

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2017



**CITY OF RANCHO PALOS VERDES,  
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2017**

Prepared By:

Finance Department



## **INTRODUCTORY SECTION**

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**CITY OF RANCHO PALOS VERDES, CALIFORNIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2017  
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# RANCHO PALOS VERDES

February 6, 2018

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, 2017, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial section of the CAFR includes the Independent Auditor's Report and Management's Discussion and Analysis (MD&A) of the financial activity. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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

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

## **GOVERNMENTAL STRUCTURE**

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

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

## **MAJOR INITIATIVES**

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

### **Administration**

- Public Safety Action adopted to aggressively reduce burglary crime in RPV by incorporating technology, deputies, and outreach and awareness. Residential burglary rates decreased by 50% in 2016 from 2015 rates.
- Lead peninsula cities to enter into a Memorandum of Understanding to implement expanded ALPR program resulting in Automated License Plate Recognition (ALPR) cameras being placed at key intersections around the Peninsula
- Added a joint Surveillance and Apprehension Team (SAT) Detective
- Award-winning Public Service Announcement (PSA) produced to encourage "See Something, Say Something" campaign, as well as other PSAs and segments

- Homeowner Association (HOA) Security Grant Program developed to streamline process for placing cameras at entrances to neighborhoods and provide grants for HOAs to put additional public safety measures into place
- Discounts negotiated with Ring.com, as well as a City incentive, to provide residents additional incentives to use camera technology to help prevent and solve crimes
- “Look and Lock” Campaign to reduce theft from unlocked vehicles.
- Multi-year Memorandum of Understanding (MOU) adopted between the City and the Rancho Palos Verdes Employee Association, fiscal year 2017 to 2020.
- Completed a total of 12 full-time and 7.0 part-time personnel recruitments during the fiscal year.
- Recruited accomplished executive staff including Deputy Community Development Director and City Clerk.
- Creation of an Information Technology Strategic Plan (ITSP) to plan for long range technology initiatives.
- Upgrade of the citywide telephone system to a more robust Cisco Unified Communications system including the integration of park site phones into the central system.
- Creation of a Coyote Reporting application used by all the Peninsula City residents to report coyote sightings.
- Creation of an online GIS portal providing a variety of spatially located information important to the public.
- Compiled, distributed, and archived over 38 City Council agendas and meeting minutes.
- Responded to over 130 Public Records Act requests (PRAs).
- Conducted a community outreach effort with an opinion survey regarding a Civic Center Master Plan to 13,595 RPV residents. The Rate of Return was 17% (well above industry standards for a direct-mail campaign) with an overall consensus that a Civic Center is needed in the City.
- Updated and completed City-wide Records Retention Schedule.
- Worked cooperatively with Carl Warren to process 19 claims against the City.

- Received and processed 17 Subpoenas for records (and appearance).

### **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 technical studies used as a basis for the project is being updated, which will be used to further update the General Plan text and the CEQA analysis 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 in April 2018.
- Continued to ensure that the various housing programs within the Housing Element are being implemented.
- The City of Rancho Palos Verdes (RPV), in partnership with the City of Los Angeles, developed a uniform strategy for the Western Avenue corridor between Summerland Ave. and Palos Verdes Drive North. The *Western Avenue Corridor Street Enhancement Strategy* (the *Strategy*) is intended to harmonize approaches to multi-modal mobility, streetscape design, landscaping, and signage to foster the development of a common set of functional concepts between the City of RPV and LA.
- The City Council adopted the Energy Efficiency Chapter of the City's Emission's Reduction Action Plan (ERAP) in 2015. Since then, the Planning Division continued working with the South Bay Cities Council of Governments (SBCCOG), in the preparation of the final ERAP. Once implemented, the ERAP will present goals, measures, and sub-strategies to minimize the City's GHG emissions sources in the areas of Land-Use & Transportation, Waste, Greening and Energy Generation/Storage. The final ERAP will be considered by the City Council in December 2017.
- On January 17, 2017, the City Council adopted an ordinance expressly prohibiting the operation and advertisement of short-term rentals, which are typically considered rentals (home-sharing or vacation rental) of a residential property for a period of time less than 30 consecutive days, in the City's single-family and multi-family residential zoning districts.
- On December 20, 2016, March 7, 2017, and April 4, 2017, the City Council amended the Schedule of Penalties for Administrative Citations to include a second tier fine for violations of the City's Municipal Code for advertising or operating a short-term rental

in the City's single-family and multi-family residential zoning districts and for violating conditions of approvals.

