

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2015

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2015

Prepared By:

Finance Department
Deborah Cullen, Director
Kathryn Downs, Deputy Director
Allan Kaufman, Senior Administrative Analyst



INTRODUCTORY SECTION

**CITY OF RANCHO PALOS VERDES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015
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RANCHO PALOS VERDES

December 15, 2015

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, 2015, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

GOVERNMENTAL STRUCTURE

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

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

MAJOR INITIATIVES

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

Community Development

- The City together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve through implementation of the City Council approved Public Use Master Plan (PUMP) for the entire Preserve, and continued several on-going habitat restoration and trail improvement projects.
- 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. The CEQA analysis for the updated Plan is pending completion for review by the Planning Commission. Staff anticipates that the Planning Commission will complete their review and forward the Draft Updated General Plan to the City Council sometime in 2016.
- Continued to implement the Council-approved Coast Vision Plan, a coordinated master plan consisting of program, design and linkage concepts for land located within

the coastal region of the City, by maintaining the City's portion of the California Coastal Trail and amending the Vision Plan to update the conceptual plans for park improvements to Lower Point Vicente.

- 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 with the pending construction of the Sunnyside Ridge Trail as identified in the City's Conceptual Trails Plan. In addition, Staff is in the process of an extensive overhaul of the Trails Network Plan for trails outside of the Preserve.

Public Works

- Completed the Citywide Street Lighting Audit which summarized and catalogued all street lights within the City which achieved citywide energy savings in the amount of \$44,667.
- Completed construction of the Abalone Cove Shoreline Park Improvement Project which, in compliance with the Coast Vision Plan, added new park amenities including picnic tables, shade structures, landscaping, trees, benches, trash receptacles and trail improvements. The project was partially paid for by a \$332,588 grant from the Land and Water Conservation Fund Program.
- Completed design and construction of the Abalone Cove Parking Lot and Building Project. This project includes ancillary improvements to the parks parking lot, staff building and restrooms that will complement the grant-funded improvements associated with the Abalone Cove Shoreline Park Improvement Project.
- Completed construction of the Palos Verdes Drive East Roadway Rehabilitation and Safety Improvement Project which resurfaced the entire roadway and improved safety conditions along Palos Verdes Drive East from Ganado Drive to the northerly City limits.
- Completed construction of the Blackhorse Road CDBG ADA Compliant project which improved public transit accessibility for the elderly and severely disabled
- Initiated and completed parking restrictions on Crenshaw Blvd near Del Cerro Park resulting in Neighborhood Permit Parking programs for the Del Cerro and Countryside Has and Recreational Permit Parking on Crenshaw Blvd for RPV residents only.
- Completed construction of the Ryan Park Southern Entrance Realignment and Parking Lot Expansion Project, which improved safety of the park's southern entrance and added 32 spaces on-site.
- Initiated the first monthly Infrastructure Management Advisory Committee (IMAC)

meeting and held regular monthly meetings including a field trip to public works facilities.

- Planned and conducted two free document/paper shredding events for Rancho Palos Verdes residents. A total of 990 vehicles were served and 20 tons of paper was shredded. Additionally, 42 tons of mulch was distributed free of charge to residents, and approximately 3.6 tons of obsolete electronic waste was collected.
- Initiated 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 FY14-15. Implementation and transition to the new platform will be completed in FY15-16.
- Initiated and completed most of the 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 and completed construction of the FY13-14 Sidewalk Repair Program, which replaced approximately 17,000 square feet of sidewalk, curb and gutter that was uplifted and damaged primarily by the roots of overgrown street trees.
- Completed the San Ramon Flood Reduction Project under budget, allowing drainage and pavement improvements to be made to Palos Verdes Drive East along the Switchbacks.
- Completed the McCarrell Canyon Pipeline Relining Project using remaining available funds from the Prop 1E grant awarded for the San Ramon Project. City funds made up about half the total cost.
- Completed CCTV inspection and cleaning of about 110,000 LF of storm drain to develop a condition assessment of the drainage system.
- Developed Enhanced Watershed Management Program in cooperation with other peninsula agencies responsible for storm water quality and submitted to Regional Board for review in response to requirements of the new MS4 Permit administered by the Los Angeles Regional Water Quality Board.
- Completed the Master Plan of Drainage that inventoried the City's storm drain infrastructure network, evaluated the system for capacity deficiencies, incorporated the conditions assessment made during the CCTV project and developed a 10-year schedule and cost estimate for likely improvement projects to correct the deficiencies.

- Completed a joint project with other South Bay jurisdictions to install catch basin screens in Machado Lake drainage area.

Parks and Recreation

- Began a comprehensive update of the Parks Master Plan, which involved an extensive public outreach plan including twelve public workshops, direct mailings, digital and print media advertising, banners, flyers and an online survey. This resulted in the final plan being adopted by City Council in early FY15-16.
- Organized 35 Volunteer Program events, providing volunteer opportunities such as park and beach cleanup, park and trail maintenance, litter and graffiti removal, park bench and picnic table painting projects, garden projects, dog park maintenance, weed eradication and native plant maintenance in City parks. Volunteers also assisted with several City-run special events. These volunteer activities totaled 2,855 hours, saving the City a total of \$70,780.
- 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.
- Provided oversight, support, and coordination of opportunities and programs with members of the Los Serenos de Point Vicente docent organization, including public and private hikes and speaking engagements. Also provided fourth and sixth grade tour programs that were coordinated with the Palos Verdes Peninsula Unified School District, the Whale of a World (WOW) Program serving Title I elementary schools, the Junior Docent Program, and the educational Junior Docent Nature Series airing on RPVtv Channel 33.
- 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, 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.

Administration

- Assisted with the compilation of updated and streamlined City Council Goals for 2015. Progress on completing the Goals was reported to the City Council on a monthly basis through the Weekly Administrative Report and Council Study Sessions.
- Supported City Council development of positions and consensus on the annual League of California Cities' conference resolutions, which were voted on by the City Council's voting delegate at the conference held in Los Angeles in September 2014.
- 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;
 - Completed the "point to point" connection for the San Pedro Hill ham radio repeater;
 - Completed the City's Multi-jurisdictional Hazard Mitigation Plan;
 - Moved forward with the City's Continuity of Operations Plan (COOP) project;
 - Rebuilt the Emergency Preparedness Committee's "Are You Ready?" web page to assimilate better with the City's new Civic Plus IT system;
 - Produced two Public Service Announcements on emergency preparedness topics for broadcast on RPVtv;
 - The Emergency Preparedness Committee made four "Beauty and the Beast" presentations to local homeowners associations,
 - Staffed a booth at the City's 4th of July celebration, responding to hundreds of questions asked by inquisitive attendees;
 - Supplied all City owned vehicles with three day emergency go bags;
 - Removed and replaced expired food and water in City emergency caches;
 - Revitalized the City's emergency cache inventory and restock project;
 - Coordinated the Upper Point Vicente/City Hall defunct missile silos to be inspected by the Los Angeles County Hazardous Materials staff for safety and multi-use civic oriented possibilities; and
 - Coordinated public emergency preparedness presentations from major utility companies servicing the Palos Verdes Peninsula such as: Cal Water; COX Communications; Edison; and, the Gas Company.
- Continued to pursue the acquisition of tax-defaulted properties for parkland and open space purposes from Los Angeles County.
 - Completed the conversion of more than 2,800 Planning Commission documents to the City's Electronic Document Management System (Laserfiche) making the documents easily accessible for both the public and staff.
 - Completed a Request for Proposal process to ensure City receives necessary IT services by a reputable provider at a competitive price. Completed the documentation, conversion and implementation processes required to switch all IT support services to a new outsourced provider.
 - Upgraded the City website to a commercial website hosting solution and added a Transparency portal and a Council, Commission and Advisory Group meeting portal in order to bring all transparency and governmental body meeting information into one convenient location.
 - Migrated from a hosted GIS solutions provider to a fully functional ESRI ArcGIS server system. This system provides the City with a single authoritative store for land management data, allows for customized data mapping and for integrations with other

City systems thereby improving efficiency and access to data for better decision making.

- Completed an upgrade of our City network, router and firewall equipment followed by a third party parameter penetration security audit. This process upgraded the City network for future capabilities and insures the City does not have any security vulnerabilities going forward.
- Supported City Council development of the Anonymous Fraud, Waste & Abuse Hotline. The hotline accepts anonymous and confidential reports via an online and toll-free number 24/7. Human Resources/Risk Management followed through in ensuring a resolution and/or response to reports from concerned citizens.
- Conducted the search and successful hiring of the new City Manager.
- Established an Employee Safety Committee to engage and educate staff, and to promote workplace safety, thereby minimizing risk for both employees and the public at-large using public facilities and parks.
- Coordinated a Classification and Compensation Study with collaboration with an outside consultant to assist the City Council in the negotiation of the next Memorandum of Understanding (MOU) with the Rancho Palos Verdes Employees' Association.
- Continued to negotiate in good faith with RPVEA. In addition in accordance with RPV Open Ordinance, we increased transparency in labor negotiations through constant updates online under the "Labor Negotiations" Link. The open forum included informing the public of the annual cost of the current and any proposed changes to the labor contract, and providing an independent fiscal impact/financial analysis of each new proposal.
- Completed a total of 14 personnel recruitments during the fiscal year.

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 \$2.8 million favorable budget variance in the General fund for the fiscal year ended June 30, 2015. Favorable revenue variances of \$0.6 million for taxes were added to a \$2.2 million favorable expenditure variance spread across 30 different programs. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices and the continued careful management of resources during FY14-15.

Significant Financial Events. The City implemented Government Accounting Standards Board Statement No. 68, which requires the Net Pension Liability be moved from the footnote to the Balance Sheet. The City's Net Pension Liability at June 30, 2014 is \$5,714,320. There were no other changes to financial policies that resulted in a significant impact on the June 30, 2015 financial statements.

Unfunded Pension Liability. As described more fully in the Note #8 to the Financial Statements, the City contracts with the California Public Employees Retirement System (CalPERS) for its employee pension plan. The City participates in a CalPERS risk pool for small employers with the same benefit formula. CalPERS calculated the City's unfunded pension liability at June 30, 2014 (the most recent data available) as follows.

Plan's Accrued Liability	\$ 33,670,585
Less: Plan's Share of Pool's Market Value of Assets	<u>(27,956,265)</u>
Plan's Unfunded Accrued Liability	<u>\$ 5,714,320</u>

OTHER INFORMATION

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

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2015,

\$413,864 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, 2014. This was the 22nd 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. Completion of this report was the accomplishment by combined efforts of many individuals, especially Kathryn Downs, Deputy Director of Finance, and Allan Kaufman, Senior Administrative Analyst. I wish to acknowledge the assistance of our auditors, Vavrinek, Trine, Day & Co., LLP and the contributions of other Finance Department staff: Vina Ramos, Jane Lin, Selena Wright, Diane Amundson, and Jayne Mahtani.

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

Respectfully submitted,
Deborah Cullen
Director of Finance





CITY OF RANCHO PALOS VERDES

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2015

CITY COUNCIL

James E. Knight, Mayor

Susan Brooks, Mayor Pro-Tem

Brian Campbell, Councilman

Jerry V. Duhovic, Councilman

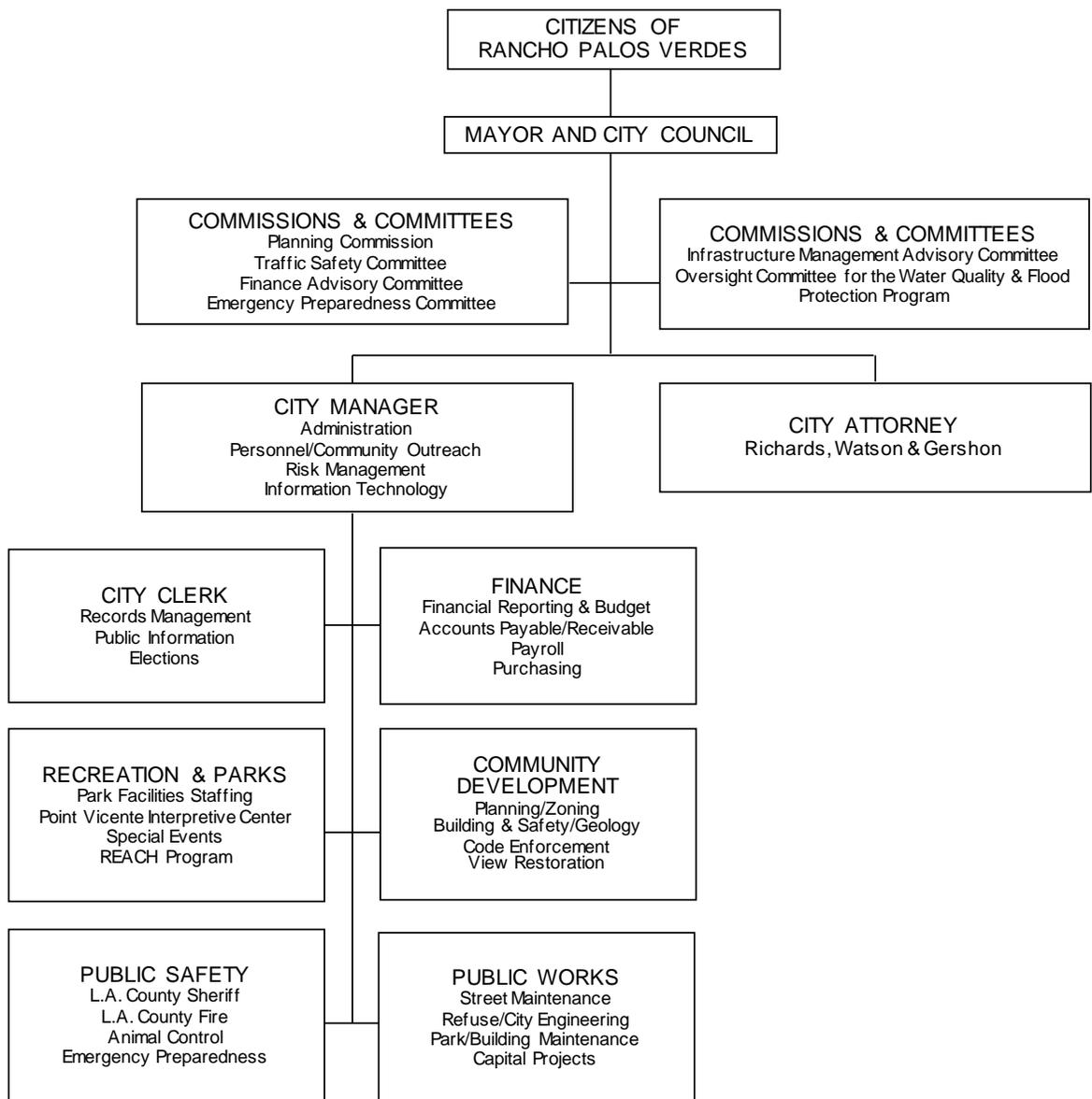
Anthony M. Misetich, Councilman

ADMINISTRATION AND DEPARTMENT HEADS

City Manager Doug Willmore
Deputy City Manager Carolynn Petru
City Clerk Carla Morreale
Director of Finance Deborah Cullen
Community Development Director Joel Rojas
Director of Public Works Michael Throne
Director of Recreation and Parks Cory Linder
City Attorney Richards, Watson & Gershon

CITY OF RANCHO PALOS VERDES

ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Rancho Palos Verdes
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



FINANCIAL SECTION



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, 2015, 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, 2015, 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 street maintenance 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. 68, *Financial Reporting for Pensions - an amendment of GASB Statements No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective July 1, 2014. This resulted in a restatement of beginning net position as disclosed in Note 15 to the financial statements. 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 7 through 16, the schedule of the proportionate share of the net pension liability, and the schedule of contributions on pages 76 and 77 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 21, 2015, 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 21, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS



CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages iv-xii 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, 2015, by \$209,807,007 (*Net Position*). Of this amount, \$47,541,973 (*Unrestricted Net Position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining amount is invested in capital assets or is otherwise nonexpendable, and is therefore not available to meet the City's obligations.

