291
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,973)	-	-	(70,973)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,088,988</u>	<u>-</u>	<u>-</u>	<u>3,088,988</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,018,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,018,015</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (249,733)	\$ (80,430)	\$ -	\$ (330,163)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	266,725	-	-	266,725
Changes in operating assets and liabilities:				
Decrease (increase) in other receivables	795	(877)	-	(82)
Decrease (increase) in prepaid items	-	4,385	-	4,385
Increase (decrease) in accrued liabilities	(76,570)	34,561	(565)	(42,574)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (58,783)</u>	<u>\$ (42,361)</u>	<u>\$ (565)</u>	<u>\$ (101,709)</u>



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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.

Contents	Page
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>	138
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	149
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>	155
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>	158
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>	162

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities					
Net investment in capital assets	\$ 109,746	\$ 109,376	\$ 107,867	\$ 115,331	\$ 115,145
Restricted	12,163	1,000	1,000	1,000	1,750
Unrestricted	17,823	30,471	31,277	31,855	39,066
Total governmental activities net position	<u>\$ 139,732</u>	<u>\$ 140,847</u>	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>
Business-type activities					
Net investment in capital assets	\$ 2,158	\$ 5,599	\$ 12,477	\$ 12,458	\$ 12,753
Restricted	-	-	-	-	-
Unrestricted	5,258	7,740	2,108	2,825	3,365
Total business-type activities net position	<u>\$ 7,416</u>	<u>\$ 13,339</u>	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>
Primary government					
Net investment in capital assets	\$ 111,904	\$ 114,975	\$ 120,344	\$ 127,789	\$ 127,898
Restricted	12,163	1,000	1,000	1,000	1,750
Unrestricted	23,081	38,211	33,385	34,680	42,431
Total primary government net position	<u>\$ 147,148</u>	<u>\$ 154,186</u>	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net investment in capital assets	\$ 114,488	\$ 113,284	\$ 114,427	\$ 119,450	\$ 118,398
Restricted	1,750	1,835	11,792	11,647	20,557
Unrestricted	67,112	46,687	46,679	42,208	42,774
Total governmental activities net position	<u>\$ 183,351</u>	<u>\$ 161,806</u>	<u>\$ 172,898</u>	<u>\$ 173,305</u>	<u>\$ 181,729</u>
Business-type activities					
Net investment in capital assets	\$ 13,356	\$ 18,319	\$ 29,557	\$ 31,168	\$ 31,663
Restricted	-	-	-	-	-
Unrestricted	3,532	9,727	5,317	5,334	5,598
Total business-type activities net position	<u>\$ 16,888</u>	<u>\$ 28,046</u>	<u>\$ 34,874</u>	<u>\$ 36,502</u>	<u>\$ 37,261</u>
Primary government					
Net investment in capital assets	\$ 127,845	\$ 131,603	\$ 143,984	\$ 150,618	\$ 150,061
Restricted	1,750	1,835	11,792	11,647	20,557
Unrestricted	70,644	56,414	51,996	47,542	48,372
Total primary government net position	<u>\$ 200,238</u>	<u>\$ 189,852</u>	<u>\$ 207,772</u>	<u>\$ 209,807</u>	<u>\$ 218,990</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses					
Governmental activities:					
Administration	\$ 4,953	\$ 4,724	\$ 6,357	\$ 7,824	\$ 5,997
Public safety	3,751	4,044	4,233	4,242	4,335
Public works	9,969	9,026	10,555	13,633	10,389
Community development	2,631	2,441	2,697	2,550	2,622
Parks and recreation	1,439	1,396	1,605	1,826	1,391
Non-departmental	-	-	-	320	-
Interest on long-term debt	271	270	268	265	260
Total governmental activities expenses	<u>23,014</u>	<u>21,901</u>	<u>25,715</u>	<u>30,660</u>	<u>24,994</u>
Business-type activities:					
Water Quality Flood Protection	271	301	437	580	489
Total primary government expenses	<u>\$ 23,285</u>	<u>\$ 22,202</u>	<u>\$ 26,152</u>	<u>\$ 31,240</u>	<u>\$ 25,483</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Administration	\$ 29	\$ 538	\$ 555	\$ 681	\$ 654
Public safety	332	316	267	229	261
Public works	185	1,002	422	1,356	622
Community development	1,599	1,760	1,643	1,764	1,714
Parks and recreation	51	483	483	896	457
Non-departmental	-	-	-	-	-
Operating grants and contributions	4,200	3,570	2,963	6,633	3,689
Capital grants and contributions	317	1,472	642	7,179	5
Total governmental activities program revenues	<u>6,713</u>	<u>9,141</u>	<u>6,975</u>	<u>18,738</u>	<u>7,402</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,188	1,222	1,578	1,264	1,312
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>1,188</u>	<u>1,222</u>	<u>1,578</u>	<u>1,264</u>	<u>1,312</u>
Total primary government program revenues	<u>\$ 7,901</u>	<u>\$ 10,363</u>	<u>\$ 8,553</u>	<u>\$ 20,002</u>	<u>\$ 8,714</u>
Net (expense)/revenue					
Governmental activities	\$ (16,301)	\$ (12,760)	\$ (18,740)	\$ (11,922)	\$ (17,592)
Business-type activities	917	921	1,141	684	823
Total primary government net expense	<u>\$ (15,384)</u>	<u>\$ (11,839)</u>	<u>\$ (17,599)</u>	<u>\$ (11,238)</u>	<u>\$ (16,769)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 10,235	\$ 10,935	\$ 11,462	\$ 11,431	\$ 11,854
Transient occupancy tax	32	26	85	1,955	2,640
Sales taxes	1,381	1,056	1,053	1,246	1,548
Franchise taxes	1,512	1,599	1,709	1,711	1,825
Utility user taxes	2,271	2,329	2,267	2,395	2,407
Other taxes	331	794	605	712	814
Investment income	1,615	1,555	631	207	318
Other	2,101	300	225	307	271
Transfers	(2,017)	(4,719)	-	-	-
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>17,461</u>	<u>13,875</u>	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>
Business-type activities:					
Investment income	51	283	105	14	13
User Fees	-	-	-	-	-
Other	320	-	-	-	-
Transfers	2,017	4,719	-	-	-
Total business-type activities	<u>2,388</u>	<u>5,002</u>	<u>105</u>	<u>14</u>	<u>13</u>
Total primary government	<u>\$ 19,849</u>	<u>\$ 18,877</u>	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>
Change in Net Position					
Governmental activities	\$ 1,160	\$ 1,115	\$ (703)	\$ 8,042	\$ 4,085
Business-type activities	3,305	5,923	1,246	698	836
Total primary government net expense	<u>\$ 4,465</u>	<u>\$ 7,038</u>	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>