- On April 4, 2017, the City Council adopted amendments to City Council Policy No. 31 to allow homeowner's associations to install security cameras in the public right-of-way.
- On February 21, 2017, the City Council adopted clearer regulations for processing minor modifications to previously approved projects.
- Implemented the City's Trails Network Plan by improving and maintaining trails within the Palos Verdes Nature Preserve pursuant to the City Council adopted Preserve Trails Plan, and assisting Public Works with the construction of the Sunnyside Ridge Trail and conducting maintenance to existing trails identified in the City's Conceptual Trails Plan.
- Staff continues to work on processing an extensive overhaul of the City's Trails Network Plan for trails outside of the Preserve which will be considered by the Planning Commission and the City Council in Spring 2018.
- Beginning July 1, 2016, the Building and Safety Division began on-line scheduling of building inspections and inspection appointments confirmed the day before.
- Beginning July 1, 2016, the Building and Safety Division began providing plan check services at the public counter.
- Implemented the Peacock Management Program resulting in 150 birds being relocated to homes outside the Palos Verdes Peninsula.
- Implemented the Coyote Management Plan including conducting public workshops on the Wildlife Watch program, developing a coyote app in collaboration with the Peninsula cities, participating in the SBCCOG Coyote task force, and circulating public informational brochures.
- Collaborated with Public Works and the Recreation and Parks Departments on issuing City Tree permits to restore views from properties surrounding Hesse Park, Vanderlip Park and along Palos Verdes Drive South.

### **Public Works**

- Completed Phase 1A of the Accessibility Transition Plan Implementation Project which completed ADA improvements at the Ladera Linda Community Center, Ryan Park and PVIC.
- Completed and submitted, on behalf of the Peninsula Water Management Group, the Draft Enhanced Watershed Management Program to the Los Angeles Regional Water

Quality Control Board in accordance with Municipal Separate Storm Sewer System (MS4) permit requirements.

- Initiated and completed migration of work control and asset management tracking to an automated Computerized Maintenance Management System (CMMS). Implementation and transition to the new platform (Cityworks) was completed and system testing will continue through FY16-17.
- Initiated a citywide proactive full-time graffiti abatement program, complete with daily service, a real-time, web-based application for smart phones and tablets and a hotline.
- Initiated final design and construction of the Sunnyside Ridge Trail Segment Project which will construct an equestrian and pedestrian trail connection between Sunnyside Ridge Road and Palos Verdes Drive East.
- Initiated and completed the Mira Catalina CDBG ADA Access Ramps and Sidewalk Improvement Project which constructed ADA compliant ramps and sidewalks adjacent to Mira Catalina Elementary School, Lucania Drive, Starline Drive and Crest Road.
- Initiated and completed construction of the Palos Verdes Drive West CDBG ADA Access and Sidewalk Improvement project which constructed sidewalk to connect the Point Vicente neighborhood to the Golden Cove commercial and retail area. The project also constructed two ADA access ramps and a new bus stop and shelter.
- Initiated and completed the Roan Road Storm Drain Rehabilitation project which constructed 140 linear feet of new pipe from a previously rehabilitated section to the outlet into Dodson Canyon. This storm drain rehabilitation project was completed for \$94,006.
- Implemented crossing guard services at Ridgecrest Intermediate School, Silver Spur Elementary School and Dodson Middle School to assist with the safe passage of students during the drop-off and pick-up periods. The costs for crossing guards are shared with the Palos Verdes Peninsula Unified School District.
- Initiated construction of the Hawthorne Blvd Beautification Project which replaced the existing juniper-filled median planters with 80 36"-box trees to beautify the arterial corridor. This is the first phase of a multi-phased beautification project.
- Initiated and completed construction of the Grayslake Road Drainage Improvement project which rehabilitated an existing storm drain line located within a City easement adjacent to private property.
- Created and adopted a Wireless Telecommunications Ordinance which regulates and standardizes the permit requirements for the installation of wireless facilities placed in the public rights-of-way.

- Create and adopted a Special Events Ordinance which regulates and establishes a permit process for managing community events which could compromise public health and safety.
- Completed construction of the FY12-13 & FY13-14 Residential Street Rehabilitation projects, which resurfaced local roadways in Area 1 (neighborhoods bordered by Hawthorne Boulevard and Silver Spur Road), Area 5B (neighborhoods bordered by Hawthorne Boulevard, Crest Road, and Palos Verdes Drive West) and Area 9 (neighborhoods bordered by Western Avenue). The project improvements included upgraded access ramps, slurry seal, asphalt concrete, tree root pruning, sidewalk repair, and updated roadway signing and striping.
- Initiated construction of the FY 14-15 Residential Street Rehabilitation Project, Phase 1 (concrete repairs) which will repair broken asphalt and concrete on the local roadways in Area 2.
- Initiated construction of the FY15-16 Sidewalk Repair Program, which will replace approximately 20,000 square feet of sidewalk, curb and gutter that was uplifted and damaged primarily by the roots of overgrown street trees.