The City's Total Net Position increased by \$2,034,543. The primary factors for the increase are discussed below.

As of June 30, 2015, the City's Governmental Funds reported combined ending Fund Balances of \$50,008,195, an increase of \$3.3 million. Additional transient occupancy tax was accumulated for future capital improvement projects.

As of June 30, 2015, unassigned fund balance for the General Fund was \$16,054,880 or 85% of General Fund expenditures. About \$15.1 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 Financial Statements

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

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

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

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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 19-21 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 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.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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, 2015. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Street Maintenance Fund, 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 22-30 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.

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 31-33 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,

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

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 34-35 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 38-73 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 76-119 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 \$209,807,006 at June 30, 2015. By far, the largest portion of the City's Net Position (72%) 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, 2015

City of Rancho Palos Verdes Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Current and other assets	\$ 67,162,047	\$ 62,769,636	\$ 5,847,529	\$ 6,085,923	\$ 73,009,576	\$ 68,855,559
Capital assets	119,450,510	114,426,541	31,167,848	29,557,317	150,618,358	143,983,858
Total assets	186,612,557	177,196,177	37,015,377	35,643,240	223,627,934	212,839,417
Deferred outflows of resources	793,750	-	-	-	793,750	-
Long-term liabilities outstanding	6,067,063	350,474	-	-	6,067,063	350,474
Other liabilities	6,069,199	3,947,879	513,700	768,600	6,582,899	4,716,479
Total liabilities	12,136,262	4,298,353	513,700	768,600	12,649,962	5,066,953
Deferred inflows of resources	1,964,715	-	-	-	1,964,715	-
Net Investment in capital assets	119,450,510	114,426,541	31,167,848	29,557,317	150,618,358	143,983,858
Restricted	11,646,676	11,792,009	-	-	11,646,676	11,792,009
Unrestricted	42,208,144	46,679,274	5,333,829	5,317,323	47,541,973	51,996,597
Total net position	\$ 173,305,330	\$ 172,897,824	\$ 36,501,677	\$ 34,874,640	\$ 209,807,007	\$ 207,772,464

An additional portion of the City's Net Position (\$11,646,676 or about 6%) represents nonexpendable resources subject to external restrictions. The remaining balance of Unrestricted Net Position (\$47,541,973 or about 23%) may be used to meet the government's ongoing obligations to its citizens and creditors.

Total current and other assets increased by \$4.2 million. This was primarily due to the accumulation of additional transient occupancy tax to fund future capital improvement projects. Capital assets increased by \$6.6 million primarily due to grant-funded construction of projects and acquisition of land. Other liabilities increased by \$1.9 million. At June 30, 2014, the City's Business-type Activity had a significant payable due to the contractor for the San Ramon Canyon stabilization project.

Governmental Activities. Governmental Activities increased the City's Net Position by \$407,506.

CITY OF RANCHO PALOS VERDES

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

City of Rancho Palos Verdes Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Program revenues:						
Charges for services	\$ 2,785,003	\$ 2,120,791	\$ 1,368,568	\$ 1,360,907	\$ 4,153,571	\$ 3,481,698
Operating contributions and grants	2,274,130	2,506,016	-	-	2,274,130	2,506,016
Capital contributions and grants	1,230,131	2,911,817	1,212,995	6,114,956	2,443,126	9,026,773
General revenues:						
Property taxes	12,451,633	11,991,144	-	-	12,451,633	11,991,144
Other taxes	12,151,475	11,989,460	-	-	12,151,475	11,989,460
Other	2,895,591	4,239,613	467,900	10,982	3,363,491	4,250,595
Total revenues	33,787,963	35,758,841	3,049,463	7,486,845	36,837,426	43,245,686
Expenses:						
Administration	7,048,493	7,530,278	-	-	7,048,493	7,530,278
Public safety	4,670,441	4,429,312	-	-	4,670,441	4,429,312
Public works	10,770,499	9,376,755	-	-	10,770,499	9,376,755
Community development	2,071,920	1,927,027	-	-	2,071,920	1,927,027
Parks and recreation	1,669,434	1,368,648	-	-	1,669,434	1,368,648
Non-departmental	190,467	35,000	-	-	190,467	35,000
Water Quality Flood Protection	-	-	1,422,428	658,431	1,422,428	658,431
Total expenses	26,421,254	24,667,020	1,422,428	658,431	27,843,682	25,325,451
Net of transfer in / (out)	-	-	-	-	-	-
(Decrease) / Increase in net position	7,366,709	11,091,821	1,627,035	6,828,414	8,993,744	17,920,235
Extraordinary gain/(loss)	-	-	-	-	-	-
(Decrease) / Increase in net position	7,366,709	11,091,821	1,627,035	6,828,414	8,993,744	17,920,235
Net position - beginning of fiscal year	165,938,621	161,806,003	34,874,640	28,046,226	200,813,261	189,852,229
Net position - end of fiscal year	\$ 173,305,330	\$ 172,897,824	\$ 36,501,675	\$ 34,874,640	\$ 209,807,005	\$ 207,772,464

Restatement of Net Position

	Governmental Activities ⁽¹⁾	Business-type Activity	Total
Changes in net position	7,366,709	1,627,035	8,993,744
Net position - beginning of year, as restated	165,938,621	34,874,640	200,813,261
Net position - end of year	\$173,305,330	\$36,501,675	\$209,807,005

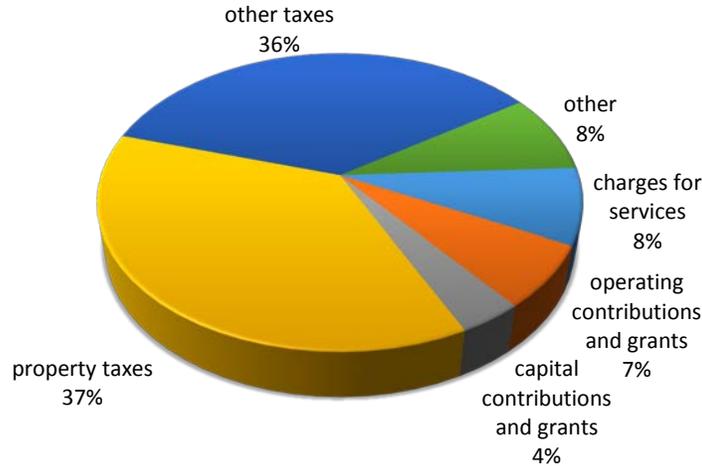
(1) Governmental Activities Only - restated due to GASB 68

Governmental Activities Net Position only increased \$0.4 million primarily due to the Pension Liability being added to the balance sheet as required by GASB 68.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

Revenues by Source – Governmental Activities



Business-Type Activities. Business-type activities increased the City's net position by about \$1.6 million.

Financial Analysis of Governmental Funds

As of the end of the current Fiscal Year, the City's Governmental Funds reported combined ending Fund Balances of \$50,008,194, an increase of \$3.3 million in comparison with the prior year. Approximately 95% of the combined ending Fund Balances (about \$47.6 million) constitutes spendable fund balance. The combined spendable fund balance includes negative unassigned fund deficits of \$47,302 for the Measure A special revenue fund and \$11,624 for the Community Development Block Grant. The remainder of the combined ending Fund Balances is either non-spendable due to outside legal restrictions (\$2.35 million), or non-spendable in the form of prepaid items and inventory.

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$16,054,880, while total Fund Balance reached \$16,652,565. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund Balance and Total Fund Balance to total fund uses (expenditures and transfers out). Unassigned Fund Balance represents 59% of total General Fund uses, while total Fund Balance represents 61% of that same amount.

During Fiscal Year 14-15, the fund balance of the City's General Fund increased by \$1,034,080. This was primarily due to permanent expenditure savings.

The Street Maintenance Fund Balance increased by \$40,820, primarily due to permanent expenditure savings.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

The Capital Improvement Projects (CIP) Fund had an ending fund balance of \$20,447,428. Of this amount, \$15.9 million is held for projects continued from FY14-15 to FY15-16.

Financial Analysis of Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted Net Position of the Enterprise Fund at the end of the year amounted to \$5,333,829. Unrestricted Net Position of the Internal Service Funds at the end of the year amounted to \$3,125,532. The total growth in Proprietary Fund type net position was \$1,019,733 or about 12% of unrestricted Net Position.

General Fund Budgetary Highlights

The General Fund revenue budget was increased by a net amount of \$938,567, primarily due to updating estimates for tax revenue and permit revenue.

The difference between original budgeted expenditures and the final amended budget was an increase of \$567,711; and is briefly summarized as follows:

- An increase of \$1,042,056 was attributable to appropriations continued from FY13-14.
- A decrease of \$531,765 was attributable to appropriations continued to FY15-16.
- Other immaterial adjustments resulted in net increases of \$57,420.

The City Council authorized additional General Fund transfers of about \$1.0 million for the prior year's favorable expenditure variance, as required by the City Council's Reserve Policy.

Capital Asset and Debt Administration

Capital Assets. The City's investment in Capital Assets for its Governmental activities as of June 30, 2015, amounts to \$119,450,510 (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 increased by about \$5,023,969 or about 4%.

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

CITY OF RANCHO PALOS VERDES

**MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

- Depreciation of \$4.0 million was recorded for the City’s Capital Assets.
- A total of \$8.7 million of construction in process was added for various projects.
- Land was purchased with grant funding.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2015 was \$31,167,848.

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Capital assets not being depreciated						
Land	\$ 42,087,575	\$ 41,932,775	\$ 1,428,243	\$ 1,428,243	\$ 43,515,818	\$ 43,361,018
Construction in progress	4,010,354	1,366,748	86,486	17,249,957	4,096,840	18,616,705
Total capital assets not being depreciated	46,097,929	43,299,523	1,514,729	18,678,200	47,612,658	61,977,723
Capital assets being depreciated, net						
Buildings	6,353,169	6,803,871	-	-	6,353,169	6,803,871
Vehicles	87,937	67,838	-	-	87,937	67,838
Computer equipment	176,558	85,322	-	-	176,558	85,322
Furniture, fixtures and equipment	222,709	59,027	-	-	222,709	59,027
Infrastructure						
Roadway system	45,700,251	44,555,641	-	-	45,700,251	44,555,641
Sewer system	6,834,470	7,288,292	-	-	6,834,470	7,288,292
Storm drain system	9,179,025	9,429,504	29,653,119	10,879,117	38,832,144	20,308,621
Park system	4,798,462	2,837,523	-	-	4,798,462	2,837,523
Total capital assets being depreciated, net	73,352,581	71,127,018	29,653,119	10,879,117	103,005,700	82,006,135
Capital Assets, net	\$ 119,450,510	\$ 114,426,541	\$ 31,167,848	\$ 29,557,317	\$ 150,618,358	\$ 143,983,858

Additional information on the City’s Capital Assets can be found in Note #4 on pages 51-52 of this report.

Long-term debt. At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$352,743 for Employee Compensated Absences.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2015	June 30, 2014
Employee compensated absences	352,743	350,474
Total	\$ 352,743	\$ 350,474

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2015

The City's total debt increased by \$2,269 (1%) during the current Fiscal Year, due to 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 \$1,583,404,000. Additional information on the City's long-term debt can be found in Note #6 on page 54 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenue accounts for about 37 percent of Government-Wide revenues. Local property values remain strong, and the City's property assessments grew by 3.25% for FY14-15.
- The Consumer Price Index for Los Angeles County increased by 0.8% for the 12 months ended June 2015. The City's original FY15-16 General Fund expenditure budget increased by 2.2% when compared to the original FY14-15 budget. Revenue in excess of budgeted expenditures (about \$4.5 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.

BASIC FINANCIAL STATEMENTS



CITY OF RANCHO PALOS VERDES
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 56,530,940	\$ 5,096,785	\$ 61,627,725
Receivables:			
Taxes	1,073,692	-	1,073,692
Interest	32,153	3,246	35,399
Notes	7,823,879	-	7,823,879
Due from other government agencies	162,226	747,498	909,724
Other	766,569	-	766,569
Inventory	38,034	-	38,034
Prepaid items	734,554	-	734,554
TOTAL CURRENT ASSETS	67,162,047	5,847,529	73,009,576
NONCURRENT ASSETS:			
Receivable from Successor Agency	10,457,065		10,457,065
Allowance for Successor Agency receivable	(10,457,065)		(10,457,065)
Capital assets			
Land	42,087,575	1,428,243	43,515,818
Construction in process	4,010,354	86,486	4,096,840
Capital assets, net accumulated depreciation			
Property and equipment	487,205	-	487,205
Building and improvements	6,353,169	-	6,353,169
Infrastructure	66,512,207	29,653,119	96,165,326
TOTAL NONCURRENT ASSETS	119,450,510	31,167,848	150,618,358
TOTAL ASSETS	186,612,557	37,015,377	223,627,934
DEFERRED OUTFLOWS OF RESOURCES	793,750	-	793,750
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	5,307,619	472,549	5,780,168
Retentions payable	284,629	41,151	325,780
Unearned revenue	88,560	-	88,560
Deposits payable	388,391	-	388,391
TOTAL CURRENT LIABILITIES	6,069,199	513,700	6,582,899
LONG-TERM LIABILITIES:			
Due within one year	289,476	-	289,476
Due beyond one year	63,267	-	63,267
Net Pension Liability	5,714,320	-	5,714,320
TOTAL LONG-TERM LIABILITIES	6,067,063	-	6,067,063
TOTAL LIABILITIES	12,136,262	513,700	12,649,962
DEFERRED INFLOWS OF RESOURCES	1,964,715	-	1,964,715
NET POSITION			
Net investment in capital assets	119,450,510	31,167,848	150,618,358
Restricted			
Expendable	1,855,476		1,855,476
Nonexpendable	9,791,200		9,791,200
Unrestricted	42,208,144	5,333,829	47,541,973
TOTAL NET POSITION	\$ 173,305,330	\$ 36,501,677	\$ 209,807,007

See accompanying notes to financial statements.