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

	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
Administration	\$ 5,906	\$ 5,534	\$ 7,530	\$ 7,127	\$ 8,062
Public safety	4,178	4,348	4,429	4,670	5,215
Public works	11,202	10,874	9,377	10,692	9,610
Community development	2,432	2,526	1,927	2,072	1,971
Parks and recreation	1,490	1,696	1,369	1,669	2,052
Non-departmental	-	-	35	191	134
Interest on long-term debt	109	-	-	-	-
Total governmental activities expenses	<u>25,318</u>	<u>24,978</u>	<u>24,667</u>	<u>26,421</u>	<u>27,044</u>
Business-type activities:					
Water Quality Flood Protection	560	594	659	1,423	646
Total primary government expenses	<u>\$ 25,878</u>	<u>\$ 25,572</u>	<u>\$ 25,326</u>	<u>\$ 27,844</u>	<u>\$ 27,690</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Administration	\$ 747	\$ 779	\$ 120	\$ 108	\$ 317
Public safety	194	150	42	43	180
Public works	684	543	169	432	159
Community development	1,644	1,854	1,772	2,058	958
Parks and recreation	503	476	18	144	781
Non-departmental	-	-	-	-	96
Operating grants and contributions	3,628	4,133	2,506	2,274	2,332
Capital grants and contributions	139	139	2,912	1,230	1,111
Total governmental activities program revenues	<u>7,538</u>	<u>8,074</u>	<u>7,539</u>	<u>6,289</u>	<u>5,934</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,319	1,313	1,361	1,369	1,385
Operating grants and contributions	-	2,137	-	-	-
Capital grants and contributions	-	-	6,115	1,213	-
Total business-type activities program revenues	<u>1,319</u>	<u>3,450</u>	<u>7,476</u>	<u>2,582</u>	<u>1,385</u>
Total primary government program revenues	<u>\$ 8,857</u>	<u>\$ 11,524</u>	<u>\$ 15,015</u>	<u>\$ 8,871</u>	<u>\$ 7,319</u>
Net (expense)/revenue					
Governmental activities	\$ (17,780)	\$ (16,904)	\$ (17,128)	\$ (20,132)	\$ (21,110)
Business-type activities	759	2,856	6,817	1,159	738
Total primary government net expense	<u>\$ (17,022)</u>	<u>\$ (14,048)</u>	<u>\$ (10,311)</u>	<u>\$ (18,973)</u>	<u>\$ (20,372)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 11,480	\$ 11,284	\$ 11,991	\$ 12,452	\$ 13,764
Transient occupancy tax	3,349	3,790	4,250	4,812	5,197
Sales taxes	1,449	1,588	1,642	1,758	2,104
Franchise taxes	1,881	1,907	1,998	2,045	2,045
Utility user taxes	2,333	2,481	2,510	1,973	1,866
Other taxes	674	778	1,589	1,564	1,179
Investment income	604	184	94	122	214
Other	52	929	4,146	3,231	2,607
Transfers	-	(8,293)	-	(458)	-
Extraordinary item	23,348	(19,289)	-	-	-
Total governmental activities	<u>45,170</u>	<u>(4,641)</u>	<u>28,220</u>	<u>27,499</u>	<u>28,976</u>
Business-type activities:					
Investment income	11	10	11	10	21
User Fees	-	-	-	-	-
Other	-	-	-	-	-
Transfers	-	8,293	-	458	-
Total business-type activities	<u>11</u>	<u>8,303</u>	<u>11</u>	<u>468</u>	<u>21</u>
Total primary government	<u>\$ 45,181</u>	<u>\$ 3,662</u>	<u>\$ 28,231</u>	<u>\$ 27,967</u>	<u>\$ 28,997</u>
Change in Net Position					
Governmental activities	\$ 27,390	\$ (21,545)	\$ 11,092	\$ 7,367	\$ 7,867
Business-type activities	770	11,159	6,828	1,627	759
Total primary government net expense	<u>\$ 28,159</u>	<u>\$ (10,386)</u>	<u>\$ 17,920</u>	<u>\$ 8,994</u>	<u>\$ 8,626</u>

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

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Franchise Tax	Utility Users Tax	Other Taxes	Total
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
2014	11,991	4,250	1,642	1,998	2,510	1,589	23,980
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 6,165	\$ 6,586	\$ 6,645	\$ 6,314	\$ 7,166
Designated	876	786	1,278	1,333	1,462