### **Recreation and Recreation**

- Doubled the enforcement presence in the Palos Verdes Nature Preserve utilizing contracted LA County Sheriff's Department deputies beginning July 1, 2016.
- Expanded the Open Space Management (OSM) Division to better manage the City's 1,400-acre Palos Verdes Nature Preserve.
- Implemented increased staffing presence and park hours at a number of facilities including Ladera Linda Park, Robert Ryan Park, and Abalone Cove Shoreline Park in order to both improve services to park visitors and improve the care and maintenance of City facilities.
- Lower Hesse Park Improvement project construction design process begun, using \$300,000 in grant funds received from Los Angeles County to partially fund project.
- Continued progress on the Ladera Linda Park Master Plan process.
- Eastview Dog Park and park enhancement project construction process initiated.
- 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.
- 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.
- Partnered with the Palos Verdes Library District's Young Readers Department to offer a total of 36 Story Time programs at three City park sites.
- Participated in annual Peninsula Earth Day Fair, promoting environmental education, healthy planet activities, and providing outreach for Department programs. Participated in annual PV Street Fair and Music Festival, promoting local businesses and providing outreach for Department programs.
- Provided safe and clean parks and nature reserves for community enjoyment, park facilities and fields for private and non-profit rental opportunities, and recreational and educational classes for people of all ages.

## **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 \$5.1 million favorable budget variance in the General fund for the fiscal year ended June 30, 2017. Favorable revenue variances of \$0.6 million for taxes were added to a \$3.4 million favorable expenditure variance plus \$1.1 million of transfers out that spread across 30 different programs. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices, savings from the vacant positions, and the continued careful management of resources during FY 2016-17.

### **Significant Financial Events**

There were no changes to financial policies that resulted in a significant impact on the June 30, 2017 financial statements.

### **Long-term Financial Planning**

The City utilizes two long-term planning tools that serve as a guide to best allocate resources to meet the City's needs over time. The first of which is the Five-Year Capital Improvement Program (CIP). The CIP provides efficient and effective delivery of resources for improvement and maintaining public infrastructure and facilities. The Five-Year Capital Improvement Plan is updated annually during the budget process.

The second long-term planning tools is the City's Five-Year Financial Model (Model). The Model allows for creation of baseline and alternative revenue and spending forecasts, including historic and projected annual periods for the next five years. The Model also allows for testing the impact of assumptions and proposed initiatives on projected budget gaps and fund balances.

## **OTHER INFORMATION**

### **Independent Audit**

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

### **Single Audit**

As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure

is subject to periodic evaluation by management. In years when over \$750,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and the Uniform Guidance. For the year ended June 30, 2017, \$151,737 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, 2017. This was the 24<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this report would have not been possible without the dedication of the entire staff of the Finance Department. I would also like to acknowledge the assistance of the City's auditors, Vavrinek, Trine, Day & Co., LLP and the contributions of all the departments by providing data necessary to prepare the City's FY 2016-17 CAFR.

In closing, I want to thank the City Council for their continued leadership directing the City to achieve a sound fiscal position over the last several years. We look forward to maintaining this success in the future under the leadership of the City Council.