**CITY OF RANCHO PALOS VERDES
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 7,127,433	\$ 107,969	\$ 15,057	\$ -
Public safety	4,670,441	42,898	123,255	
Public works	10,691,559	431,500	2,135,818	1,230,131
Community development	2,071,920	2,058,262	-	
Parks and recreation	1,669,434	144,376		
Non-departmental	190,467			
Total governmental activities	26,421,254	2,785,005	2,274,130	1,230,131
Business-type Activity:				
Water Quality Flood Protection	1,422,428	1,368,570	-	1,212,995
Total primary government	\$ 27,843,682	\$ 4,153,575	\$ 2,274,130	\$ 2,443,126

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
- Transfers

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>
\$ (7,004,407)	\$ -	\$ (7,004,407)
(4,504,288)	-	(4,504,288)
(6,894,110)	-	(6,894,110)
(13,658)	-	(13,658)
(1,525,058)	-	(1,525,058)
(190,467)	-	(190,467)
<u>(20,131,988)</u>	<u>-</u>	<u>(20,131,988)</u>
<u>-</u>	<u>1,159,137</u>	<u>1,159,137</u>
<u>(20,131,988)</u>	<u>1,159,137</u>	<u>(18,972,851)</u>
12,451,632	-	12,451,632
4,812,130	-	4,812,130
1,757,889	-	1,757,889
2,044,398	-	2,044,398
1,972,671	-	1,972,671
1,564,387	-	1,564,387
121,974	10,260	132,234
3,231,256	-	3,231,256
(457,640)	457,640	-
<u>27,498,697</u>	<u>467,900</u>	<u>27,966,597</u>
7,366,709	1,627,037	8,993,746
<u>165,938,621</u>	<u>34,874,640</u>	<u>200,813,261</u>
<u>\$ 173,305,330</u>	<u>\$ 36,501,677</u>	<u>\$ 209,807,007</u>

CITY OF RANCHO PALOS VERDES

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2015

	General	Special Revenue Street Maintenance	Capital Projects Capital Improvements
ASSETS			
Cash and investments	\$ 16,844,314	\$ 1,998,447	\$ 22,884,884
Receivables:			
Taxes	1,050,160		
Interest	12,046	510	8,434
Due from other government agencies	905	3,601	
Other	748,365	-	
Due from other funds	66,938		
Inventory	38,034		
Prepaid items	559,651		
Receivable from Successor Agency	10,457,065		
Allowance for Successor Agency receivable	(10,457,065)		
TOTAL ASSETS	<u>\$ 19,320,413</u>	<u>\$ 2,002,558</u>	<u>\$ 22,893,318</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,179,312	\$ 682,228	\$ 2,180,362
Due to other funds			
Retentions payable	11,585	7,517	265,527
Unearned revenue	88,560		
Deposits payable	388,391		
TOTAL LIABILITIES	<u>2,667,848</u>	<u>689,745</u>	<u>2,445,889</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue		97	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>97</u>	<u>-</u>
FUND BALANCES			
Non-Spendable			
Endowment principal			
Reimbursement settlement agreement			
Prepaid items	559,651		
Inventory	38,034		
Habitat restoration			
Restricted		1,312,716	
Committed			
Assigned			20,447,429
Unassigned	16,054,880		
TOTAL FUND BALANCES	<u>16,652,565</u>	<u>1,312,716</u>	<u>20,447,429</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 19,320,413</u>	<u>\$ 2,002,558</u>	<u>\$ 22,893,318</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 11,714,307	\$ 53,441,952
23,532	1,073,692
8,518	29,508
157,720	162,226
16,195	764,560
	66,938
	38,034
	559,651
	10,457,065
	(10,457,065)
<u>\$ 11,920,272</u>	<u>\$ 56,136,561</u>
\$ 132,845	\$ 5,174,747
56,797	56,797
	284,629
	88,560
	388,391
<u>189,642</u>	<u>5,993,124</u>
135,145	135,242
<u>135,145</u>	<u>135,242</u>
750,000	750,000
1,000,000	1,000,000
	559,651
	38,034
105,476	105,476
8,541,964	9,854,680
54,552	54,552
1,202,419	21,649,848
(58,926)	15,995,954
<u>11,595,485</u>	<u>50,008,195</u>
<u>\$ 11,920,272</u>	<u>\$ 56,136,561</u>

CITY OF RANCHO PALOS VERDES

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

June 30, 2015

Fund balances - total governmental funds \$ 50,008,195

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. 118,963,305

Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds. 135,242

Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance. 7,823,879

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (352,743)

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. (6,885,285)

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. 3,612,737

Net position of governmental activities \$ 173,305,330

See accompanying notes to financial statements.



CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	General	Special Revenue Street Maintenance	Capital Projects Capital Improvements
REVENUES:			
Taxes	\$ 23,760,687	\$ -	\$ -
Licenses and permits	2,514,572		
Revenue from other agencies	36,212	1,090,211	312,272
Charges for services	369,608	250	
Fines and forfeitures	135,056		
Use of money and property	585,126	2,472	36,014
Other revenues	683,592	25,649	
TOTAL REVENUES	28,084,853	1,118,582	348,286
EXPENDITURES:			
Current			
Administration	5,135,472		
Public safety	4,761,241		
Public works	4,063,755	2,156,510	
Community development	2,870,427		
Parks and recreation	1,818,846		
Non-departmental	190,467		
Capital Outlay			8,696,608
TOTAL EXPENDITURES	18,840,208	2,156,510	8,696,608
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,244,645	(1,037,928)	(8,348,322)
OTHER FINANCING SOURCES (USES):			
Transfers in	364,049	1,078,749	11,753,919
Transfers out	(8,574,614)		(969,422)
TOTAL OTHER FINANCING SOURCES (USES)	(8,210,565)	1,078,749	10,784,497
NET CHANGE IN FUND BALANCE	1,034,080	40,821	2,436,175
FUND BALANCE - BEGINNING OF YEAR	15,618,485	1,271,895	18,011,254
FUND BALANCE - END OF YEAR	\$ 16,652,565	\$ 1,312,716	\$ 20,447,429

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 842,421	\$ 24,603,108
	2,514,572
2,355,315	3,794,010
57,643	427,501
	135,056
29,374	652,986
1,667,691	2,376,932
<u>4,952,444</u>	<u>34,504,165</u>
	5,135,472
	4,761,241
1,821,471	8,041,736
	2,870,427
	1,818,846
	190,467
	<u>8,696,608</u>
<u>1,821,471</u>	<u>31,514,797</u>
<u>3,130,973</u>	<u>2,989,368</u>
328,700	13,525,417
<u>(3,643,602)</u>	<u>(13,187,638)</u>
(3,314,902)	337,779
(183,929)	3,327,147
11,779,414	46,681,048
<u>\$ 11,595,485</u>	<u>\$ 50,008,195</u>

CITY OF RANCHO PALOS VERDES

FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Net change in fund balances - total governmental funds \$ 3,327,147

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	8,818,606
Depreciation expense	(3,819,678)
Loss on disposal of capital asset	(249,976)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (289,749)

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. 116,014

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. (2,269)

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 change in pension related amounts. 73,918

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. (607,304)

Change in net position of governmental activities \$ 7,366,709

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 23,158,300	\$ 23,572,867	\$ 23,760,687	\$ 187,820
Licenses and permits	1,862,400	2,062,400	2,514,572	452,172
Revenue from other agencies	-	18,000	36,212	18,212
Charges for services	415,500	415,500	369,608	(45,892)
Fines and forfeitures	117,600	117,600	135,056	17,456
Use of money and property	650,240	650,240	585,126	(65,114)
Other revenues	344,521	650,521	683,592	33,071
TOTAL REVENUES	26,548,561	27,487,128	28,084,853	597,725
EXPENDITURES:				
Administration				
City council	129,800	129,800	120,557	9,243
City manager	1,098,000	762,123	731,613	30,510
Legal services	990,000	990,000	856,190	133,810
City clerk	485,750	486,750	486,496	254
Community outreach	128,099	131,849	121,021	10,828
RPV TV	168,600	180,600	175,200	5,400
Risk management	400,000	400,000	396,292	3,708
Personnel	438,250	494,167	399,980	94,187
Finance	1,417,000	1,209,150	1,208,680	470
Information technology - data	594,800	577,800	551,771	26,029
Information technology - voice	96,000	86,000	87,672	(1,672)
Total Administration	5,946,299	5,448,239	5,135,472	312,767
Public Safety				
Sheriff services	4,306,900	4,345,900	4,345,828	72
Special safety programs	96,700	106,700	98,528	8,172
Animal control	80,000	81,180	81,180	-
Emergency preparedness	269,900	293,383	235,705	57,678
Total Public Safety	4,753,500	4,827,163	4,761,241	65,922
Public Works				
Public works administration	2,232,250	2,097,900	2,097,473	427
Traffic management	216,000	397,000	91,847	305,153
Storm water quality	496,000	606,495	278,332	328,163
Public building maintenance	612,300	632,300	576,139	56,161
Parks/trails/open space maintenance	1,331,100	1,801,248	988,184	813,064
Sewer maintenance	68,000	33,000	31,780	1,220
Total Public Works	4,955,650	5,567,943	4,063,755	1,504,188

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Planning	1,505,040	1,503,311	1,375,122	128,189
Building & safety services	749,100	779,877	744,830	35,047
Code enforcement	218,700	218,700	207,064	11,636
View restoration/preservation	388,700	394,700	394,210	490
Geology	150,000	150,000	149,201	799
Total Community Development	<u>3,011,540</u>	<u>3,046,588</u>	<u>2,870,427</u>	<u>176,161</u>
Parks and Recreation				
Recreation administration	665,650	830,550	780,059	50,491
Recreation facilities	524,500	524,500	437,375	87,125
Special events	93,250	93,250	89,722	3,528
Point Vicente Interpretive Center	445,350	434,750	434,064	686
REACH	42,200	42,200	38,154	4,046
Support services	49,500	49,500	39,472	10,028
Total Parks and Recreation	<u>1,820,450</u>	<u>1,974,750</u>	<u>1,818,846</u>	<u>155,904</u>
Non-departmental	<u>-</u>	<u>190,467</u>	<u>190,467</u>	<u>-</u>
TOTAL EXPENDITURES	20,487,439	21,055,150	18,840,208	2,214,942
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,061,122	6,431,978	9,244,645	2,812,667
OTHER FINANCING SOURCES (USES):				
Transfers in	208,000	392,855	364,049	(28,806)
Transfers out	<u>(7,584,506)</u>	<u>(8,571,984)</u>	<u>(8,574,614)</u>	<u>(2,630)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(7,376,506)	(8,179,129)	(8,210,565)	(31,436)
NET CHANGE IN FUND BALANCE	(1,315,384)	(1,747,151)	1,034,080	2,781,231
FUND BALANCE - BEGINNING OF YEAR	<u>15,618,485</u>	<u>15,618,485</u>	<u>15,618,485</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 14,303,101</u>	<u>\$ 13,871,334</u>	<u>\$ 16,652,565</u>	<u>\$ 2,781,231</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

STREET MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 1,094,552	\$ 1,239,552	\$ 1,090,211	\$ (149,341)
Charges for services	4,100	4,100	250	(3,850)
Use of money and property	1,610	1,610	2,472	862
Other revenues	25,000	25,000	25,649	649
TOTAL REVENUES	1,125,262	1,270,262	1,118,582	(151,680)
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,704,279	1,851,279	1,521,068	330,211
Traffic signal maintenance	109,000	126,000	116,693	9,307
Portuguese Bend road maintenance	574,500	599,500	518,749	80,751
TOTAL EXPENDITURES	2,387,779	2,576,779	2,156,510	420,269
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,262,517)	(1,306,517)	(1,037,928)	268,589
OTHER FINANCING SOURCES (USES):				
Transfers in	1,096,000	1,103,000	1,078,749	(24,251)
NET CHANGE IN FUND BALANCE	(166,517)	(203,517)	40,821	244,338
FUND BALANCE - BEGINNING OF YEAR	1,271,895	1,271,895	1,271,895	-
FUND BALANCE - END OF YEAR	\$ 1,105,378	\$ 1,068,378	\$ 1,312,716	\$ 244,338

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 1,368,570	\$ 2,937,270
OPERATING EXPENSES:		
Personnel services	131,835	2,049,468
Materials and supplies	-	207,799
Maintenance	650,182	360,645
Depreciation	640,411	141,092
TOTAL OPERATING EXPENSES	1,422,428	2,759,004
OPERATING INCOME (LOSS)	(53,858)	178,266
NON-OPERATING REVENUES:		
Other revenues	1,212,995	-
Investment income	10,260	9,849
TOTAL NON-OPERATING REVENUES	1,223,255	9,849
INCOME (LOSS) BEFORE TRANSFERS	1,169,397	188,115
TRANSFERS		
Transfers in	820,000	149,422
Transfers out	(362,360)	(944,841)
TOTAL TRANSFERS	457,640	(795,419)
CHANGE IN NET POSITION	1,627,037	(607,304)
NET POSITION - BEGINNING OF YEAR	34,874,640	4,220,041
NET POSITION - END OF YEAR	\$ 36,501,677	\$ 3,612,737

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2015

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund	
	<hr/>	
ASSETS		
Cash and investments	\$	462,425
Receivables:		
Interest		281
Notes		54,932
Prepaid items		638,144
		<hr/>
TOTAL ASSETS		1,155,782
		<hr/>
LIABILITIES		
Accounts payable and accrued liabilities		863
Short-term liability		
Due within one year - Portuguese Bend		32,237
Due within one year - Abalone Cove		15,648
Due within one year - bond payable		180,000
Long-term liabilities		
Due beyond one year - Portuguese Bend		7,007,639
Due beyond one year - Abalone Cove		3,401,541
Due beyond one year - bond payable		4,475,000
		<hr/>
TOTAL LIABILITIES		15,112,928
		<hr/>
NET POSITION (DEFICIT) HELD IN TRUST	\$	(13,957,146)
		<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 609,806
Use of money and property	1,216
TOTAL ADDITIONS	<u>611,022</u>
DEDUCTIONS	
Administration	217,331
Debt interest and fiscal charges	268,827
TOTAL DEDUCTIONS	<u>486,158</u>
EXTRAORDINARY GAIN	<u>1,590,826</u>
CHANGE IN NET POSITION	<u>1,715,690</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(15,672,836)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (13,957,146)</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 2015

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, 2015

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

Governmental Fund Types

- *General Fund* – Used to account for all financial resources except those that are required to be accounted for in another fund. 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 and maintenance of equipment 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 fiduciary activities. These statements are presented on an "economic resources"

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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 be used to pay liabilities of the current period. Accrued revenues include property

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

The 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 employee benefits. The City's internal service funds are presented in the proprietary

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

The City reports the following major enterprise fund

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary fund

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

D. Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level. Throughout the year, the City Council made several supplementing budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and Permanent funds. These adjustments resulted in a net appropriation increase in the amount of \$9,240,861. This increase was primarily a result of appropriations continued from FY13-14 in the amount of \$23.6 million and appropriations continued to FY15-16 in the amount of \$17.4 million.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2014, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

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.

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

the General Fund if there is unused/unpaid leave outstanding following an employee's separation.

G. Investments

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

H. Cash and Cash Equivalents

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

I. Claims and Judgments

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

The City's self-insurance program is administered through the California Joint Powers Authority (the CJPIA), which is described at Note #9. The CJPIA is a public entity risk pool. The City records amounts deposited with CJPIA as insurance expenditures in the General Fund 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 thus, an equivalent portion of fund balance is reported as non-spendable. The City had a total of \$734,554 (\$559,651 in governmental funds and \$174,903 in internal service funds) of prepaid items as of June 30, 2015.

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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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. 68 – *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*. In June 2012, the GASB improved accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The statement has been implemented with the June 30, 2015 financial statements.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. In November 2013, the GASB addressed an issue relating to amounts associated with contributions made by a government employer to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The statement has been implemented with the June 30, 2015 financial statements.

GASB Statement No. 72 - *Fair Value Measurement and Application*. On February 27, 2015, GASB established how state and local governments should define and measure fair value. GASB also describes which assets and liabilities should be measured at fair value, and expands disclosures related to fair value measurements. This statement is not effective until June 30, 2016. The City has not determined its effect on the financial statements.

GASB Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

established requirements for those pensions and pension plans that are not administered through a trust. Reporting is generally the same as in GASB 68. This statement is not effective until June 30, 2016. The City has not determined its effect on the financial statements.

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 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. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB compresses the current 4-level hierarchy of generally accepted accounting principles (GAAP) into just two levels. In doing so, it elevates the GASB's Implementation Guides to authoritative status, meaning that any future implementation guidance will be subject to full due-process prior to release. This statement is not effective until June 30, 2016. 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.

NOTE #2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2015, 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	\$ 61,627,725	\$ 462,425	\$ 62,090,150

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Cash and investments as of June 30, 2015 consist of the following:

Petty Cash	\$	3,000
Deposits with Financial Institution		10,870,469
Local Agency Investment Fund (LAIF)		51,216,681
	\$	<u>62,090,150</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

<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, 2015, the City held demand deposits of \$8,670,466. Per the investment policy, amounts may exceed \$5 million or 15% for no more than thirty days if the accounts are to hold monies being transitioned. The City was in the process of transitioning bank services as directed by the City Council. The balance was reduced to below the \$5 million amount by August 2015.

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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Investment Type	Remaining Maturity 12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 51,216,681

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's LAIF investment is not rated.