Unreserved, Undesignated	13,649	14,376	12,171	10,440	10,745
Total General Fund	<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	\$ 3,315	\$ 2,396	\$ 2,724	\$ 3,672	\$ 6,361
Designated					
Special Revenue Funds	744	1,849	1,896	411	85
Capital Projects Funds	2,799	3,158	4,347	6,442	7,494
Permanent Fund	75	65	-	-	-
Debt Service Fund	-	-	-	-	-
Unreserved, Undesignated, reported in:					
Special Revenue Funds	6,615	6,426	7,494	7,910	6,058
Capital Projects Funds	2,077	1,869	1,908	3,373	1,240
Permanent Fund	329	325	371	362	333
Debt Service Fund	(13,741)	(14,873)	(15,990)	(16,823)	(17,797)
Total all other Governmental Funds	<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 Five Fiscal Years - After GASB 54
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Non-Spendable	\$ 7,493	\$ 138	\$ 144	\$ 598	\$ 564
Restricted	-	-	-	-	802
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	12,464	14,370	15,474	16,055	13,702
Total General Fund	<u>\$ 19,957</u>	<u>\$ 14,508</u>	<u>\$ 15,618</u>	<u>\$ 16,653</u>	<u>\$ 15,068</u>
All other Governmental Funds					
Non-Spendable					
Special Revenue Funds	\$ 3,066	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	1,750	1,835	1,845	1,855	1,866
Restricted					
Special Revenue Funds	8,187	7,849	8,445	8,362	10,111
Capital Projects Funds	-	-	-	-	6,466
Permanent Fund	226	280	1,502	1,492	1,312
Committed					
Special Revenue Funds	-	36	58	55	682
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Assigned					
Special Revenue Funds	-	-	794	572	476
Capital Projects Funds	15,407	13,084	18,535	21,078	23,242
Permanent Fund	-	-	-	-	-
Unassigned					
Special Revenue Funds	(108)	(198)	(116)	(59)	-
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 28,528</u>	<u>\$ 22,885</u>	<u>\$ 31,063</u>	<u>\$ 33,355</u>	<u>\$ 44,155</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Taxes	\$ 16,453	\$ 17,062	\$ 17,573	\$ 19,844	\$ 21,419
Licenses and permits	1,763	1,914	1,755	1,954	1,933
Fines and forfeitures	237	260	214	179	210
Use of money and property	3,480	2,108	1,240	1,601	1,560
Charges for services	61	60	163	81	73
Donation	-	-	-	-	-
Revenues from other agencies	4,118	4,647	3,575	10,180	3,162
Other Revenues	201	1,563	467	4,806	229
Total Revenues	<u>26,313</u>	<u>27,614</u>	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>
Expenditures					
Administration	4,607	4,411	4,915	5,720	5,503
Public Safety	3,751	4,044	4,233	4,242	4,335
Public Works	6,864	5,768	7,075	6,896	7,875
Parks and Recreation	1,319	1,281	1,354	1,702	1,257
Community Development	2,681	2,496	2,723	2,604	2,784
Non-Departmental	-	-	-	320	-
Pass Through to other agencies	152	169	187	-	-
Capital Outlay	3,124	3,112	2,459	14,567	2,557
Debt Service					
Principal	248	316	350	419	423
Interest	1,390	1,370	1,101	886	887
Total Expenditures	<u>24,136</u>	<u>22,967</u>	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>
Excess of Revenues over (under) Expenditures	2,177	4,647	590	1,289	2,965
Other Financing Sources (uses)					
Sales of capital assets	-	-	-	-	350
Transfers in	4,489	3,158	5,815	4,616	8,944
Transfers out	(6,606)	(7,924)	(5,815)	(6,192)	(8,944)
Bond Proceeds	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-
Total Other Financing Sources (uses)	<u>(2,117)</u>	<u>(4,766)</u>	<u>-</u>	<u>(1,576)</u>	<u>350</u>
Extraordinary Gain (Loss)	-	-	-	-	-
Net change in Fund Balances	<u>\$ 60</u>	<u>\$ (119)</u>	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>
Cost of Assets Capitalized	2,800	2,764	1,895	10,866	3,180
Debt Services as a percentage of Non-Capital Expenditures	7.7%	8.3%	6.4%	4.9%	5.8%