Respectfully submitted,

  
Deborah Cullen  
Director of Finance



RANCHO PALOS VERDES

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FY 2016-2017

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### CITY OFFICIALS

Brian Campbell  
Mayor

Jerry V. Duhovic  
Mayor Pro Tem

Susan Brooks  
Councilwoman

Ken Dyda  
Councilman

Anthony M. Misetich  
Councilman

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### CITY STAFF

Doug Willmore  
City Manager

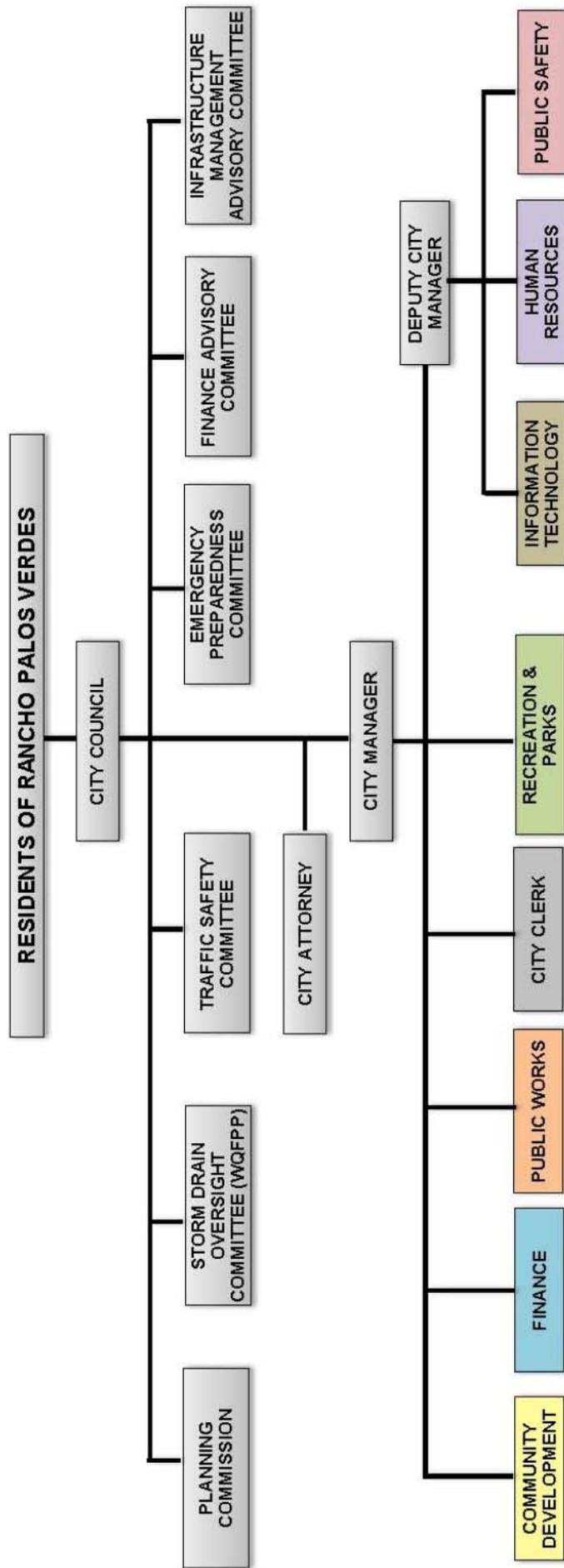
Gabriella Yap  
Deputy City Manager

Deborah Cullen  
Director of Finance

Cory Linder  
Director of Recreation & Parks

Ara Mihranian  
Director of Community Development

Michael Throne  
Director of Public Works





Government Finance Officers Association

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

Presented to

**City of Ranchos Palos Verdes  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

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## **FINANCIAL SECTION**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

**VALUE THE** *difference*

## 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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof, and the statement of revenues, expenditures, and changes in fund balance – budget and actual for the general 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 implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No 68 and No. 73*, effective July 1, 2016. Our opinions are 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, the schedule of the proportionate share of the net pension liability, and the schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2018, 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  
February 6, 2018

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# CITY OF RANCHO PALOS VERDES

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the City of Rancho Palos Verdes offers readers of the City of Rancho Palos Verdes' Financial Statements this narrative overview and analysis of the City's financial activities for the Fiscal Year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages v-xiv of this report.

#### **Financial Highlights**

The assets and deferred outflows of resources of the City of Rancho Palos Verdes exceed its liabilities and deferred inflows of resources at the close of the Fiscal Year ended June 30, 2017, by \$222.4 million (*Net Position*). Of this amount, \$48.2 million (*Unrestricted Net Position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining amount is invested in capital assets or is otherwise restricted, and therefore not available to meet the City's obligations.

At the fiscal year ended June 30, 2017, the City's Total Net Position increased by \$3.4 million. The primary factors for the increase are discussed below.

As of June 30, 2017, the City's Governmental Funds reported combined ending Fund Balances of \$59.8 million, an increase of \$0.6 million in comparison to the prior year. The majority of the increase is attributable to the additional funds purchased through the Proposition A Exchange Program that will be used for public transit improvements in the next three years.

As of June 30, 2017, unassigned fund balance for the General Fund was \$15.7 million or 67% of General Fund expenditures. The \$15.3 million of this amount constitutes the City Council's General Fund Reserve (rainy day fund). Due to the City Council's reserve policy, the unassigned fund balance has historically been maintained at or above the policy threshold level of 50% of annually budgeted General Fund expenditures.

#### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

#### 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 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 Joint Powers 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 15-17 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.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

#### **Governmental Funds**

*Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the Fiscal Year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The City of Rancho Palos Verdes maintained 27 individual Governmental Funds during the Fiscal Year ended June 30, 2017. 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 and the Capital Improvements Fund, which are considered to be major funds. Data from the other 25 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 18-23 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, and Civic Center building replacement/improvements. Because these services predominantly benefit the

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017**

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 24-26 of this report. The Proprietary Fund Financial Statements provide separate information for the Enterprise Fund and the Internal Service Funds. The Enterprise Fund is presented as a single major fund of the City, while the Internal Service Funds are combined and presented as a single, aggregated presentation in the Statement. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in this report.

#### **Fiduciary Fund**

The City is a fiduciary for the Successor Agency to the Rancho Palos Verdes Redevelopment Agency (the "Successor Agency"). The City is responsible for ensuring that the assets reported in the Successor Agency's private-purpose trust fund are only: 1) used to extinguish the obligations of the former RDA; or 2) transferred to another agency pursuant to state redevelopment dissolution law. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's Government-Wide Financial Statement because the City cannot use these assets to finance its operations. Individual Fiduciary Fund statements can be found on pages 27-28 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 29-60 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 63-109 of this report.

# CITY OF RANCHO PALOS VERDES

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

### 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 \$222.4 million at June 30, 2017. By far, the largest portion of the City's Net Position of \$154.7 million or 70% reflects its net investment in Capital Assets (e.g. Land, Infrastructure, Buildings, and Equipment). The City uses these Capital Assets to provide services to its citizens; consequently, these assets are not available for future spending.