Concentration of Credit Risk

The investment policy of the City of Rancho Palos Verdes contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2015, the City's investments in LAIF were exempt from concentration of credit risk disclosure.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City of Rancho Palos Verdes' investment policy do not contain legal or policy requirements 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, \$8,170,466 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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Investment in Local Agency Investment Fund (LAIF)

The City of Rancho Palos Verdes is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Rancho Palos Verdes' investment in this pool is based upon the City of Rancho Palos Verdes' pro-rata share of the fair value provided by LAIF for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

NOTE #3 – INTERFUND TRANSACTIONS

Interfund balances consisted of the following at June 30, 2015:

		Due To
		General Fund
Due From	Measure A Fund	\$ 47,453
	CDBG Fund	9,344
	Employee Benefits Fund	9,576
	Building Replacement Fund	565
	Total:	<u>\$ 66,938</u>

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2015, consisted of the following:

		Transfer From					
		General Fund	Capital Improvement Projects	Other Governmental Funds	Enterprise Fund	Internal Service Funds	Totals
Transfer To	General Fund	\$ -	\$ -	\$ 364,049	\$ -	\$ -	\$ 364,049
	Street Maintenance			1,078,749			1,078,749
	Capital Improvement Projects	8,245,914		2,200,804	362,360	944,841	11,753,919
	Other Governmental Funds	328,700					328,700
	Enterprise Fund		820,000				820,000
	Internal Service Funds	-	149,422				149,422
Totals:		<u>\$ 8,574,614</u>	<u>\$ 969,422</u>	<u>\$ 3,643,602</u>	<u>\$ 362,360</u>	<u>\$ 944,841</u>	<u>\$ 14,494,839</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 \$8,245,914 to the Capital Improvement Projects (CIP) Fund. The transfer included \$5,785,208 of funding for the CIP Reserve for future infrastructure projects, as required by the City Council's Reserve Policy; an additional \$231,306 for future projects as directed by City Council; and \$2,229,400 of funding for the annual residential street rehabilitation program. The Street Maintenance Fund received \$1,078,749, which includes transfers of: \$200,000 from the 1972 Act Fund for street landscape maintenance; \$224,000 from the Beautification Fund for median maintenance; \$37,000 from the Waste Reduction Fund, of which \$30,000 is for mulch from tree trimming and \$7,000 is for litter abatement from medians; \$99,000 from the 1911 Act Fund for traffic signal maintenance; and \$518,749 of Proposition C money for roadway maintenance within the landslide area. The CIP Fund received \$2,200,804 from Other Governmental Funds; including \$1,228,719 from the Proposition C Fund, \$310,886 from the Proposition A Fund, and \$564,000 from the Measure R Fund, all for the Palos Verdes Drive East rehabilitation project; as well as \$97,199 from the Environmental Excise Tax Fund for projects to comply with the Americans with Disabilities Act (ADA).

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 41,932,775	154,800		\$ 42,087,575
Construction in progress	1,366,748	8,663,805	(6,020,199)	4,010,354
Total capital assets not being depreciated	<u>43,299,523</u>	<u>8,818,605</u>	<u>(6,020,199)</u>	<u>46,097,929</u>
Capital assets being depreciated:				
Building and improvements	12,955,553		(328,916)	12,626,637
Vehicles	309,120	47,245		356,365
Computer equipment	696,073	164,644	(157,633)	703,084
Furniture, fixtures and equipment	370,963	204,220	(34,225)	540,958
Infrastructure				
Roadway system	93,793,331	3,806,972		97,600,303
Sewer system	25,965,995			25,965,995
Storm drain system	13,148,416			13,148,416
Parks system	4,157,868	2,213,227		6,371,095
Total capital assets being depreciated	<u>151,397,319</u>	<u>6,436,308</u>	<u>(520,774)</u>	<u>157,312,853</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,151,682)	(200,726)	78,940	(6,273,468)
Vehicles	(241,282)	(27,146)		(268,428)
Computer equipment	(610,751)	(73,407)	157,633	(526,525)
Furniture, fixtures and equipment	(311,936)	(40,538)	34,225	(318,249)
Infrastructure				
Roadway system	(49,237,690)	(2,662,363)		(51,900,053)
Sewer system	(18,677,703)	(453,822)		(19,131,525)
Storm drain system	(3,718,912)	(250,479)		(3,969,391)
Parks system	(1,320,345)	(252,288)		(1,572,633)
Total accumulated depreciation	<u>(80,270,301)</u>	<u>(3,960,769)</u>	<u>270,798</u>	<u>(83,960,272)</u>
Total capital assets being depreciated, net	<u>71,127,018</u>	<u>2,475,539</u>	<u>(249,976)</u>	<u>73,352,581</u>
Governmental activities capital assets, net	<u>\$ 114,426,541</u>	<u>11,294,144</u>	<u>(6,270,175)</u>	<u>\$ 119,450,510</u>

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

Administration (depreciation of buildings)	\$ 200,726
Public Works (depreciation of roadways, sewers, and storm drains)	3,366,664
Recreation Services (depreciation of parks system)	252,288
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>141,091</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,960,769</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,428,243			\$ 1,428,243
Construction in progress	17,249,957	1,717,547	(18,881,018)	86,486
Total capital assets not being depreciated	<u>18,678,200</u>	<u>1,717,547</u>	<u>(18,881,018)</u>	<u>1,514,729</u>
Capital assets being depreciated:				
Equipment	11,813			11,813
Storm drain system	12,286,056	19,414,413		31,700,469
Total capital assets being depreciated	<u>12,297,869</u>	<u>19,414,413</u>	<u>-</u>	<u>31,712,282</u>
Less accumulated depreciation for:				
Equipment	(11,813)			(11,813)
Storm drain system	(1,406,939)	(640,411)		(2,047,350)
Total accumulated depreciation	<u>(1,418,752)</u>	<u>(640,411)</u>	<u>-</u>	<u>(2,059,163)</u>
Total capital assets being depreciated, net	<u>10,879,117</u>	<u>18,774,002</u>	<u>-</u>	<u>29,653,119</u>
Business-type activities capital assets, net	<u>\$ 29,557,317</u>	<u>20,491,549</u>	<u>(18,881,018)</u>	<u>\$ 31,167,848</u>

Depreciation expense of \$640,411 is included in the Water Quality Flood Protection enterprise fund.

NOTE #5 – LONG-TERM NOTES RECEIVABLE

	Governmental Activities
Long-Term Notes Receivable	<u>\$ 7,823,879</u>
	Long-Term Notes Receivable
City Affordable Housing In-Lieu	\$ 1,456,431
City Low-Moderate Income Housing	5,898,287
Community Development Block Grant	469,161
Subtotal:	<u>7,823,879</u>
Receivable from Successor Agency	10,457,064
Allowance from Successor Agency receivable	<u>(10,457,064)</u>
Total Long-Term Notes Receivable:	<u>\$ 7,823,879</u>

The Receivable from 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).

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 \$957,854 at June 30, 2015 was \$7,228,398.

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

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

Community Development Block Grant (CDBG)

As part of the City's CDBG program, the City extends loans to property owners meeting low and moderate income requirements to make repairs and improvements to their homes. These notes receivable bear no interest, and repayment is required when the title to the property is transferred or the property is re-financed. The maximum loan amount per property is \$13,000. Amounts repaid are returned to the CDBG program. The total of these loans outstanding at June 30, 2015 is \$469,161.

NOTE #6 – LONG-TERM DEBT

	Balance			Balance	Amount Due
	July 1, 2014	Additions	Deletions	June 30, 2015	in One Year
Employee Compensated Absences	\$ 350,474	\$289,883	\$(287,614)	\$ 352,743	\$ 289,476

Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$289,476 estimated to be the amount that will be used and/or paid out during the fiscal year ended June 30, 2016.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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.

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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
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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, 2015:

	General Fund	Street Maintenance Fund	Capital Improvement Fund	Other Governmental Funds
Nonspendable:				
In Form (inventory and prepaid)	\$ 597,685	\$ -	\$ -	\$ -
Legally	-	-	-	1,750,000
Habitat Restoration	-	-	-	105,476
Restricted				
Public Works	-	1,312,716	-	8,541,964
Committed				
Public Works	-	-	-	54,552
Assigned	-	-	20,447,429	1,202,419
Unassigned:	-			
Rainy Day Fund	15,133,238	-	-	-
Continued Appropriations	531,765	-	-	-
Utility User Tax Claim Account	389,877	-	-	-
Deficit Fund Balance	-	-	-	(58,926)
Governmental Fund Balance Totals	<u>\$ 16,652,565</u>	<u>\$ 1,312,716</u>	<u>\$ 20,447,429</u>	<u>\$ 11,595,485</u>

Non-spendable Fund Balance

- General Fund assets include \$38,034 of inventory held for resale at the Point Vicente Interpretive Center gift shop, and \$559,651 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 \$105,476 represents 10 years of annual \$10,000 contributions plus interest earnings.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Restricted Fund Balance

- The balances of the City's Special Revenue Funds, including California Highway User Tax apportionments in the Street Maintenance Fund, are constrained to use for specific purposes by other governmental agencies.

Committed Fund Balance

- The balance of the Abalone Cove Sewer District Fund is committed, via ordinance, for maintenance of the sewer system.

Assigned Fund Balance

- The \$20,838,067 balance of the Capital Improvement Projects Fund has been assigned for the planning, design and construction of infrastructure projects.
- The \$571,856 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 \$630,563 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.

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 \$15,133,238 at June 30, 2015.
- On September 15, 2015, the City Council adopted a resolution to carry forward \$531,765 of fiscal year 2015-16 General Fund appropriations to fiscal year 2015-16.
- On August 19, 2014, the City Council adopted a resolution to create a Utility User Tax (UUT) Claim Account, funded with telecommunications revenue received since August 13, 2013 (see further discussion in Note #10). The calculated estimate of Telecommunications UUT received from August 13, 2013 through June 30, 2015 is \$713,469. Of this amount, \$323,592 has been distributed for refunds, legal fees, and refund administration. The remaining UUT Claim Account balance at June 30, 2015 is \$389,877.
- Deficit fund balances of \$47,302 in the Measure A Fund and \$11,624 in the Community Development Block Grant Fund have been reported as unassigned.

Statement of Net Position

The City's Net Position at June 30, 2015 includes restricted amounts totaling \$11,710,156. The restrictions are itemized in the following table, and are noted above, in the discussion of governmental fund balances.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Improvement Authority non-spendable balance	\$ 1,000,000
Subregion One maintenance non-spendable endowment	750,000
Natural Communities Conservation Plan non-spendable endowment	105,476
Street Maintenance restricted balance	1,312,563
Other Governmental Funds restricted balances	<u>8,478,637</u>
Total Restricted portion of Net Position	<u>\$ 11,646,676</u>

NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS

Pension Plan Description

All qualified employees are eligible to participate in the City’s Miscellaneous Employee Pension Plan (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 provisions, assumptions and membership information can be found on the CalPERS website.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. 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 the plan are applied as specified by the Public Employees’ Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized in the following table.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

	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	15.701%	8.005%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the 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 rates of employees. Contributions to the pension plan from the City were \$725,496 for the year ended June 30, 2015.

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

As of June 30, 2015, the City reported a liability of \$5,714,320 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard actuarial 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportion of the collective net pension liability as of June 30, 2013 and 2014 is as follows:

Proportion - June 30, 2013	0.09686%
Proportion - June 30, 2014	0.09183%
Change - Increase (Decrease)	(0.00503)%

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

For the year ended June 30, 2015, the City recognized pension expense of \$627,202. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 725,496	
Difference between actual contributions and proportionate share of contributions	68,254	
Changes in proportion		\$ 44,438
Net difference between projected and actual earnings on pension plan investments		1,920,277
Totals	<u>\$ 793,750</u>	<u>\$ 1,964,715</u>

The amount of \$725,496 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (471,564)
2017	(471,564)
2018	(473,263)
2019	(480,070)
2020	-
Thereafter	-
	<u>\$ (1,896,461)</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.5% (1)
Mortality	Derived using CalPERS' Membership Data

(1) Net of pension plan investment and administrative expenses, including inflation

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and 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, the 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 7.50% 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 for return was set by calculating the single equivalent expected return of return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. 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.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return Years 1-10	Long-Term Expected Real Rate of Return Years 11+
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99	2.43
Inflation Sensitive	6%	0.45	3.36
Private Equity	12%	6.83	6.95
Real Estate	11%	4.50	5.13
Infrastructure and Forestland	3%	4.50	5.09
Liquidity	2%	(0.55)	(1.05)
Total	100%		

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

The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 10,181,152
Current Discount Rate	7.50%
Net Pension Liability	\$ 5,714,320
1% Increase	8.50%
Net Pension Liability	\$ 2,007,275

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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, 2015, the City contributed a total of \$74,348 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.

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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

For 2014-15 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) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 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 2014-15, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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, 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 \$15,360,815. 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 \$15,093,253. 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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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. There were also no significant reductions in pooled or insured liability coverage in 2014-15.

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.

Claim for Utility User Tax Refund

On August 13, 2014, a City resident taxpayer filed a class action lawsuit pertaining to the collection of the City's 3% Utility User Tax (UUT) on telecommunications services. The complaint seeks refund of telecommunications UUT back to August 1, 2006, plus interest, estimated at more than \$5 million. However, the City's Municipal Code limits claims for tax refunds to one year. On August 19, 2014, the City Council took action to immediately suspend collection of telecommunications UUT, and transfer all such revenue received since August 13, 2013 (the beginning of the one year claim period) to a UUT Claim Account to be used for refunds to taxpayers (discussed further in Note #7). At June 30, 2015, the balance of the Claim Account is \$389,877 (\$713,469 revenue received since August 13, 2013, less \$323,592 of claims and related administration paid). No liability has been recorded

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

for telecommunications UUT collected prior to the beginning of the one-year claim period allowed by the City's Municipal Code.

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.

NOTE #11 – PROPERTY TAXES

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

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

NOTE #12 – UNAVAILABLE AND UNEARNED REVENUES

The unavailable and unearned revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2015 are presented in the following table.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Revenue Measurable but Not Available (beyond 60 days):		
Street Maintenance Fund		\$ 97
Other Governmental Funds		<u>135,145</u>
	Total Unavailable Revenues	<u>\$ 135,242</u>
Advance balance on federal grant - NCCP		
General Fund	Total Unearned Revenue	<u>\$ 88,560</u>

NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following funds had deficit fund balances as of June 30, 2015:
Other Governmental Funds:

Measure A Special Revenue Fund	\$47,302
Community Development Block Grant Special Revenue Fund	\$11,624

The City plans to finance the fund deficits through future revenues.

The following budget program had expenditures in excess of the budget for the year ended June 30, 2015, as follows:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
Information Technology – Voice	\$86,000	\$87,672	\$1,672
Transfers out	\$8,571,984	\$8,574,614	\$2,630

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.

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).

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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	\$ 54,932
Prepaid item	<u>638,144</u>
Total Non-Liquid Assets	<u>\$693,076</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, 2015 is \$54,932.

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 been applied to debt at June 30, 2015 is \$638,144.

Debt Summary

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 8,627,610	\$ 128,056	\$ (1,715,790)	\$ 7,039,876	\$ 32,237
Abalone Cove	3,460,994	72,040	\$ (115,845)	3,417,189	15,648
Due to County:					
Tax Increment Bond	4,810,000		(155,000)	4,655,000	180,000
Totals	<u>\$ 16,898,604</u>	<u>\$ 200,096</u>	<u>\$ (1,986,635)</u>	<u>\$ 15,112,065</u>	<u>\$ 227,885</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 \$47,885 of RPTTF revenue will be available for repayment of the City's Consolidated Loan during the fiscal year ended June 30, 2016. 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, 2015, using historical LAIF rates, the loan balance was \$12,047,891. Based on the new law, the financial statements for the fiscal year ended June 30, 2015 include a net loss of \$1,590,826 to reduce the loan balance to the recalculated amount of \$10,457,065. This amount is reflected as an extraordinary item in the Statement of Changes in Fiduciary Net Position.

	June 30, 2015		
	Principal	Interest	Balance
Portuguese Bend	\$ 4,268,513	\$ 2,771,363	\$ 7,039,876
Abalone Cove	2,401,348	1,015,841	3,417,189
Allowance from Successor Agency Receivable	<u>(6,669,861)</u>	<u>(3,787,204)</u>	<u>(10,457,065)</u>
Totals:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Due to the uncertainty of Redevelopment Property Tax Trust Fund revenue available for future loan repayments, the City's loan receivable of \$10,457,065 has been completely offset with an allowance for uncollectable amounts on the City's financial statements.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Tax Increment Bond and Deferred Interest Payable

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

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

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

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

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

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Year Ending June 30,	Principal	Interest	Total
2016	180,000	228,250	408,250
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
2021-2025	1,900,000	657,500	2,557,500
2026-2028	1,610,000	125,000	1,735,000
Totals	<u>\$4,655,000</u>	<u>\$ 1,815,875</u>	<u>\$ 6,470,875</u>

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

As discussed under Note 1, the City implemented GASB Statement No. 68 and GASB Statement No. 71 effective July 1, 2014. Refer to Note 8 for further disclosures related to the plan and related balances. As a result of the implementation, the City restated beginning net position for governmental activities as noted in the following table.