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Taxes	\$ 21,867	\$ 22,543	\$ 23,981	\$ 24,603	\$ 25,725
Licenses and permits	1,806	2,027	1,951	2,515	2,383
Fines and forfeitures	159	117	128	135	180
Use of money and property	1,350	1,383	846	653	749
Charges for services	149	141	323	427	558
Donation	-	445	-	-	-
Revenues from other agencies	3,421	3,395	5,301	3,794	3,443
Other Revenues	259	741	3,068	2,377	1,779
Total Revenues	<u>29,011</u>	<u>30,791</u>	<u>35,598</u>	<u>34,504</u>	<u>34,817</u>
Expenditures					
Administration	5,726	5,401	5,792	5,135	6,183
Public Safety	4,178	4,348	4,492	4,761	5,215
Public Works	7,616	7,240	7,611	8,042	7,961
Parks and Recreation	1,479	1,557	1,573	1,819	2,042
Community Development	2,484	2,591	2,640	2,870	2,619
Non-Departmental	-	-	35	190	238
Pass Through to other agencies	-	-	-	-	-
Capital Outlay	3,155	2,721	4,113	8,697	1,344
Debt Service					
Principal	464	-	-	-	-
Interest	498	-	-	-	-
Total Expenditures	<u>25,599</u>	<u>23,857</u>	<u>26,256</u>	<u>31,514</u>	<u>25,602</u>
Excess of Revenues over (under) Expenditures	3,412	6,934	9,342	2,990	9,215
Other Financing Sources (uses)					
Sales of capital assets	-	-	-	-	-
Transfers in	8,226	7,954	10,424	13,525	11,784
Transfers out	(7,856)	(16,247)	(10,479)	(13,188)	(11,784)
Bond Proceeds	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-
Total Other Financing Sources (uses)	<u>371</u>	<u>(8,293)</u>	<u>(55)</u>	<u>337</u>	<u>-</u>
Extraordinary Gain (Loss)	18,240	(6,743)	-	-	-
Net change in Fund Balances	<u>\$ 22,023</u>	<u>\$ (8,102)</u>	<u>\$ 9,287</u>	<u>\$ 3,327</u>	<u>\$ 9,215</u>
Cost of Assets Capitalized	2,865	2,022	4,820	8,490	2,398
Debt Services as a percentage of Non-Capital Expenditures	4.2%	0.0%	0.0%	0.0%	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)