#### City of Rancho Palos Verdes Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 75,078,443	\$ 74,857,766	\$ 4,771,793	\$ 6,210,234	\$ 79,850,236	\$ 81,068,000
Capital assets	123,437,427	118,398,503	31,310,541	31,662,640	154,747,968	150,061,143
<b>Total assets</b>	<b>198,515,870</b>	<b>193,256,269</b>	<b>36,082,334</b>	<b>37,872,874</b>	<b>234,598,204</b>	<b>231,129,143</b>
<b>Deferred outflows of resources</b>	<b>2,804,770</b>	<b>1,550,506</b>	-	-	<b>2,804,770</b>	<b>1,550,506</b>
Long-term liabilities outstanding	9,746,985	7,678,051	-	-	9,746,985	7,678,051
Other liabilities	4,850,570	4,743,468	171,734	612,071	5,022,304	5,355,539
<b>Total liabilities</b>	<b>14,597,555</b>	<b>12,421,519</b>	<b>171,734</b>	<b>612,071</b>	<b>14,769,289</b>	<b>13,033,590</b>
<b>Deferred inflows of resources</b>	<b>280,832</b>	<b>655,926</b>	-	<b>655,926</b>	<b>280,832</b>	<b>1,311,852</b>
Net Investment in capital assets	123,437,427	118,398,503	31,310,541	31,662,640	154,747,968	150,061,143
Restricted	19,386,775	21,120,703	-	-	19,386,775	21,120,703
Unrestricted	43,618,051	42,210,124	4,600,059	5,598,163	48,218,110	47,808,287
<b>Total net position</b>	<b>\$ 186,442,253</b>	<b>\$ 181,729,330</b>	<b>\$ 35,910,600</b>	<b>\$ 37,260,803</b>	<b>\$ 222,352,853</b>	<b>\$ 218,990,133</b>

A portion of the City's Net Position of \$19.4 million or 9%, represents resources subject to external restrictions. The remaining balance of Unrestricted Net Position of \$48.2 million or 22 % may be used to meet the government's ongoing obligations to its citizens and creditors.

Total current and other assets decreased by \$1.3 million in comparison to the previous year. This is mainly due to the storm drain projects in the Water Quality Flood Protection Fund. Capital assets increased by \$4.7 million mainly due to the City's roadway capital projects.

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**Governmental Activities**

Governmental Activities increased the City’s Net Position by \$4.7 million primarily due to increased revenues and less expenses.