	Governmental Activities
Beginning of year, as previously reported Net Position	\$ 172,897,824
Contributions after the measurement date - deferred outflows of resources	848,613
Net Pension Liability as of the measurement date of June 30, 2013	<u>(7,807,816)</u>
Beginning of year, as restated Net Position	<u>\$ 165,938,621</u>

Following is the pro forma effect of the retroactive application:

Governmental Activities	June 30, 2014		June 30, 2014
	Previously Presented	Restatement	Restated
Deferred outflows of resources	\$ -	848,613	848,613
Net pension liability	-	7,807,816	7,807,816

In accordance with GASB 68 and 71, the restatement of all deferred outflows and inflows was not practical and therefore not included in the statement of beginning balances.



REQUIRED SUPPLEMENTARY INFORMATION

City of Rancho Palos Verdes
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years¹
Fiscal Year Ended June 30

	2015
Proportion of the net pension liability	0.09183%
Proportionate share of the net pension liability ²	\$ 5,714,320
Covered - employee payroll	\$ 5,839,326
Proportionate share of the net pension liability as a percentage of covered-employee payroll	97.86%
Plan fiduciary net position as a percentage of the total pension liability	79.82%

¹ Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

² The measurement date for net pension liability is one year prior to the financial statement date. For example, the measurement date for net pension liability reported at June 30, 2015 is one year prior, or June 30, 2014.

**City of Rancho Palos Verdes
Schedule of Contributions
Last Ten Years*
Fiscal Year Ended June 30**

	2015
Actuarially determined contribution	\$ 725,496
Contributions in relation to the actuarially determined contribution	725,496
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	\$ 5,926,209
 Contributions as a percentage of covered-employee payroll	12.24%

* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.



SUPPLEMENTARY INFORMATION

CITY OF RANCHO PALOS VERDES

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

CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 541,183	\$ 3,238,785	\$ 312,272	\$ (2,926,513)
Use of money and property	16,700	16,700	36,014	19,314
TOTAL REVENUES	557,883	3,255,485	348,286	(2,907,199)
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	150,000	65,000	25,277	39,723
Street improvements	5,500,000	6,375,179	6,419,873	(44,694)
Parks/trails/open space improvements	1,535,000	2,532,043	1,952,382	579,661
Sewer improvements	-	64,943	25,738	39,205
Building improvements	890,000	445,134	273,338	171,796
Storm water quality improvements	400,000	750,000	-	750,000
Landslide improvements	360,000	170,000	-	170,000
TOTAL EXPENDITURES	8,835,000	10,402,299	8,696,608	1,705,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,277,117)	(7,146,814)	(8,348,322)	(1,201,508)
OTHER FINANCING SOURCES (USES):				
Transfers in	9,403,806	14,007,053	11,753,919	(2,253,134)
Transfers out	-	(820,000)	(969,422)	(149,422)
TOTAL OTHER FINANCING SOURCES (USES)	9,403,806	13,187,053	10,784,497	(2,402,556)
NET CHANGE IN FUND BALANCE	1,126,689	6,040,239	2,436,175	(3,604,064)
FUND BALANCE - BEGINNING OF YEAR	18,011,254	18,011,254	18,011,254	-
FUND BALANCE - END OF YEAR	\$ 19,137,943	\$ 24,051,493	\$ 20,447,429	\$ (3,604,064)

CITY OF RANCHO PALOS VERDES

JUNE 30, 2015

NONMAJOR GOVERNMENTAL FUNDS

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.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2015

NONMAJOR GOVERNMENTAL FUNDS

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).

CITY OF RANCHO PALOS VERDES

JUNE 30, 2015

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund Descriptions

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

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

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

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, 2015

	<u>1972 Act</u>	<u>El Prado</u>	<u>1911 Act</u>
ASSETS			
Cash and investments	\$ 44,756	\$ 22,749	\$ 1,808,309
Receivables:			
Taxes	4,065	48	12,418
Interest	132	13	1,130
Notes	-	-	-
Due from other government agencies	-	-	-
Other	-	-	45
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 48,953</u>	<u>\$ 22,810</u>	<u>\$ 1,821,902</u>
LIABILITIES			
Accounts payable	\$ 1,750	\$ -	\$ 27,052
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>1,750</u>	<u>-</u>	<u>27,052</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	47,203	22,810	1,794,850
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>47,203</u>	<u>22,810</u>	<u>1,794,850</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 48,953</u>	<u>\$ 22,810</u>	<u>\$ 1,821,902</u>

Continued

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ 571,380	\$ 492,253	\$ 88,761	\$ 191,879
-	-	-	-
476	298	51	1,111
-	-	-	-
-	11,401	13,790	-
-	16,150	-	-
-	-	-	-
<u>\$ 571,856</u>	<u>\$ 520,102</u>	<u>\$ 102,602</u>	<u>\$ 192,990</u>
-	-	-	-
-	15,781	-	-
<u>-</u>	<u>15,781</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	11,401	-	-
<u>-</u>	<u>11,401</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	492,920	102,602	192,990
-	-	-	-
571,856	-	-	-
-	-	-	-
<u>571,856</u>	<u>492,920</u>	<u>102,602</u>	<u>192,990</u>
<u>\$ 571,856</u>	<u>\$ 520,102</u>	<u>\$ 102,602</u>	<u>\$ 192,990</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2015

	Proposition A	Public Safety Grants	Measure R
ASSETS			
Cash and investments	\$ 236,177	\$ 26,936	\$ 1,152,233
Receivables:			
Taxes	-	-	-
Interest	298	76	990
Notes	-	-	-
Due from other government agencies	-	-	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 236,475</u>	<u>\$ 27,012</u>	<u>\$ 1,153,223</u>
LIABILITIES			
Accounts payable	\$ 402	\$ -	\$ -
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>402</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	236,073	27,012	1,153,223
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>236,073</u>	<u>27,012</u>	<u>1,153,223</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 236,475</u>	<u>\$ 27,012</u>	<u>\$ 1,153,223</u>

Continued

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ -	\$ 52,037	\$ 101,358	\$ 880,636
-	7,001	-	-
151	35	61	530
-	-	-	-
111,419	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 111,570</u>	<u>\$ 59,073</u>	<u>\$ 101,419</u>	<u>\$ 881,166</u>
\$ -	\$ 4,521	\$ -	\$ 10,426
47,453	-	-	-
<u>47,453</u>	<u>4,521</u>	<u>-</u>	<u>10,426</u>
111,419	-	-	-
<u>111,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	101,419	870,740
-	54,552	-	-
-	-	-	-
(47,302)	-	-	-
<u>(47,302)</u>	<u>54,552</u>	<u>101,419</u>	<u>870,740</u>
<u>\$ 111,570</u>	<u>\$ 59,073</u>	<u>\$ 101,419</u>	<u>\$ 881,166</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2015

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
ASSETS			
Cash and investments	\$ 344,866	\$ -	\$ 1,336,710
Receivables:			
Taxes	-	-	-
Interest	84	-	800
Notes	-	-	-
Due from other government agencies	-	21,110	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 344,950</u>	<u>\$ 21,110</u>	<u>\$ 1,337,510</u>
LIABILITIES			
Accounts payable	\$ 11,761	\$ 11,065	\$ -
Due to other funds	-	9,344	-
TOTAL LIABILITIES	<u>11,761</u>	<u>20,409</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	12,325	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>12,325</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	333,189	-	1,337,510
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(11,624)	-
TOTAL FUND BALANCES	<u>333,189</u>	<u>(11,624)</u>	<u>1,337,510</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 344,950</u>	<u>\$ 21,110</u>	<u>\$ 1,337,510</u>

Continued

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ 336,739	\$ 97	\$ 7,687,876	\$ 45,917
-	-	23,532	-
259	-	6,495	24
-	-	-	-
-	-	157,720	-
-	-	16,195	-
-	-	-	-
<u>\$ 336,998</u>	<u>\$ 97</u>	<u>\$ 7,891,818</u>	<u>\$ 45,941</u>
\$ -	\$ -	\$ 82,758	\$ -
-	-	56,797	-
<u>-</u>	<u>-</u>	<u>139,555</u>	<u>-</u>
-	-	135,145	-
<u>-</u>	<u>-</u>	<u>135,145</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
336,998	97	7,049,636	-
-	-	54,552	-
-	-	571,856	45,941
-	-	(58,926)	-
<u>336,998</u>	<u>97</u>	<u>7,617,118</u>	<u>45,941</u>
<u>\$ 336,998</u>	<u>\$ 97</u>	<u>\$ 7,891,818</u>	<u>\$ 45,941</u>

CITY OF RANCHO PALOS VERDES

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2015

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
ASSETS			
Cash and investments	\$ 584,273	\$ 630,190	\$ 1,506,908
Receivables:			
Taxes	-	-	-
Interest	349	373	894
Notes	-	-	-
Due from other government agencies	-	-	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 584,622</u>	<u>\$ 630,563</u>	<u>\$ 1,507,802</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 38,100
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>38,100</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue		-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	105,476
Restricted	-	-	1,364,226
Committed	-	-	-
Assigned	584,622	630,563	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>584,622</u>	<u>630,563</u>	<u>1,469,702</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 584,622</u>	<u>\$ 630,563</u>	<u>\$ 1,507,802</u>

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 823,182	\$ 1,066,151	\$ 3,396,241	\$ 11,714,307
-	-	-	23,532
495	261	1,650	8,518
-	-	-	-
-	-	-	157,720
-	-	-	16,195
-	-	-	-
<u>\$ 823,677</u>	<u>\$ 1,066,412</u>	<u>\$ 3,397,891</u>	<u>\$ 11,920,272</u>
\$ 5,081	\$ 6,906	\$ 50,087	\$ 132,845
-	-	-	56,797
<u>5,081</u>	<u>6,906</u>	<u>50,087</u>	<u>189,642</u>
-	-	-	135,145
<u>-</u>	<u>-</u>	<u>-</u>	<u>135,145</u>
750,000	-	750,000	750,000
-	1,000,000	1,000,000	1,000,000
-	-	105,476	105,476
68,596	59,506	1,492,328	8,541,964
-	-	-	54,552
-	-	-	1,202,419
-	-	-	(58,926)
<u>818,596</u>	<u>1,059,506</u>	<u>3,347,804</u>	<u>11,595,485</u>
<u>\$ 823,677</u>	<u>\$ 1,066,412</u>	<u>\$ 3,397,891</u>	<u>\$ 11,920,272</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, 2015

	<u>1972 Act</u>	<u>El Prado</u>	<u>1911 Act</u>
REVENUES:			
Taxes	\$ 259,520	\$ 2,270	\$ 580,631
Revenue from other agencies			
Charges for services			
Use of money and property	357	49	4,248
Other revenues			
TOTAL REVENUES	<u>259,877</u>	<u>2,319</u>	<u>584,879</u>
EXPENDITURES:			
Public Works	75,337	689	447,688
Community Development			
TOTAL EXPENDITURES	<u>75,337</u>	<u>689</u>	<u>447,688</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>184,540</u>	<u>1,630</u>	<u>137,191</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(200,000)		(99,000)
TOTAL OTHER FINANCING SOURCES USES	(200,000)	-	(99,000)
NET CHANGE IN FUND BALANCE	(15,460)	1,630	38,191
FUND BALANCE - BEGINNING OF YEAR	<u>62,663</u>	<u>21,180</u>	<u>1,756,659</u>
FUND BALANCE - END OF YEAR	<u>\$ 47,203</u>	<u>\$ 22,810</u>	<u>\$ 1,794,850</u>

Continued

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ -	\$ -	\$ -	\$ -
	11,879	66,122	618,572
1,935	1,077	203	4,093
	236,486		
1,935	249,442	66,325	622,665
	114,320	50,000	
-	114,320	50,000	-
1,935	135,122	16,325	622,665
(224,000)	(40,000)	-	(1,747,468)
(224,000)	(40,000)	-	(1,747,468)
(222,065)	95,122	16,325	(1,124,803)
793,921	397,798	86,277	1,317,793
<u>\$ 571,856</u>	<u>\$ 492,920</u>	<u>\$ 102,602</u>	<u>\$ 192,990</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, 2015

	Proposition A	Public Safety Grants	Measure R
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	744,798	106,230	463,448
Charges for services			
Use of money and property	1,203	212	3,518
Other revenues			
TOTAL REVENUES	746,001	106,442	466,966
EXPENDITURES:			
Public Works	640,567		
Community Development			
TOTAL EXPENDITURES	640,567	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	105,434	106,442	466,966
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(310,886)	(100,000)	(564,000)
TOTAL OTHER FINANCING SOURCES USES	(310,886)	(100,000)	(564,000)
NET CHANGE IN FUND BALANCE	(205,452)	6,442	(97,034)
FUND BALANCE - BEGINNING OF YEAR	441,525	20,570	1,250,257
FUND BALANCE - END OF YEAR	\$ 236,073	\$ 27,012	\$ 1,153,223

Continued

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ -	\$ -	\$ -	\$ -
261,049	57,643		
331	119	258	2,079
			25,500
261,380	57,762	258	27,579
	112,145	18,000	22,520
-	112,145	18,000	22,520
261,380	(54,383)	(17,742)	5,059
(261,049)	50,700		
(261,049)	50,700	-	-
331	(3,683)	(17,742)	5,059
(47,633)	58,235	119,161	865,681
\$ (47,302)	\$ 54,552	\$ 101,419	\$ 870,740

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		83,217	
Charges for services			
Use of money and property	84		1,327
Other revenues			1,278,322
TOTAL REVENUES	84	83,217	1,279,649
EXPENDITURES:			
Public Works	69,351	26,170	-
Community Development			
TOTAL EXPENDITURES	69,351	26,170	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(69,267)	57,047	1,279,649
OTHER FINANCING SOURCES (USES):			
Transfers in	40,000		
Transfers out			-
TOTAL OTHER FINANCING SOURCES USES	40,000	-	-
NET CHANGE IN FUND BALANCE	(29,267)	57,047	1,279,649
FUND BALANCE - BEGINNING OF YEAR	362,456	(68,671)	57,861
FUND BALANCE - END OF YEAR	\$ 333,189	\$ (11,624)	\$ 1,337,510

Continued

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ -	\$ -	\$ 842,421	\$ -
		2,355,315	
		57,643	
1,001	25	22,119	71
20,012		1,560,320	22,350
21,013	25	4,837,818	22,421
-		1,576,787	-
-	-	1,576,787	-
21,013	25	3,261,031	22,421
(97,199)	-	90,700 (3,643,602)	-
(97,199)	-	(3,552,902)	-
(76,186)	25	(291,871)	22,421
413,184	72	7,908,989	23,520
\$ 336,998	\$ 97	\$ 7,617,118	\$ 45,941

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		-	-
Charges for services		-	
Use of money and property	1,339	1,410	3,634
Other revenues	83,355	105,705	1,666
TOTAL REVENUES	84,694	107,115	5,300
EXPENDITURES:			
Public Works		-	136,059
Community Development	-	-	
TOTAL EXPENDITURES	-	-	136,059
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,694	107,115	(130,759)
OTHER FINANCING SOURCES (USES):			
Transfers in		-	157,000
Transfers out		-	
TOTAL OTHER FINANCING SOURCES USES	-	-	157,000
NET CHANGE IN FUND BALANCE	84,694	107,115	26,241
FUND BALANCE - BEGINNING OF YEAR	499,928	523,448	1,443,461
FUND BALANCE - END OF YEAR	\$ 584,622	\$ 630,563	\$ 1,469,702