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Franchise Tax	Utility Users Tax	Other Taxes	Total
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
2014	11,991	4,250	1,642	1,998	2,510	1,590	23,981
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155

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 of Taxable Property
Last Ten Fiscal Years
(In thousands of dollars)**

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property
2007	\$ 7,548,956	\$ 111,338	\$ 3,148	\$ 513,876	\$ 20,378
2008	7,919,953	170,149	3,211	453,446	26,546
2009	8,235,780	270,956	3,275	491,235	46,858
2010	8,333,042	263,157	3,341	598,539	49,628
2011	8,362,052	396,195	3,333	570,551	45,258
2012	8,596,777	390,497	3,358	564,763	70,284
2013	8,843,139	402,533	3,425	581,160	48,147
2014	9,190,789	475,510	3,493	660,569	46,962
2015	9,492,704	486,378	3,509	679,241	45,906
2016	10,094,704	501,636	3,580	695,738	44,300

Source: 2008-2009 & 2006 and prior: data is provided from previously published CAFR's.

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

Fiscal Year End	Less Tax-Exempt Property	Taxable Assessed Value	City Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (3)	Assessed Value as a Percentage of Actual Value
2007	\$ 226,598	\$ 7,971,098	0.063728	\$ 10,608,336	1.33085	75.14%
2008	151,225	8,422,080	0.063728	11,208,525	1.33085	75.14%
2009	154,969	8,893,135	0.063728	11,835,429	1.33085	75.14%
2010	236,925	9,010,782	0.063728	9,515,593	1.05602	94.69%
2011	158,388	9,219,001	0.063728	9,067,313	0.98355	101.67%
2012	157,307	9,468,372	0.063728	10,683,820	1.12837	88.62%
2013	174,167	9,704,237	0.063728	11,390,239	1.17374	85.20%
2014	153,434	10,223,889	0.063728	13,967,877	1.36620	73.20%
2015	151,709	10,556,029	0.063728	13,571,675	1.28568	77.78%
2016	155,138	11,184,820	0.063728	15,366,477	1.37387	72.79%

Source: 2010-2013 & 2006-07 County Assessor data, MuniServices, LLC; 2016 HdL

*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

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:					
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000
Debt Service Rates					
COUNTY	-	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	-	0.019760	0.020177	0.021642	0.022493
COMMNTY COLLEGE	-	0.008794	0.022115	0.023112	0.040310
PALOS VERDES LIB	-	0.006854	0.006801	0.006618	0.006719
FLOOD CONTROL	-	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	-	0.004500	0.004300	0.004300	0.003700
TOTAL	-	0.039908	0.053393	0.055672	0.073222
TOTAL TAX RATE	-	1.039908	1.053393	1.055672	1.073222

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

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:					
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Debt Service Rates					
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	0.022511	0.024102	0.023109	0.023289	0.023433
COMMNTY COLLEGE	0.035296	0.048750	0.044541	0.040174	0.035755
PALOS VERDES LIB	0.006359	0.006441	0.006118	0.005854	0.005630
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.003700	0.003500	0.003500	0.003500	0.003500
TOTAL	<u>0.067866</u>	<u>0.082793</u>	<u>0.077268</u>	<u>0.072817</u>	<u>0.068318</u>
TOTAL TAX RATE	<u><u>1.067866</u></u>	<u><u>1.082793</u></u>	<u><u>1.077268</u></u>	<u><u>1.072817</u></u>	<u><u>1.068318</u></u>

Source: 2010-2015 & 2006-07 County Assessor data, MuniServices, LLC

Source: 2008-2009 & 2006 and prior: data is provided from previously published CAFR's.

City has no separate debt service rate, direct rate is 100% operating.

Table has been updated to reflect City TRA 0-149, which includes Palos Verdes Peninsula Unified School District.