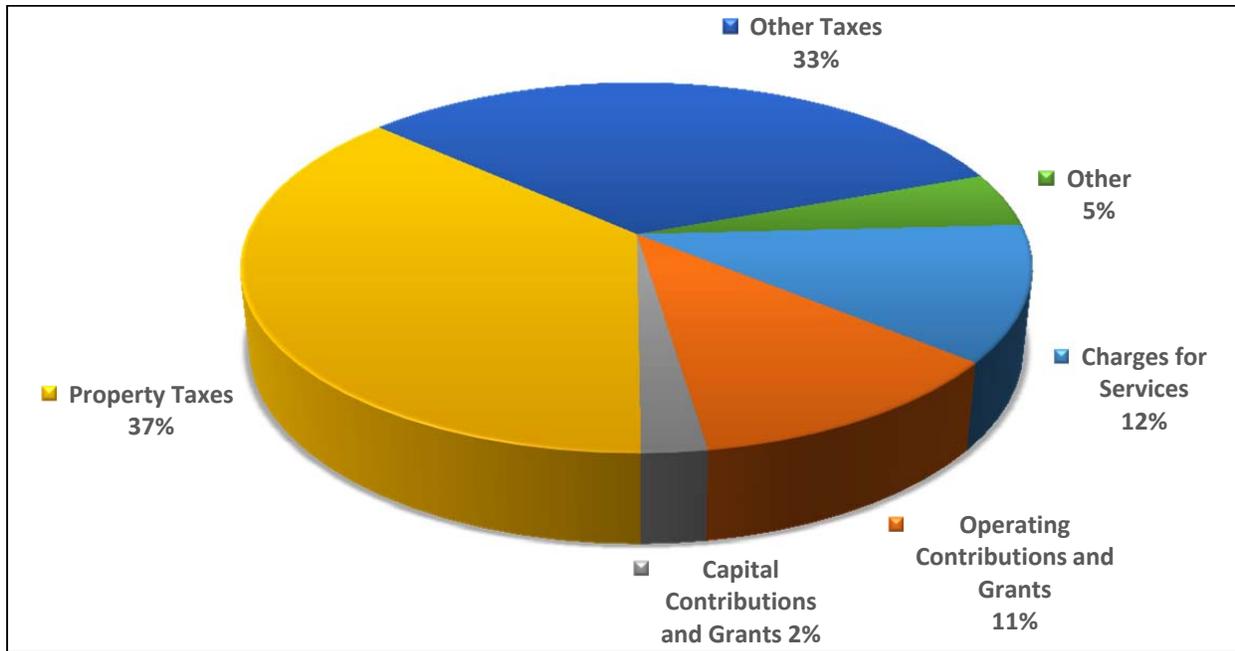
**City of Rancho Palos Verdes Changes in Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Program revenues:						
Charges for services	\$ 4,269,353	\$ 2,490,951	\$ 11,464	\$ 1,384,897	\$ 4,280,817	\$ 3,875,848
Operating contributions and grants	4,195,757	2,332,320	-	-	4,195,757	2,332,320
Capital contributions and grants	818,209	1,110,646	-	-	818,209	1,110,646
General revenues:						
Property taxes	13,301,886	13,763,845	-	-	13,301,886	13,763,845
Other taxes	11,823,625	12,390,945	-	-	11,823,625	12,390,945
Other	1,719,817	2,821,865	38,246	20,662	1,758,063	2,842,527
<b>Total revenues</b>	<b>36,128,647</b>	<b>34,910,572</b>	<b>49,710</b>	<b>1,405,559</b>	<b>36,178,357</b>	<b>36,316,131</b>
Expenses:						
Administration	\$ 6,745,869	\$ 8,061,904	-	-	6,745,869	8,061,904
Public safety	6,534,248	5,214,553	-	-	6,534,248	5,214,553
Public works	10,637,865	9,610,047	-	-	10,637,865	9,610,047
Community development	2,663,556	1,971,262	-	-	2,663,556	1,971,262
Parks and recreation	2,433,822	2,051,976	-	-	2,433,822	2,051,976
Non-departmental	2,400,364	133,783	-	-	2,400,364	133,783
Water Quality Flood Protection	-	-	1,399,913	646,433	1,399,913	646,433
<b>Total expenses</b>	<b>31,415,724</b>	<b>27,043,525</b>	<b>1,399,913</b>	<b>646,433</b>	<b>32,815,637</b>	<b>27,689,958</b>
<b>(Decrease) / Increase in net position</b>	<b>4,712,923</b>	<b>7,867,047</b>	<b>(1,350,203)</b>	<b>759,126</b>	<b>3,362,720</b>	<b>8,626,173</b>
<b>(Decrease) / Increase in net position</b>	<b>4,712,923</b>	<b>7,867,047</b>	<b>(1,350,203)</b>	<b>759,126</b>	<b>3,362,720</b>	<b>8,626,173</b>
Net position - beginning of fiscal year	181,729,330	173,862,283	37,260,803	36,501,677	218,990,133	210,363,960
<b>Net position - end of fiscal year</b>	<b>\$ 186,442,253</b>	<b>\$ 181,729,330</b>	<b>\$ 35,910,600</b>	<b>\$ 37,260,803</b>	<b>\$ 222,352,853</b>	<b>\$ 218,990,133</b>

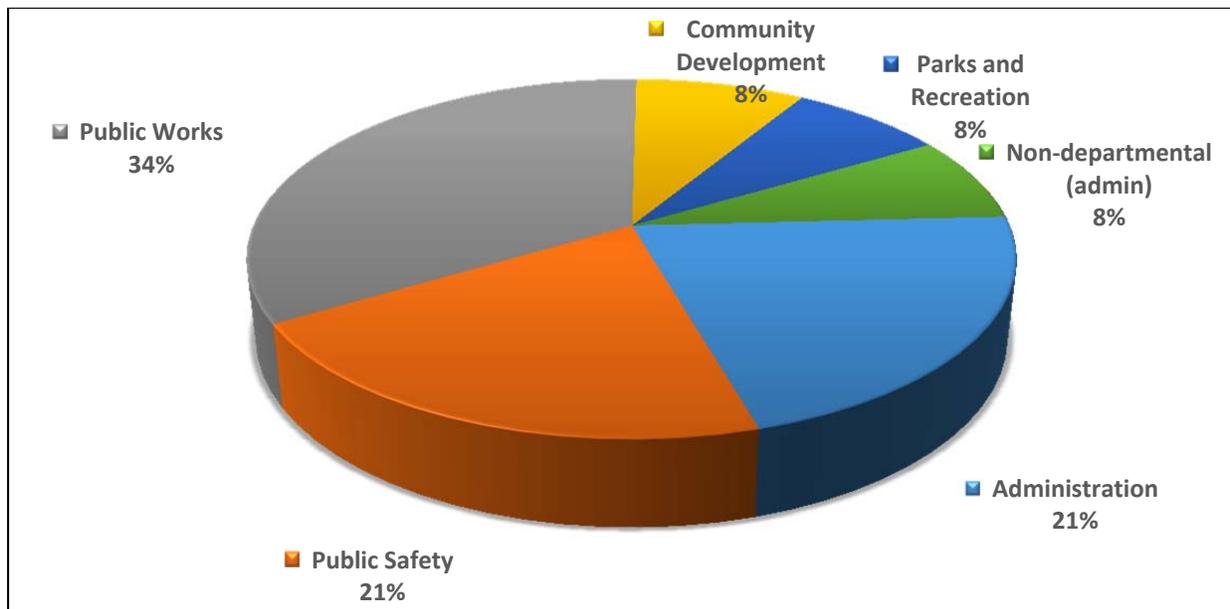
**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

**Sources of Revenue - Governmental Activities**



**Expenses by Function – Governmental Activities**



**Business-Type Activities**

Business-type activities decreased the City's net position by \$1.4 million due to expenditures related to storm drain projects in the Water Quality Flood Protection Fund.