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 842,421
		-	2,355,315
		-	57,643
1,947	264	5,845	29,374
		1,666	1,667,691
1,947	264	7,511	4,952,444
51,319	57,306	244,684	1,821,471
		-	-
51,319	57,306	244,684	1,821,471
(49,372)	(57,042)	(237,173)	3,130,973
46,000	35,000	238,000	328,700
		-	(3,643,602)
46,000	35,000	238,000	(3,314,902)
(3,372)	(22,042)	827	(183,929)
821,968	1,081,548	3,346,977	11,779,414
\$ 818,596	\$ 1,059,506	\$ 3,347,804	\$ 11,595,485

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 258,000	\$ 258,000	\$ 259,520	\$ 1,520
Use of money and property	140	140	357	217
TOTAL REVENUES	258,140	258,140	259,877	1,737
EXPENDITURES:				
Public Works	78,300	78,300	75,337	2,963
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	179,840	179,840	184,540	4,700
OTHER FINANCING SOURCES (USES):				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(20,160)	(20,160)	(15,460)	4,700
FUND BALANCE - BEGINNING OF YEAR	62,663	62,663	62,663	-
FUND BALANCE - END OF YEAR	\$ 42,503	\$ 42,503	\$ 47,203	\$ 4,700

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,900	\$ 1,900	\$ 2,270	\$ 370
Use of money and property	40	40	49	9
TOTAL REVENUES	1,940	1,940	2,319	379
EXPENDITURES:				
Public Works	1,000	1,000	689	311
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	940	940	1,630	690
FUND BALANCE - BEGINNING OF YEAR	21,180	21,180	21,180	-
FUND BALANCE - END OF YEAR	\$ 22,120	\$ 22,120	\$ 22,810	\$ 690

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 525,000	\$ 525,000	\$ 580,631	\$ 55,631
Use of money and property	3,500	3,500	4,248	748
TOTAL REVENUES	528,500	528,500	584,879	56,379
EXPENDITURES:				
Public Works	449,100	464,100	447,688	16,412
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	79,400	64,400	137,191	72,791
OTHER FINANCING SOURCES (USES):				
Transfers out	(99,000)	(99,000)	(99,000)	-
NET CHANGE IN FUND BALANCE	(19,600)	(34,600)	38,191	72,791
FUND BALANCE - BEGINNING OF YEAR	1,756,659	1,756,659	1,756,659	-
FUND BALANCE - END OF YEAR	\$ 1,737,059	\$ 1,722,059	\$ 1,794,850	\$ 72,791

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 690	\$ 690	\$ 1,935	\$ 1,245
TOTAL REVENUES	690	690	1,935	1,245
OTHER FINANCING SOURCES (USES):				
Transfers out	(224,000)	(697,690)	(224,000)	473,690
NET CHANGE IN FUND BALANCE	(223,310)	(697,000)	(222,065)	474,935
FUND BALANCE - BEGINNING OF YEAR	793,921	793,921	793,921	-
FUND BALANCE - END OF YEAR	\$ 570,611	\$ 96,921	\$ 571,856	\$ 474,935

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 12,000	\$ 19,000	\$ 11,879	\$ (7,121)
Use of money and property	800	800	1,077	277
Other revenues	210,000	210,000	236,486	26,486
TOTAL REVENUES	222,800	229,800	249,442	19,642
EXPENDITURES:				
Public Works	177,650	200,162	114,320	85,842
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	45,150	29,638	135,122	105,484
OTHER FINANCING SOURCES (USES):				
Transfers out	(50,000)	(57,000)	(40,000)	17,000
NET CHANGE IN FUND BALANCE	(4,850)	(27,362)	95,122	122,484
FUND BALANCE - BEGINNING OF YEAR	397,798	397,798	397,798	-
FUND BALANCE - END OF YEAR	\$ 392,948	\$ 370,436	\$ 492,920	\$ 122,484

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 66,122	\$ 16,122
Use of money and property	210	210	203	(7)
TOTAL REVENUES	50,210	50,210	66,325	16,115
EXPENDITURES:				
Public Works	50,000	50,000	50,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	210	210	16,325	16,115
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	210	210	16,325	16,115
FUND BALANCE - BEGINNING OF YEAR	86,277	86,277	86,277	-
FUND BALANCE - END OF YEAR	\$ 86,487	\$ 86,487	\$ 102,602	\$ 16,115

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 611,689	\$ 611,689	\$ 618,572	\$ 6,883
Use of money and property	790	790	4,093	3,303
TOTAL REVENUES	612,479	612,479	622,665	10,186
OTHER FINANCING SOURCES (USES):				
Transfers out	(691,000)	(1,989,719)	(1,747,468)	242,251
NET CHANGE IN FUND BALANCE	(78,521)	(1,377,240)	(1,124,803)	252,437
FUND BALANCE - BEGINNING OF YEAR	1,317,793	1,317,793	1,317,793	-
FUND BALANCE - END OF YEAR	<u>\$ 1,239,272</u>	<u>\$ (59,447)</u>	<u>\$ 192,990</u>	<u>\$ 252,437</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 737,443	\$ 737,443	\$ 744,798	\$ 7,355
Use of money and property	-	-	1,203	1,203
TOTAL REVENUES	737,443	737,443	746,001	8,558
EXPENDITURES:				
Public Works	596,823	687,539	640,567	46,972
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	140,620	49,904	105,434	55,530
OTHER FINANCING SOURCES (USES):				
Transfers out	(48,000)	(460,000)	(310,886)	149,114
NET CHANGE IN FUND BALANCE	92,620	(410,096)	(205,452)	204,644
FUND BALANCE - BEGINNING OF YEAR	441,525	441,525	441,525	-
FUND BALANCE - END OF YEAR	\$ 534,145	\$ 31,429	\$ 236,073	\$ 204,644

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 106,230	\$ 6,230
Use of money and property	40	40	212	172
TOTAL REVENUES	100,040	100,040	106,442	6,402
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	40	40	6,442	6,402
FUND BALANCE - BEGINNING OF YEAR	20,570	20,570	20,570	-
FUND BALANCE - END OF YEAR	\$ 20,610	\$ 20,610	\$ 27,012	\$ 6,402

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 458,773	\$ 458,773	\$ 463,448	\$ 4,675
Use of money and property	1,500	1,500	3,518	2,018
TOTAL REVENUES	460,273	460,273	466,966	6,693
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,000,000)	(1,564,000)	(564,000)	1,000,000
NET CHANGE IN FUND BALANCE	(539,727)	(1,103,727)	(97,034)	1,006,693
FUND BALANCE - BEGINNING OF YEAR	1,250,257	1,250,257	1,250,257	-
FUND BALANCE - END OF YEAR	\$ 710,530	\$ 146,530	\$ 1,153,223	\$ 1,006,693

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 105,000	\$ 289,855	\$ 261,049	\$ (28,806)
Use of money and property	100	100	331	231
TOTAL REVENUES	105,100	289,955	261,380	(28,575)
OTHER FINANCING SOURCES (USES):				
Transfers out	(105,000)	(289,855)	(261,049)	28,806
NET CHANGE IN FUND BALANCE	100	100	331	231
FUND BALANCE - BEGINNING OF YEAR	(47,633)	(47,633)	(47,633)	-
FUND BALANCE - END OF YEAR	\$ (47,533)	\$ (47,533)	\$ (47,302)	\$ 231

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 55,080	\$ 55,080	\$ 57,643	\$ 2,563
Use of money and property	80	80	119	39
TOTAL REVENUES	55,160	55,160	57,762	2,602
EXPENDITURES:				
Public Works	105,700	112,683	112,145	538
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,540)	(57,523)	(54,383)	3,140
OTHER FINANCING SOURCES (USES):				
Transfers in	50,700	50,700	50,700	-
NET CHANGE IN FUND BALANCE	160	(6,823)	(3,683)	3,140
FUND BALANCE - BEGINNING OF YEAR	58,235	58,235	58,235	-
FUND BALANCE - END OF YEAR	\$ 58,395	\$ 51,412	\$ 54,552	\$ 3,140

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 260	\$ 260	\$ 258	\$ (2)
TOTAL REVENUES	260	260	258	(2)
EXPENDITURES:				
Public Works	-	18,000	18,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	260	(17,740)	(17,742)	(2)
FUND BALANCE - BEGINNING OF YEAR	119,161	119,161	119,161	-
FUND BALANCE - END OF YEAR	\$ 119,421	\$ 101,421	\$ 101,419	\$ (2)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	1,850	1,850	2,079	229
Other revenue	-	-	25,500	25,500
TOTAL REVENUES	1,850	1,850	27,579	25,729
EXPENDITURES:				
Public Works	-	32,500	22,520	9,980
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,850	(30,650)	5,059	35,709
FUND BALANCE - BEGINNING OF YEAR	865,681	865,681	865,681	-
FUND BALANCE - END OF YEAR	<u>\$ 867,531</u>	<u>\$ 835,031</u>	<u>\$ 870,740</u>	<u>\$ 35,709</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 640	\$ 640	\$ 84	\$ (556)
EXPENDITURES:				
Public Works	97,600	102,600	69,351	33,249
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(96,960)	(101,960)	(69,267)	32,693
OTHER FINANCING SOURCES (USES):				
Transfers in	40,000	40,000	40,000	-
NET CHANGE IN FUND BALANCE	(56,960)	(61,960)	(29,267)	32,693
FUND BALANCE - BEGINNING OF YEAR	362,456	362,456	362,456	-
FUND BALANCE - END OF YEAR	\$ 305,496	\$ 300,496	\$ 333,189	\$ 32,693

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 197,687	\$ 265,877	\$ 83,217	\$ (182,660)
EXPENDITURES:				
Public Works	197,687	26,170	26,170	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	239,707	57,047	(182,660)
FUND BALANCE - BEGINNING OF YEAR	(68,671)	(68,671)	(68,671)	-
FUND BALANCE - END OF YEAR	<u>\$ (68,671)</u>	<u>\$ 171,036</u>	<u>\$ (11,624)</u>	<u>\$ (182,660)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	20	20	1,327	1,307
Other revenues	827,904	827,904	1,278,322	450,418
TOTAL REVENUES	827,924	827,924	1,279,649	451,725
EXPENDITURES:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	827,924	827,924	1,279,649	451,725
OTHER FINANCING SOURCES (USES):				
Transfers out	(835,000)	(50,000)	-	50,000
NET CHANGE IN FUND BALANCE	(7,076)	777,924	1,279,649	501,725
FUND BALANCE - BEGINNING OF YEAR	57,861	57,861	57,861	-
FUND BALANCE - END OF YEAR	\$ 50,785	\$ 835,785	\$ 1,337,510	\$ 501,725

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	140	140	1,001	861
Other revenues	297,439	297,439	20,012	(277,427)
TOTAL REVENUES	297,579	297,579	21,013	(276,566)
EXPENDITURES:				
Public Works	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	297,579	297,579	21,013	(276,566)
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(450,000)	(97,199)	352,801
NET CHANGE IN FUND BALANCE	197,579	(152,421)	(76,186)	76,235
FUND BALANCE - BEGINNING OF YEAR	413,184	413,184	413,184	-
FUND BALANCE - END OF YEAR	\$ 610,763	\$ 260,763	\$ 336,998	\$ 76,235

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	25	25
TOTAL REVENUES	-	-	25	25
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	25	25
FUND BALANCE - BEGINNING OF YEAR	72	72	72	-
FUND BALANCE - END OF YEAR	\$ 72	\$ 72	\$ 97	\$ 25

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	-	-	71	71
Other revenues	-	-	22,350	22,350
TOTAL REVENUES	-	-	22,421	22,421
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	22,421	22,421
FUND BALANCE - BEGINNING OF YEAR	23,520	23,520	23,520	-
FUND BALANCE - END OF YEAR	<u>\$ 23,520</u>	<u>\$ 23,520</u>	<u>\$ 45,941</u>	<u>\$ 22,421</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	1,090	1,090	1,339	249
Other revenues	-	-	83,355	83,355
 TOTAL REVENUES	 1,090	 1,090	 84,694	 83,604
EXPENDITURES:				
Community development	-	-	-	-
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 1,090	 1,090	 84,694	 83,604
FUND BALANCE - BEGINNING OF YEAR	499,928	499,928	499,928	-
FUND BALANCE - END OF YEAR	<u>\$ 501,018</u>	<u>\$ 501,018</u>	<u>\$ 584,622</u>	<u>\$ 83,604</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ -	\$ -
Use of money and property	4,690	4,690	3,634	(1,056)
Other revenues	-	-	1,666	1,666
TOTAL REVENUES	4,690	4,690	5,300	610
EXPENDITURES:				
Public Works	159,689	159,689	136,059	23,630
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(154,999)	(154,999)	(130,759)	24,240
OTHER FINANCING SOURCES (USES):				
Transfers in	157,000	157,000	157,000	-
NET CHANGE IN FUND BALANCE	2,001	2,001	26,241	24,240
FUND BALANCE - BEGINNING OF YEAR	1,443,461	1,443,461	1,443,461	-
FUND BALANCE - END OF YEAR	\$ 1,445,462	\$ 1,445,462	\$ 1,469,702	\$ 24,240

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,700	\$ 1,700	\$ 1,947	\$ 247
EXPENDITURES:				
Public Works	67,500	67,500	51,319	16,181
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(65,800)	(65,800)	(49,372)	16,428
OTHER FINANCING SOURCES (USES):				
Transfers in	46,000	46,000	46,000	-
NET CHANGE IN FUND BALANCE	(19,800)	(19,800)	(3,372)	16,428
FUND BALANCE - BEGINNING OF YEAR	821,968	821,968	821,968	-
FUND BALANCE - END OF YEAR	\$ 802,168	\$ 802,168	\$ 818,596	\$ 16,428

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,300	\$ 2,300	\$ 264	\$ (2,036)
EXPENDITURES:				
Public Works	70,300	70,300	57,306	12,994
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(68,000)	(68,000)	(57,042)	10,958
OTHER FINANCING SOURCES (USES):				
Transfers in	35,000	35,000	35,000	-
NET CHANGE IN FUND BALANCE	(33,000)	(33,000)	(22,042)	10,958
FUND BALANCE - BEGINNING OF YEAR	1,081,548	1,081,548	1,081,548	-
FUND BALANCE - END OF YEAR	\$ 1,048,548	\$ 1,048,548	\$ 1,059,506	\$ 10,958



CITY OF RANCHO PALOS VERDES

JUNE 30, 2015

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, replacement and maintenance of certain equipment items on behalf of all City departments.