Debt Service Rates updated back to 2007-08 due to data availability

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

Taxpayer	2015-16			2006-07		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Dev LLC	439,401,724	1	3.93%	96,914,400	1	1.21%
PPC Villas Rpv LLC	68,329,619	2	0.61%	24,534,800	7	0.31%
P V Victoria Apts LLC	50,157,730	3	0.45%	44,117,355	4	0.55%
Terraces Subsidiary LLC	41,906,576	4	0.37%			
CPT Vista Catalina LLC	36,562,167	5	0.33%			
Western Riviera Investors	31,440,822	6	0.28%	26,858,489	6	0.34%
Golden Cove LLC	29,148,189	7	0.26%			
Episcopal Communities Services	28,246,480	8	0.25%			
Belmont Village Rpv LP	24,590,655	9	0.22%	21,000,000	8	0.26%
Terranea Resort Spa	20,761,643	10	0.19%			
Taylor Morrison Of California	18,665,634	11	0.17%			
VHPS LLC	18,065,127	12	0.16%	15,129,651	10	0.19%
Johnson Eric C	16,992,265	13	0.15%	17,976,909	9	0.23%
Wlp Westmont Plaza LLC	15,095,704	14	0.13%			
American Golf, Inc	12,558,652	15	0.11%	6,270,000	17	0.08%
California Water Service Co	12,156,616	16	0.11%	7,515,951	12	0.09%
Ocean View Drive Inc.	11,500,000	17	0.10%			
Vh Property Corp	10,554,956	18	0.09%	51,785,206	3	0.65%
Mulligan Michael Gina	9,410,437	19	0.08%			
Victoria Apts	8,336,832	20	0.07%	7,334,107	13	0.09%
Thornecrest LLC	8,324,961	21	0.07%			
Palos Verdes Terrace Ltd.	8,208,925	22	0.07%	7,183,843	15	0.09%
Bruning Fred W	7,759,887	23	0.07%			
Conkling Patricia	7,719,037	24	0.07%			
AA Homes LLC	7,699,983	25	0.07%			
Braun William				6,920,000	16	0.09%
Briles Richard & Keanna				5,061,119	24	0.06%
Chung Paul Y				5,120,275	23	0.06%
Foster Robert D & Gina D				5,211,338	22	0.07%
Imbach Scott A & Diane Y Trs				5,577,500	20	0.07%
Kim Goon Gtr				5,228,528	21	0.07%
Kim Song & Juhyun Trs				4,943,000	25	0.06%
Labarba James G Co Tr				5,749,796	19	0.07%
Rahn Patricia J Et Al				33,200,000	5	0.42%
Rpv Equities Llc				7,308,500	14	0.09%
Tripeak Llc				12,573,540	11	0.16%
Vrpv Llc				53,181,007	2	0.67%
Wil Gal				6,033,279	18	0.08%
Total Top 25 Taxpayers	\$ 943,594,621		8.44%	\$ 482,728,593		6.04%
Total Taxable Value	\$ 11,184,818,474		100.00%	7,989,006,677		100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$5,078	\$4,799	94.51%	10	\$4,809	94.70%
2008	5,351	5,316	99.35%	10	5,325	99.52%
2009	6,116	5,734	93.75%	8	5,742	93.88%
2010*	5,447	4,917	90.27%	8	4,925	90.42%
2011*	5,597	5,462	97.59%	0	5,462	97.59%
2012	5,777	5,656	97.91%	0	5,656	97.91%
2013	5,951	5,844	98.20%	0	5,844	98.20%
2014	6,287	6,193	98.50%	0	6,193	98.50%
2015	6,487	6,396	98.60%	0	6,396	98.60%
2016	6,813	6,716	98.58%	0	6,716	98.58%

Source: County Assessor Data

* Includes 1% secured apportionment only

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

CITY OF RANCHO PALOS VERDES

2015-16 Assessed Valuation: \$11,257,666,836

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt	% Applicable (1)	City's Share of
	6/30/2015		Debt 6/30/15
Los Angeles County Flood Control District	\$12,630,000	0.901%	\$113,796
Metropolitan Water District	92,865,000	0.459%	426,250
Los Angeles Community College District	3,671,000,000	1.598%	58,662,580
Los Angeles Unified School District	10,457,615,000	0.188%	19,660,316
Palos Verdes Unified School District	69,065,015	47.323%	32,683,637
City of Rancho Palos Verdes	0	100.000%	0
Palos Verdes Library District	1,245,000	49.820%	620,259
Los Angeles County Regional Park and Open Space Assessment District	50,610,000	0.883%	446,886
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<hr/> \$112,613,725
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$2,029,010,694	0.883%	\$17,916,164
Los Angeles County Superintendent of Schools Certificates of Participation	7,944,360	0.883%	\$70,149
Los Angeles County Sanitation District No. 5 Authority	27,560,973	10.601%	\$2,921,739
Los Angeles County South Bay Cities Sanitation District Authority	4,699,750	4.220%	\$198,329
Los Angeles Unified School District Certificates of Participation	273,805,000	0.188%	\$514,753
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			<hr/> \$21,621,134
Less: Los Angeles Unified School District QZABs supported by investment fund			25,430
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<hr/> \$21,595,704
 TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$134,234,858
TOTAL NET OVERLAPPING DEBT			\$134,209,428
 GROSS COMBINED TOTAL DEBT			\$134,234,858 (2)
NET COMBINED TOTAL DEBT			\$134,209,428

(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.