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017**

#### **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As of the end of the current fiscal year, the City's Governmental Funds reported combined ending Fund Balances of \$59.8 million, an increase of \$0.6 million in comparison to the prior year. Approximately \$57.8 million or 97% of the combined ending Fund Balances constitutes spendable fund balance. The remainder of the combined ending Fund Balances are either non-spendable due to legal restrictions or non-spendable in the form of prepaid items and inventory. Additional information on the non-spendable items can be found in Note # 7 on pages 45-47 of this report.

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$15.7 million, while total Fund Balance reached to \$16.8 million. 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 57% of total General Fund uses, while total Fund Balance represents 61% of the same amount.

The fund balance of the City's General Fund increased by \$1.8 million. The increased amount is primarily attributable to the reduced transfers from General Fund to the Capital Improvement Projects Fund. The reduced transfers were a result of the City's Proposition A Exchange Program.

The CIP Fund Balance ended the year at \$27.1 million, a decrease of \$2.6 million in comparison to the previous year. The majority of the decrease is due to the expenditures from the completed capital improvement projects and the reduced transfer from General Fund from the Prop A Exchange Program.

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

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted Net Position of the Enterprise Fund at the end of the fiscal year amounted to \$4.6 million. Unrestricted Net Position of the Internal Service Funds at the end of the fiscal year amounted to \$2.5 million. The net position in Enterprise Fund decreased by \$1.3 million due to payments for completed storm drain projects. For Internal Service Funds, the net position decreased by \$633 thousand due to payments for City's new permitting system and financial software.

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017

#### General Fund Budgetary Highlights

The difference between original budgeted operating expenditures and the final amended budget was an increase of \$4.1 million and is briefly summarized as follows:

- An increase of \$1.5 million was attributable to Automated License Plate Recognition (ALPR) projects.
- An increase of \$1.9 million in Non-Department from Proposition A Exchange Program for \$1.3 million and \$600 thousand of City Council approved settlements.
- An increase of \$756 thousand from Public Works, Administration, Community Development, and Recreation and Parks. The increases include projects carried forward from prior year and projects approved during midyear.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in Capital Assets for its Governmental activities as of June 30, 2017, amounts to \$123.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current fiscal year, the City's investment in governmental capital assets increased by \$5 million or 4%.

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

- Depreciation of \$3.4 million was recorded for the City's Capital Assets.
- A total of \$8.2 million of construction in progress was added for various projects.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2017 is \$31.3 million

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital assets not being depreciated						
Land	\$ 42,087,575	\$ 42,087,575	\$ 1,428,243	\$ 1,428,243	\$ 43,515,818	\$ 43,515,818
Construction in progress	3,346,800	1,536,580	774,418	482,090	4,121,218	2,018,670
<b>Total capital assets not being depreciated</b>	<b>45,434,375</b>	<b>43,624,155</b>	<b>2,202,661</b>	<b>1,910,333</b>	<b>47,637,036</b>	<b>45,534,488</b>
Capital assets being depreciated, net						
Buildings	6,886,427	6,395,430	-	-	6,886,427	6,395,430
Vehicles	112,788	72,318	-	-	112,788	72,318
Computer equipment	273,510	374,524	-	-	273,510	374,524
Furniture, fixtures and equipment	364,382	352,975	-	-	364,382	352,975
Infrastructure					-	
Roadway system	51,348,663	47,598,976	-	-	51,348,663	47,598,976
Sewer system	5,845,585	6,299,321	-	-	5,845,585	6,299,321
Storm drain system	8,693,616	8,944,000	29,107,880	29,752,307	37,801,496	38,696,307
Park system	4,478,081	4,736,804			4,478,081	4,736,804
<b>Total capital assets being depreciated, net</b>	<b>78,003,052</b>	<b>74,774,348</b>	<b>29,107,880</b>	<b>29,752,307</b>	<b>107,110,932</b>	<b>104,526,655</b>
<b>Capital Assets, net</b>	<b>\$ 123,437,427</b>	<b>\$ 118,398,503</b>	<b>\$ 31,310,541</b>	<b>\$ 31,662,640</b>	<b>\$ 154,747,968</b>	<b>\$ 150,061,143</b>

Additional information on the City's Capital Assets can be found in Note #4 on pages 42-43 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 \$442,682 for Employee Compensated Absences.