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

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

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2015

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
ASSETS				
CURRENT ASSETS:				
Cash and investments	\$ 3,088,988	\$ -	\$ -	\$ 3,088,988
Receivables:				
Interest	1,886	194	565	2,645
Other	795	1,214	-	2,009
Prepaid items	-	174,903	-	174,903
TOTAL CURRENT ASSETS	3,091,669	176,311	565	3,268,545
NONCURRENT ASSETS:				
Capital assets				
Property and equipment	1,600,407	-	-	1,600,407
Accumulated depreciation	(1,113,202)	-	-	(1,113,202)
TOTAL NONCURRENT ASSETS	487,205	-	-	487,205
TOTAL ASSETS	\$ 3,578,874	\$ 176,311	\$ 565	\$ 3,755,750
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	97,565	35,307	-	132,872
Due to other funds	-	9,576	565	10,141
TOTAL LIABILITIES	97,565	44,883	565	143,013
NET POSITION				
Net investment in capital assets	487,205	-	-	487,205
Unrestricted	2,994,104	131,428	-	3,125,532
TOTAL NET POSITION	\$ 3,481,309	\$ 131,428	\$ -	\$ 3,612,737

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
OPERATING REVENUES:				
Charges for services	\$ 906,301	\$ 2,030,969	\$ -	\$ 2,937,270
OPERATING EXPENSES:				
Personnel services	-	2,049,468	-	2,049,468
Materials and supplies	207,799	-	-	207,799
Maintenance	360,645	-	-	360,645
Depreciation	141,092	-	-	141,092
TOTAL OPERATING EXPENSES	709,536	2,049,468	-	2,759,004
OPERATING INCOME (LOSS)	196,765	(18,499)	-	178,266
NON-OPERATING REVENUES:				
Other revenues	-	-	-	-
Investment income	7,037	580	2,232	9,849
TOTAL NON-OPERATING REVENUES	7,037	580	2,232	9,849
INCOME (LOSS) BEFORE TRANSFERS	203,802	(17,919)	2,232	188,115
TRANSFERS				
Transfers in	149,422	-	-	149,422
Transfers out	-	-	(944,841)	(944,841)
TOTAL TRANSFERS	149,422	-	(944,841)	(795,419)
CHANGE IN NET POSITION	353,224	(17,919)	(942,609)	(607,304)
NET POSITION - BEGINNING OF YEAR	3,128,085	149,347	942,609	4,220,041
NET POSITION - END OF YEAR	\$ 3,481,309	\$ 131,428	\$ -	\$ 3,612,737

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2015

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 906,301	\$ 2,030,969	\$ -	\$ 2,937,270
Payments to suppliers	(523,056)	-	-	(523,056)
Payments to employees	-	(2,094,481)	-	(2,094,481)
	<u>383,245</u>	<u>(63,512)</u>	<u>-</u>	<u>319,733</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(416,110)	-	-	(416,110)
Due (from)/to other funds	-	9,576	565	10,141
Transfer from/(to) other funds	149,422	-	(944,841)	(795,419)
	<u>(266,688)</u>	<u>9,576</u>	<u>(944,276)</u>	<u>(1,201,388)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	6,516	386	2,092	8,994
	<u>6,516</u>	<u>386</u>	<u>2,092</u>	<u>8,994</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	123,073	(53,550)	(942,184)	(872,661)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR				
	<u>2,965,915</u>	<u>53,550</u>	<u>942,184</u>	<u>3,961,649</u>
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 3,088,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,088,988</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 196,765	\$ (18,499)	\$ -	\$ 178,266
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	141,092	-	-	141,092
Changes in operating assets and liabilities:				
Decrease (increase) in other receivables	6	1,472	-	1,478
Decrease (increase) in prepaid items	15,767	(74,560)	-	(58,793)
Increase (decrease) in accrued liabilities	29,615	28,075	-	57,690
	<u>29,615</u>	<u>28,075</u>	<u>-</u>	<u>57,690</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
	<u>\$ 383,245</u>	<u>\$ (63,512)</u>	<u>\$ -</u>	<u>\$ 319,733</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Rancho Palos Verdes' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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>	131
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	139
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>	143
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>	145
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>	148

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>2006</u>	<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>
Governmental activities										
Net investment in capital assets	\$ 109,991	\$ 109,746	\$ 109,376	\$ 107,867	\$ 115,331	\$ 115,145	\$ 114,488	\$ 113,284	\$ 114,427	\$ 119,450
Restricted	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835	11,792	-
Unrestricted	16,024	17,823	30,471	31,277	31,855	39,066	67,112	46,687	46,679	53,855
Total governmental activities net position	<u>\$ 138,432</u>	<u>\$ 139,732</u>	<u>\$ 140,847</u>	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>	<u>\$ 183,351</u>	<u>\$ 161,806</u>	<u>\$ 172,898</u>	<u>\$ 173,305</u>
Business-type activities										
Net investment in capital assets	\$ 1,311	\$ 2,158	\$ 5,599	\$ 12,477	\$ 12,458	\$ 12,753	\$ 13,356	\$ 18,319	\$ 29,557	\$ 31,168
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,799	5,258	7,740	2,108	2,825	3,365	3,532	9,727	5,317	5,334
Total business-type activities net position	<u>\$ 4,110</u>	<u>\$ 7,416</u>	<u>\$ 13,339</u>	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>	<u>\$ 16,888</u>	<u>\$ 28,046</u>	<u>\$ 34,874</u>	<u>\$ 36,502</u>
Primary government										
Net investment in capital assets	\$ 111,302	\$ 111,904	\$ 114,975	\$ 120,344	\$ 127,789	\$ 127,898	\$ 127,845	\$ 131,603	\$ 143,984	\$ 150,618
Restricted	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835	11,792	-
Unrestricted	18,823	23,081	38,211	33,385	34,680	42,431	70,644	56,414	51,996	59,189
Total primary government net position	<u>\$ 142,542</u>	<u>\$ 147,148</u>	<u>\$ 154,186</u>	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>	<u>\$ 200,238</u>	<u>\$ 189,852</u>	<u>\$ 207,772</u>	<u>\$ 209,807</u>

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

	<u>2006</u>	<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>
Expenses										
Governmental activities:										
Administration	\$ 4,350	\$ 4,953	\$ 4,724	\$ 6,357	\$ 7,824	\$ 5,997	\$ 5,906	\$ 5,534	\$ 7,530	\$ 7,048
Public safety	3,437	3,751	4,044	4,233	4,242	4,335	4,178	4,348	4,429	4,670
Public works	9,290	9,969	9,026	10,555	13,633	10,389	11,202	10,874	9,377	10,771
Community development	2,060	2,631	2,441	2,697	2,550	2,622	2,432	2,526	1,927	2,072
Parks and recreation	1,659	1,439	1,396	1,605	1,826	1,391	1,490	1,696	1,369	1,669
Non-departmental	-	-	-	-	320	-	-	-	35	191
Interest on long-term debt	270	271	270	268	265	260	109	-	-	-
Total governmental activities expenses	<u>21,066</u>	<u>23,014</u>	<u>21,901</u>	<u>25,715</u>	<u>30,660</u>	<u>24,994</u>	<u>25,318</u>	<u>24,978</u>	<u>24,667</u>	<u>26,421</u>
Business-type activities:										
Water Quality Flood Protection	47	271	301	437	580	489	560	594	659	1,422
Total primary government expenses	<u>\$ 21,113</u>	<u>\$ 23,285</u>	<u>\$ 22,202</u>	<u>\$ 26,152</u>	<u>\$ 31,240</u>	<u>\$ 25,483</u>	<u>\$ 25,878</u>	<u>\$ 25,572</u>	<u>\$ 25,326</u>	<u>\$ 27,843</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$ 35	\$ 29	\$ 538	\$ 555	\$ 681	\$ 654	\$ 747	\$ 779	\$ 120	\$ 108
Public safety	224	332	316	267	229	261	194	150	42	43
Public works	37	185	1,002	422	1,356	622	684	543	169	432
Community development	1,319	1,599	1,760	1,643	1,764	1,714	1,644	1,854	1,772	2,058
Parks and recreation	45	51	483	483	896	457	503	476	18	144
Operating grants and contributions	3,894	4,200	3,570	2,963	6,633	3,689	3,628	4,133	2,506	2,274
Capital grants and contributions	17,299	317	1,472	642	7,179	5	139	139	2,912	1,230
Total governmental activities program revenues	<u>22,853</u>	<u>6,713</u>	<u>9,141</u>	<u>6,975</u>	<u>18,738</u>	<u>7,402</u>	<u>7,538</u>	<u>8,074</u>	<u>7,539</u>	<u>6,289</u>
Business-type activities:										
Charges for services:										
Water Quality Flood Protection	-	1,188	1,222	1,578	1,264	1,312	1,319	1,313	1,361	1,369
Operating grants and contributions	-	-	-	-	-	-	-	2,137	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	6,115	1,213
Total business-type activities program revenues	<u>-</u>	<u>1,188</u>	<u>1,222</u>	<u>1,578</u>	<u>1,264</u>	<u>1,312</u>	<u>1,319</u>	<u>3,450</u>	<u>7,476</u>	<u>2,582</u>
Total primary government program revenues	<u>\$ 22,853</u>	<u>\$ 7,901</u>	<u>\$ 10,363</u>	<u>\$ 8,553</u>	<u>\$ 20,002</u>	<u>\$ 8,714</u>	<u>\$ 8,857</u>	<u>\$ 11,524</u>	<u>\$ 15,015</u>	<u>\$ 8,871</u>
Net (expense)/revenue										
Governmental activities	\$ 1,787	\$ (16,301)	\$ (12,760)	\$ (18,740)	\$ (11,922)	\$ (17,592)	\$ (17,780)	\$ (16,904)	\$ (17,128)	\$ (20,132)
Business-type activities	(47)	917	921	1,141	684	823	759	2,856	6,817	1,159
Total primary government net expense	<u>\$ 1,740</u>	<u>\$ (15,384)</u>	<u>\$ (11,839)</u>	<u>\$ (17,599)</u>	<u>\$ (11,238)</u>	<u>\$ (16,769)</u>	<u>\$ (17,022)</u>	<u>\$ (14,048)</u>	<u>\$ (10,311)</u>	<u>\$ (18,973)</u>

General Revenues and Other Changes in Net Position

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

	<u>2006</u>	<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>
Governmental activities:										
Taxes										
Property taxes	\$ 9,621	\$ 10,235	\$ 10,935	\$ 11,462	\$ 11,431	\$ 11,854	\$ 11,480	\$ 11,284	\$ 11,991	\$ 12,452
Transient occupancy tax	31	32	26	85	1,955	2,640	3,349	3,790	4,250	4,812
Sales taxes	1,214	1,381	1,056	1,053	1,246	1,548	1,449	1,588	1,642	1,758
Franchise taxes	1,454	1,512	1,599	1,709	1,711	1,825	1,881	1,907	1,998	2,045
Utility user taxes	2,191	2,271	2,329	2,267	2,395	2,407	2,333	2,481	2,510	1,973
Other taxes	727	331	794	605	712	814	674	778	1,589	1,564
Investment income	997	1,615	1,555	631	207	318	604	184	94	122
Other	762	2,101	300	225	307	271	52	929	4,146	3,231
Transfers	(2,109)	(2,017)	(4,719)	-	-	-	-	(8,293)	-	(458)
Extraordinary item	-	-	-	-	-	-	23,348	(19,289)	-	-
Total governmental activities	<u>14,888</u>	<u>17,461</u>	<u>13,875</u>	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>	<u>45,170</u>	<u>(4,641)</u>	<u>28,220</u>	<u>27,499</u>
Business-type activities:										
Investment income	48	51	283	105	14	13	11	10	11	10
User Fees	-	-	-	-	-	-	-	-	-	-
Other	-	320	-	-	-	-	-	-	-	-
Transfers	2,109	2,017	4,719	-	-	-	-	8,293	-	458
Total business-type activities	<u>2,157</u>	<u>2,388</u>	<u>5,002</u>	<u>105</u>	<u>14</u>	<u>13</u>	<u>11</u>	<u>8,303</u>	<u>11</u>	<u>468</u>
Total primary government	<u>\$ 17,045</u>	<u>\$ 19,849</u>	<u>\$ 18,877</u>	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>	<u>\$ 45,181</u>	<u>\$ 3,662</u>	<u>\$ 28,231</u>	<u>\$ 27,967</u>
Change in Net Position										
Governmental activities	\$ 16,675	\$ 1,160	\$ 1,115	\$ (703)	\$ 8,042	\$ 4,085	\$ 27,390	\$ (21,545)	\$ 11,092	\$ 7,367
Business-type activities	2,110	3,305	5,923	1,246	698	836	770	11,159	6,828	1,627
Total primary government net expense	<u>\$ 18,785</u>	<u>\$ 4,465</u>	<u>\$ 7,038</u>	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>	<u>\$ 28,159</u>	<u>\$ (10,386)</u>	<u>\$ 17,920</u>	<u>\$ 8,994</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
2006	9,621 ¹	31	1,214	1,454	2,191	727 ¹	15,238
2007	10,235	32	1,381	1,512	2,271	331	15,762
2008	10,935	26	1,056	1,599	2,329	794	16,739
2009	11,462	85	1,053	1,709	2,267	605	17,181
2010	11,431	1,955	1,246	1,711	2,395	712	19,450
2011	11,854	2,640	1,548	1,825	2,407	814	21,088
2012	11,480	3,349	1,449	1,881	2,333	674	21,166
2013	11,284	3,790	1,588	1,907	2,481	778	21,828
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

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

City of Rancho Palos Verdes
Fund Balances of Governmental Funds
Last 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Non-Spendable	\$ 7,515	\$ 7,493	\$ 138	\$ 144	\$ 598
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	11,385	12,464	14,370	15,474	16,055
Total General Fund	<u>\$ 18,900</u>	<u>\$ 19,957</u>	<u>\$ 14,508</u>	<u>\$ 15,618</u>	<u>\$ 16,653</u>
All other Governmental Funds					
Non-Spendable					
Special Revenue Funds	\$ 4,818	\$ 3,066	\$ -	\$ -	\$ -
Debt Service Fund	573	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	1,750	1,750	1,835	1,845	1,855
Restricted					
Special Revenue Funds	7,952	8,187	7,849	8,445	8,362
Capital Projects Funds	313	-	-	-	-
Permanent Fund	319	226	280	1,502	1,492
Committed					
Special Revenue Funds	-	-	36	58	55
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Assigned					
Special Revenue Funds	-	-	-	794	572
Capital Projects Funds	11,650	15,407	13,084	18,535	21,078
Permanent Fund	-	-	-	-	-
Unassigned					
Special Revenue Funds	(126)	(108)	(198)	(116)	(59)
Debt Service Fund	(19,687)	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 7,562</u>	<u>\$ 28,528</u>	<u>\$ 22,885</u>	<u>\$ 31,063</u>	<u>\$ 33,355</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>2006</u>	<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>
Revenues										
Taxes	\$ 15,238	\$ 16,453	\$ 17,062	\$ 17,573	\$ 19,844	\$ 21,419	\$ 21,867	\$ 22,543	\$ 23,981	\$ 24,603
Licenses and permits	1,440	1,763	1,914	1,755	1,954	1,933	1,806	2,027	1,951	2,515
Fines and forfeitures	171	237	260	214	179	210	159	117	128	135
Use of money and property	7,038	3,480	2,108	1,240	1,601	1,560	1,350	1,383	846	653
Charges for services	49	61	60	163	81	73	149	141	323	427
Donation	-	-	-	-	-	-	-	445	-	-
Revenues from other agencies	15,511	4,118	4,647	3,575	10,180	3,162	3,421	3,395	5,301	3,794
Other Revenues	155	201	1,563	467	4,806	229	259	741	3,068	2,377
Total Revenues	<u>39,602</u>	<u>26,313</u>	<u>27,614</u>	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>	<u>29,011</u>	<u>30,791</u>	<u>35,598</u>	<u>34,504</u>
Expenditures										
Administration	4,041	4,607	4,411	4,915	5,720	5,503	5,726	5,401	5,792	5,135
Public Safety	3,438	3,751	4,044	4,233	4,242	4,335	4,178	4,348	4,492	4,761
Public Works	5,277	6,864	5,768	7,075	6,896	7,875	7,616	7,240	7,611	8,042
Parks and Recreation	1,593	1,319	1,281	1,354	1,702	1,257	1,479	1,557	1,573	1,819
Community Development	2,361	2,681	2,496	2,723	2,604	2,784	2,484	2,591	2,640	2,870
Non-Departmental	-	-	-	-	320	-	-	-	35	190
Pass Through to other agencies	200	152	169	187	-	-	-	-	-	-
Capital Outlay	20,202	3,124	3,112	2,459	14,567	2,557	3,155	2,721	4,113	8,697
Debt Service										
Principal	200	248	316	350	419	423	464	-	-	-
Interest	1,150	1,390	1,370	1,101	886	887	498	-	-	-
Total Expenditures	<u>38,462</u>	<u>24,136</u>	<u>22,967</u>	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>	<u>25,599</u>	<u>23,857</u>	<u>26,256</u>	<u>31,514</u>
Excess of Revenues over (under) Expenditures	1,140	2,177	4,647	590	1,289	2,965	3,412	6,934	9,342	2,990
Other Financing Sources (uses)										
Sales of capital assets	-	-	-	-	-	350	-	-	-	-
Transfers in	4,989	4,489	3,158	5,815	4,616	8,944	8,226	7,954	10,424	13,525
Transfers out	(7,247)	(6,606)	(7,924)	(5,815)	(6,192)	(8,944)	(7,856)	(16,247)	(10,479)	(13,188)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>(2,258)</u>	<u>(2,117)</u>	<u>(4,766)</u>	<u>-</u>	<u>(1,576)</u>	<u>350</u>	<u>371</u>	<u>(8,293)</u>	<u>(55)</u>	<u>337</u>
Extraordinary Gain (Loss)	-	-	-	-	-	-	18,240	(6,743)	-	-
Net change in Fund Balances	<u>\$ (1,118)</u>	<u>\$ 60</u>	<u>\$ (119)</u>	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>	<u>\$ 22,023</u>	<u>\$ (8,102)</u>	<u>\$ 9,287</u>	<u>\$ 3,327</u>
Cost of Assets Capitalized	19,465	2,800	2,764	1,895	10,866	3,180	2,865	2,022	4,820	8,490
Debt Services as a percentage of Non-Capital Expenditures	7.1%	7.7%	8.3%	6.4%	4.9%	5.8%	4.2%	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
2006	9,576	31	995	1,299	2,191	1,146	15,238
2007	10,385	32	1,020	1,511	2,272	1,233	16,453
2008	10,898	26	1,077	1,599	2,329	1,133	17,062
2009	11,462	85	1,060	1,709	2,267	990	17,573
2010	11,431	1,955	1,158	1,711	2,395	1,194	19,844
2011	11,854	2,640	1,518	1,825	2,407	1,175	21,419
2012	11,480	3,349	1,452	1,881	2,333	1,372	21,867
2013	11,284	3,790	1,589	1,907	2,481	1,492	22,543
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