Ratios to 2015-16 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.00%
Gross Combined Total Debt	1.19%
Net Combined Total Debt	1.19%

Source: 2015-16 California Municipal Statistical Co.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 1,195,665	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617	\$ 1,382,850
Total Net Debt applicable to limit	-	-	-	-	-
Legal Debt Margin	<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>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%

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

	2012	2013	2014	2015	2016
Debt Limit	\$ 1,420,256	\$ 1,455,636	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723
Total Net Debt applicable to limit	-	-	-	-	-
Legal Debt Margin	\$ 1,420,256	\$ 1,455,636	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%
Total Taxable Value					\$ 11,184,820
Debt Limit (15% of total taxable value)					1,677,723
Debt applicable to limit					-
Legal Debt Margin					\$ 1,677,723

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

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age	**Public School Enrollment
2006-07	43,092	\$ 2,411,687,000	\$55,966	43.4	12,030
2007-08	42,964	2,549,698,580	59,345	44.4	11,976
2008-09	42,720	2,262,493,920	52,961	43.4	12,033
2009-10	42,642	2,250,346,266	52,773	44.9	11,900
2010-11	41,766	2,425,936,344	58,084	44.3	11,928
2011-12	41,897	2,561,016,971	61,127	47.6	11,840
2012-13	42,114	2,618,143,152	62,168	47.8	11,873
2013-14	42,358	2,564,205,491	60,537	47.6	11,700
2014-15	42,564	2,593,892,724	60,941	48.9	11,632
2015-16	43,041	2,461,988,241	57,201	49.6	11,499

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
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	County Population (1)	City Population (% of County)
2006-07	4.9%	1.7%	10,233,263	0.42%
2007-08	7.2%	2.5%	10,275,914	0.42%
2008-09	7.5%	2.5%	10,301,658	0.41%
2009-10	11.6%	4.0%	10,355,053	0.41%
2010-11	11.9%	4.1%	9,858,989	0.42%
2011-12	11.1%	3.8%	9,884,632	0.42%
2012-13	11.0%	3.7%	9,958,091	0.42%
2013-14	7.6%	2.5%	10,041,797	0.42%
2014-15	7.1%	3.4%	10,136,559	0.42%
2015-16	6.7%	3.2%	10,241,335	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**

2015-16		2006-07	
Taxpayer	Business Type	Taxpayer	Business Type
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	Asaka Japanese Cuisine	Restaurants
Audio Visual Services Group	Light Industry	Bay Cities Vacuum Sew & Carpet	Furniture/Appliance
Avenue Italy	Restaurants	California Do It Center	Bldg.Matls-Retail
Blue Crab Seafood & Steakhouse	Restaurants	Carl's Jr. Restaurants	Restaurants
Carl's Jr. Restaurants	Restaurants	Centinela Feed & Pet Supplies	Miscellaneous Retail
Centinela Feed & Pet Supplies	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	Good Night Mattress	Furniture/Appliance
Good Night Mattress	Furniture/Appliance	Green Hills Mortuary & Memoria	Miscellaneous Other
Green Hills Mortuary & Memoria	Miscellaneous Other	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's Restaurant	Restaurants
Marie Callender's Restaurant	Restaurants	Mobil Service Stations	Service Stations
Marshall's Stores	Apparel Stores	O'Reilly Auto Parts	Auto Parts/Repair
Mobil Service Stations	Service Stations	Ralph's Grocery Company	Food Markets
O'Reilly Auto Parts	Auto Parts/Repair	Rolling Hills Plastics	Light Industry
Ralph's Grocery Company	Food Markets	Smart & Final	Food Markets
Smart & Final	Food Markets	The Brixey	Office Equipment
Terranea Resort	Restaurants	Trader Joe's	Food Markets
Trader Joe's	Food Markets	Trump National Golf Club	Miscellaneous Retail
Trump National Golf Club	Miscellaneous Retail	Waterfront Equipment Tech	Heavy Industry

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

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

Employer	2016			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District	1,432	1	7.50%	1,970	1	9.47%
Terranea Resort Hotel*	1,036	2	5.42%	730	2	3.51%
Marymount College	262	3	1.37%	220	4	1.06%
Trump National Golf Club*	190	4	0.99%	260	3	1.25%
Canterbury	143	6	0.75%	115	6	0.55%
Belmont Corp Ltd (Belmont Village of Rancho)	140	5	0.73%	111	7	0.53%
Trader Joe's	110	7	0.58%	88	8	0.42%
Ralphs Store #720	106	8	0.55%	83	9	0.40%
Green Hills Memorial Park	75	9	0.39%	80	10	0.38%
American Golf Corp (Los Verdes Golf Course)	70	10	0.37%			0.00%
Keller Williams Realty				163	5	0.78%
Subtotal of Principal Employers	3,564		27.03%	3,820		18.37%
Total City Employment	19,100			20,800		

Source: MuniServices, LLC

Results provided by EDD Labor Force Data.

* Includes full time and part time employees.

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

Function	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	50	55	58	53	54	52	53	54	60	62
Recreation Part-Time	10	10	11	16.5	18	16.5	16	22	25	29
Total	<u>60</u>	<u>65</u>	<u>69</u>	<u>69.5</u>	<u>72</u>	<u>68.5</u>	<u>69</u>	<u>76</u>	<u>85</u>	<u>91</u>

Source: City Budget documents and Payroll records

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

Function	2007	2008	2009	2010	2011
Administration					
Employee Resignations	4	8	4	9	5
Workers Compensation Claims	2	4	2	5	3
Liability Claims	14	16	13	13	14
Budget Adjustments	32	26	18	21	17
Business Licenses Issued	1,837	1,709	1,819	1,629	1,891
Web Site Page Views (1)	1.6 mil	701,004	3.8 mil	2.9 mil	2.8mil
Public Safety					
Part I Crime Rates (per 10,000 population)	139	123	102	110	143
Public Works					
Solid Waste Diversion Rates (2)	56%	4.7lbs/person/day	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day
Pavement Rating	82	DNA	85	85	85
Parks and Recreation					
Park Events	770	692	825	690	580
Class Meetings at Parks	2,647	2,772	2,708	2,398	2,313
Docent Led Nature Hikes	98	91	105	103	105
Community Development					
Building Permits Processed	1,244	1,692	1,404	1,243	1,432
Plan Checks	164	247	226	154	161
Municipal Code Violations Closed	162	216	339	138	371

Source: City Departments

DNA: Data Not Available

(1): The City launched a new website and with it, the methodology used to count total page views was modified.

(2): 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
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016
Administration					
Employee Resignations	8	7	14	10	6
Workers Compensation Claims	3	3	1	3	2
Liability Claims	11	14	9	11	28
Budget Adjustments	11	24	15	15	18
Business Licenses Issued	1,294	1,868	1,997	2,134	2,012
Web Site Page Views (1)	3.0mil	3.1mil	3.3mil	426,772 *	403,704
Public Safety					
Part I Crime Rates (per 10,000 population)	131	149	107	134	Not available at this time
Public Works					
Solid Waste Diversion Rates (2)	4.2lbs/person/day	2.87lbs/person/day	2.84lbs/person/day	3.15lbs/person/day	3.08lbs/person/day
Pavement Rating	85	84	82	82	84
Parks and Recreation					
Park Events	582	765	631	639	810
Class Meetings at Parks	1,587	1,202	1,233	1,400	1,025
Docent Led Nature Hikes	104	121	109	103	94
Community Development					
Building Permits Processed	1,221	1,403	1,492	1,558	1,758
Plan Checks	161	268	264	255	289
Municipal Code Violations Closed	321	312	392	358	505

Source: City Departments

DNA: Data Not Available

(1): The City launched a new website and with it, the methodology used to count total page views was modified.

(2): 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**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration										
Computer Workstations	85	91	92	101	92	88	93	98	114	138
Public Safety (1)										
Public Works										
Street Miles	143	143	143	143	143	144	141	141	149	149
Traffic Signals	15	16	16	16	16	18	15	15	15	15
Parks and Recreation										
Parks	16	16	16	15	15	15	15	16	16	16
Community Development										
Vehicles Used for Inspections	3	5	5	5	5	5	5	4	4	4

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.

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