Source: City General Ledger

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

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

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	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
2006 *	7,034,406	88,691	3,086	365,175	21,561	218,916	7,294,003	0.063728	\$ 9,707,224	1.33085	75.14%
2007	7,548,956	111,338	3,148	513,876	20,378	226,598	7,971,098	0.063728	\$ 10,608,336	1.33085	75.14%
2008	7,919,953	170,149	3,211	453,446	26,546	151,225	8,422,080	0.063728	\$ 11,208,525	1.33085	75.14%
2009	8,235,780	270,956	3,275	491,235	46,858	154,969	8,893,135	0.063728	\$ 11,835,429	1.33085	75.14%
2010	8,333,042	263,157	3,341	598,539	49,628	236,925	9,010,782	0.063728	\$ 9,515,593	1.05602	94.69%
2011	8,362,052	396,195	3,333	570,551	45,258	158,388	9,219,001	0.063728	\$ 9,067,313	0.98355	101.67%
2012	8,596,777	390,497	3,358	564,763	70,284	157,307	9,468,372	0.063728	\$ 10,683,820	1.12837	88.62%
2013	8,843,139	402,533	3,425	581,160	48,147	174,167	9,704,237	0.063728	\$ 11,390,239	1.17374	85.20%
2014	9,190,789	475,510	3,493	660,569	46,962	153,434	10,223,889	0.063728	\$ 13,967,877	1.36620	73.20%
2015	9,492,704	486,378	3,509	679,241	45,906	151,709	10,556,029	0.063728	\$ 13,571,675	1.28568	77.78%

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
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years**

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:										
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223	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	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	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910	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	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	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	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	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	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	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369	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	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	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	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986	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	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	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Debt Service Rates										
COUNTY	-	-	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	-	-	0.019760	0.020177	0.021642	0.022493	0.022511	0.024102	0.023109	0.023289
COMMNTY COLLEGE	-	-	0.008794	0.022115	0.023112	0.040310	0.035296	0.048750	0.044541	0.040174
PALOS VERDES LIB	-	-	0.006854	0.006801	0.006618	0.006719	0.006359	0.006441	0.006118	0.005854
FLOOD CONTROL	-	-	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	-	-	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500
TOTAL	-	-	0.039908	0.053393	0.055672	0.073222	0.067866	0.082793	0.077268	0.072817
TOTAL TAX RATE	-	-	1.039908	1.053393	1.055672	1.073222	1.067866	1.082793	1.077268	1.072817

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

Taxpayer	2013-14			2004-05		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Dev Llc	446,873,738	1	4.23%			
Ppc Villas Rpv Llc	66,980,461	2	0.63%			
P V Victoria Apts Llc	49,176,179	3	0.47%			
Terraces Subsidiary Llc	37,011,234	4	0.35%	7,048,000	13	0.10%
Vhps Llc	35,924,549	5	0.34%	16,536,591	6	0.23%
Cpt Vista Catalina Llc	35,846,649	6	0.34%			
Western Riviera Investors	30,943,269	7	0.29%	26,333,873	4	0.36%
Golden Cove Llc	28,577,218	8	0.27%			
Episcopal Communities Services	27,693,171	9	0.26%			
Belmont Village Rpv Lp	24,108,959	10	0.23%			
Terranea Resort Spa	21,451,877	11	0.20%	9,467,560	10	0.13%
Taylor Morrison Of California	18,300,000	12	0.17%	19,209,569	5	0.26%
Johnson Eric C	16,659,277	13	0.16%	43,253,279	3	0.59%
Tridiamond Llc	14,016,929	14	0.13%	7,043,098	14	0.10%
American Golf, Inc	12,312,646	15	0.12%	-		0.00%
Vanderlip Investment Co	10,662,642	16	0.10%	-		0.00%
California Water Service Co	9,965,997	17	0.09%	-		0.00%
Victoria Apts	8,173,890	18	0.08%	-		0.00%
Thornecrest Llc	8,161,887	19	0.08%	-		0.00%
Palos Verdes Terrace Ltd.	8,010,903	20	0.08%	14,246,000	7	0.19%
Bruning Fred W	7,607,883	21	0.07%	-		0.00%
Aa Homes Llc	7,595,283	22	0.07%	-		0.00%
Amdan Investment Llc Lessee	7,500,548	23	0.07%	7,190,667	12	0.10%
Wang Lisa	7,326,109	24	0.07%	-		0.00%
500 Silver Spur Rd Llc	6,725,865	25	0.06%	-		0.00%
Vh Property Corp				59,098,339	1	0.81%
Vrpv Llc				52,141,966	2	0.71%
Top Terraces Inc				13,188,451	8	0.18%
Makallon Rpv Associates Llc				11,855,141	9	0.16%
California Water Service Co				7,502,539	11	0.10%
Braun William				6,090,000	15	0.08%
Wil Gal				5,914,980	16	0.08%
Labarba James G Co Tr				5,637,056	17	0.08%
Kim Goon Gtr				5,125,872	18	0.07%
Foster Robert D & Gina D				5,109,156	19	0.07%
Chung Paul Y				5,019,742	20	0.07%
Briles Richard & Keanna				4,961,882	21	0.07%
Bradford Edward T & Paultee G				4,808,334	22	0.07%
Knollbrook Ltd				4,764,097	23	0.07%
Ganezer Max & Florence				4,751,571	24	0.06%
Hoffman John C & Paula J				4,727,698	25	0.06%
Total Top 25 Taxpayers	<u>\$ 947,607,163</u>		<u>8.98%</u>	<u>\$ 351,025,461</u>		<u>4.80%</u>
Total Taxable Value	<u>\$ 10,556,029,792</u>		100.00%	<u>7,315,721,986</u>		100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

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

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%	9	5,471	97.74%
2012	5,777	5,656	97.91%	9	5,665	98.06%
2013	5,951	5,844	98.20%	7	5,851	98.32%
2014	6,287	6,193	98.50%	9	6,202	98.64%
2015	6,487	6,396	98.60%	0	6,396	98.60%

Source: County Assessor Data and City General Ledger

* Includes 1% secured apportionment only

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

CITY OF RANCHO PALOS VERDES

2014-15 Assessed Valuation: \$10,752,173,045

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of
	<u>6/30/2015</u>	% Applicable (1)	<u>Debt 6/30/15</u>
Los Angeles County Flood Control District	\$15,105,000	0.92%	\$138,211
Metropolitan Water District	110,420,000	0.464	512,349
Los Angeles Community College District	3,882,265,000	1.629	63,242,097
Los Angeles Unified School District	10,296,665,000	0.19	19,563,664
Palos Verdes Unified School District	73,113,825	47.562	34,774,397
City of Rancho Palos Verdes	0	100	0
Palos Verdes Library District	2,420,000	50.038	1,210,920
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	0.895	741,776
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<hr/> \$120,183,414
 <u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$1,885,330,518	0.895%	\$16,873,708
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	0.895	78,036
Los Angeles County Sanitation District No. 5 Authority	31,643,711	10.881	3,443,152
Los Angeles County South Bay Cities Sanitation District Authority	5,391,433	4.329	233,395
Los Angeles Unified School District Certificates of Participation	307,180,000	0.19	583,642
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			<hr/> \$21,211,933
Less: Los Angeles County General Fund Obligations supported by landfill revenues			40,677
Los Angeles Unified School District QZABs supported by investment fund			32,473
TOTAL NET OVERLAPPING GENERAL FUND DEBT			<hr/> \$21,138,783
 TOTAL DIRECT DEBT			 \$0
TOTAL GROSS OVERLAPPING DEBT			\$141,395,347
TOTAL NET OVERLAPPING DEBT			\$141,322,197
 GROSS COMBINED TOTAL DEBT			 \$141,395,347 (2)
NET COMBINED TOTAL DEBT			\$141,322,197

(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 2014-15 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.12%
Gross Combined Total Debt	1.32%
Net Combined Total Debt	1.31%

Source: 2014-15 California Municipal Statistical Co.

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

	<u>2006</u>	<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>
Debt Limit	\$ 1,105,647	\$ 1,195,665	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617	\$ 1,382,850	\$ 1,420,256	\$ 1,455,636	\$ 1,533,583	\$ 1,583,404
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 1,105,647</u>	<u>\$ 1,195,665</u>	<u>\$ 1,274,916</u>	<u>\$ 1,345,594</u>	<u>\$ 1,351,617</u>	<u>\$ 1,382,850</u>	<u>\$ 1,420,256</u>	<u>\$ 1,455,636</u>	<u>\$ 1,533,583</u>	<u>\$ 1,583,404</u>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Total Taxable Value (see page 127) \$ 10,556,029

Debt Limit (15% of total taxable value) 1,583,404

Debt applicable to limit -

Legal Debt Margin \$ 1,583,404

**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	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	County Population (1)	City Population (% of County)
2005-06	42,991	1,990,225,000	46,294	43.4	12,052	4.7%	1.6%	10,163,097	0.42%
2006-07	43,092	2,411,687,000	55,966	43.4	12,030	4.9%	1.7%	10,233,263	0.42%
2007-08	42,964	2,549,698,580	59,345	44.4	11,976	7.2%	2.5%	10,275,914	0.42%
2008-09	42,720	2,262,493,920	52,961	43.4	12,033	7.5%	2.5%	10,301,658	0.41%
2009-10	42,642	2,250,346,266	52,773	44.9	11,900	11.6%	4.0%	10,355,053	0.41%
2010-11	41,766	2,425,936,344	58,084	44.3	11,928	11.9%	4.1%	9,858,989	0.42%
2011-12	41,897	2,561,016,971	61,127	47.6	11,840	11.1%	3.8%	9,884,632	0.42%
2012-13	42,114	2,618,143,152	62,168	47.8	11,873	11.0%	3.7%	9,958,091	0.42%
2013-14	42,358	2,564,205,491	60,537	47.6	11,700	7.6%	2.5%	10,041,797	0.42%
2014-15	42,564	2,593,892,724	60,941	48.9	11,632	7.1%	3.4%	10,136,559	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**

2014-15		2005-06	
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	California Do It Center	Bldg.Matls-Retail
Asaka Japanese Cuisine	Restaurants	Carl's Jr. Restaurants	Restaurants
Audio Visual Services Group	Light Industry	Centinela Feed & Pet Supplies	Miscellaneous Retail
Avenue Italy	Restaurants	Chevron Service Stations	Service Stations
Carl's Jr. Restaurants	Restaurants	Coco's Restaurants	Restaurants
Centinela Feed & Pet Supplies	Miscellaneous Retail	El Pollo Loco	Restaurants
Chevron Service Stations	Service Stations	Fedex Office	Miscellaneous Retail
Coco'S Restaurants	Restaurants	Good Night Mattress	Furniture/Appliance
El Pollo Loco	Restaurants	Green Hills Memorial Park	Miscellaneous Other
Good Night Mattress	Furniture/Appliance	Ihop Restaurants	Restaurants
Green Hills Memorial Park	Miscellaneous Other	Jack In The Box Restaurants	Restaurants
Ihop Restaurants	Restaurants	Los Verdes Country Club	Restaurants
Jack In The Box Restaurants	Restaurants	Marie Callender's Restaurant	Restaurants
Los Verdes Country Club	Restaurants	Mobil Service Stations	Service Stations
Marie Callender's Restaurant	Restaurants	Seaside Discount Cigarettes	Miscellaneous Retail
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 Corporation	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	2015			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District	1,421	1	7.36%	1,970	1	9.43%
Terranea Resort Hotel*	873	2	4.52%	730	2	3.49%
Marymount College	270	3	1.40%	220	4	1.05%
Trump National Golf Club*	190	4	0.98%	260	3	1.24%
Belmont Corp Ltd (Belmont Village of Rancho)	139	5	0.72%	111	7	0.53%
Canterbury	115	6	0.60%	115	6	0.55%
Trader Joe's	96	7	0.50%	88	8	0.42%
Ralphs Store #720	95	8	0.49%	83	9	0.40%
Green Hills Memorial Park	85	9	0.44%	80	10	0.38%
American Golf Corp (Los Verdes Golf Course)	70	10	0.36%			
Keller Williams Realty				163	5	0.78%
Subtotal of Principal Employers	3,354		17.38%	3,820		18.28%
Total City Employment	19,300			20,900		

Source: MuniServices, LLC

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

(1) 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>2006</u>	<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>
General Government	47	50	55	58	53	54	52	53	54	60
Recreation Part-Time	10	10	10	11	16.5	18	16.5	16	22	25
Total	57	60	65	69	69.5	72	68.5	69	76	85

Source: City Budget documents and Payroll records

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Employee Resignations	4	4	8	4	9	5	8	7	14	10
Workers Compensation Claims	4	2	4	2	5	3	3	3	1	3
Liability Claims	31	14	16	13	13	14	11	14	9	11
Budget Adjustments	48	32	26	18	21	17	11	24	15	15
Business Licenses Issued	1,801	1,837	1,709	1,819	1,629	1,891	1,294	1,868	1,997	2,134
Web Site Page Views (1)	1.3 mil	1.6 mil	701,004	3.8 mil	2.9 mil	2.8mil	3.0mil	3.1mil	3.3mil	426,772 *
Public Safety										
Part I Crime Rates (per 10,000 population)	120	139	123	102	110	143	131	149	107	134
Public Works										
Solid Waste Diversion Rates (2)	55%	56%	4.7lbs/person/day	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	2.87lbs/person/day	2.84lbs/person/day	3.15lbs/person/day
Pavement Rating	82	82	DNA	85	85	85	85	84	82	82
Parks and Recreation										
Park Events	937	770	692	825	690	580	582	765	631	639
Class Meetings at Parks	2,856	2,647	2,772	2,708	2,398	2,313	1,587	1,202	1,233	1,400
Docent Led Nature Hikes	62	98	91	105	103	105	104	121	109	103
Community Development										
Building Permits Processed	1,382	1,244	1,692	1,404	1,243	1,432	1,221	1,403	1,492	1,558
Plan Checks	163	164	247	226	154	161	161	268	264	255
Municipal Code Violations Closed	159	162	216	339	138	371	321	312	392	358

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
Computer Workstations	81	85	91	92	101	92	88	93	98	114
Public Safety (1)										
Public Works										
Street Miles	143	143	143	143	143	143	144	141	141	149
Traffic Signals	15	15	16	16	16	16	18	15	15	15
Parks and Recreation										
Parks	16	16	16	16	15	15	15	15	16	16
Community Development										
Vehicles Used for Inspections	3	3	5	5	5	5	5	5	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.