**City of Rancho Palos Verdes Outstanding Debt**

	Governmental Activities	
	2017	2016
Employee compensated absences	\$ 442,682	\$ 357,504
<b>Total</b>	<b>\$ 442,682</b>	<b>\$ 357,504</b>

At the fiscal year ended June 30, 2017, the City's total debt increased by \$85 thousand or 24%, due to the new employee salary rates.

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 \$1,749,390,000.

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2017**

#### **ECONOMIC FACTORS AND NEXT YEAR 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 4.27% for FY 2016-17.
- The Consumer Price Index for Los Angeles County increased by 2.2% for the 12 months ended June 2017. The City's original FY 2017-18 General Fund expenditure budget increased by 13.3% when compared to the original FY 2016-17 budget. The majority of revenue in excess of budgeted expenditures (about \$4.6 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](mailto:finance@rpvca.gov).

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 64,163,268	\$ 4,765,714	\$ 68,928,982
Receivables:			
Taxes	1,664,449	-	1,664,449
Interest	73,780	5,379	79,159
Notes	8,020,916	-	8,020,916
Other	965,725	700	966,425
Inventory	31,089	-	31,089
Prepaid items	159,216	-	159,216
<b>TOTAL CURRENT ASSETS</b>	<b>75,078,443</b>	<b>4,771,793</b>	<b>79,850,236</b>
<b>NONCURRENT ASSETS:</b>			
Receivable from Successor Agency	10,498,826	-	10,498,826
Allowance for Successor Agency receivable	(10,498,826)	-	(10,498,826)
Capital assets:			
Land	42,087,575	1,428,243	43,515,818
Construction in process	3,346,800	774,418	4,121,218
Capital assets, net accumulated depreciation:			
Property and equipment	750,680	11,813	762,493
Building and improvements	6,886,427	-	6,886,427
Infrastructure	70,365,945	29,096,067	99,462,012
<b>TOTAL NONCURRENT ASSETS</b>	<b>123,437,427</b>	<b>31,310,541</b>	<b>154,747,968</b>
<b>TOTAL ASSETS</b>	<b>198,515,870</b>	<b>36,082,334</b>	<b>234,598,204</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	2,804,770	-	2,804,770
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	3,651,969	119,315	3,771,284
Retentions payable	350,790	52,419	403,209
Unearned revenue	4,896	-	4,896
Deposits payable	521,821	-	521,821
Current portion of long-term liabilities	321,094	-	321,094
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,850,570</b>	<b>171,734</b>	<b>5,022,304</b>
<b>LONG-TERM LIABILITIES:</b>			
Due beyond one year	121,588	-	121,588
Net Pension Liability	9,625,397	-	9,625,397
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>9,746,985</b>	<b>-</b>	<b>9,746,985</b>
<b>TOTAL LIABILITIES</b>	<b>14,597,555</b>	<b>171,734</b>	<b>14,769,289</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	280,832	-	280,832
<b>NET POSITION</b>			
Net investment in capital assets	123,437,427	31,310,541	154,747,968
Restricted			
Expendable	17,509,829	-	17,509,829
Nonexpendable	1,876,946	-	1,876,946
Unrestricted	43,618,051	4,600,059	48,218,110
<b>TOTAL NET POSITION</b>	<b>\$ 186,442,253</b>	<b>\$ 35,910,600</b>	<b>\$ 222,352,853</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Administration	\$ 6,745,869	\$ 1,080,897	\$ 19,282	\$ -
Public safety	6,534,248	140,414	129,324	-
Public works	10,637,865	274,080	4,047,151	818,209
Community development	2,663,556	2,065,914	-	-
Parks and recreation	2,433,822	708,048	-	-
Non-departmental	2,400,364	-	-	-
<b>Total governmental activities</b>	<b>31,415,724</b>	<b>4,269,353</b>	<b>4,195,757</b>	<b>818,209</b>
<b>Business-type Activity:</b>				
Water Quality Flood Protection	1,399,913	11,464	-	-
<b>Total primary government</b>	<b>\$ 32,815,637</b>	<b>\$ 4,280,817</b>	<b>\$ 4,195,757</b>	<b>\$ 818,209</b>

General revenues:

Taxes

Property taxes

Transient occupancy tax

Sales tax

Franchise tax

Utility user tax

Other taxes

Investment income

Unrestricted grants, contributions  
and other revenues

Total general revenues and transfers

Change in net position

Net position - beginning of year

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>
\$ (5,645,690)	\$ -	\$ (5,645,690)
(6,264,510)	-	(6,264,510)
(5,498,425)	-	(5,498,425)
(597,642)	-	(597,642)
(1,725,774)	-	(1,725,774)
<u>(2,400,364)</u>	<u>-</u>	<u>(2,400,364)</u>
<u>(22,132,405)</u>	<u>-</u>	<u>(22,132,405)</u>
<u>-</u>	<u>(1,388,449)</u>	<u>(1,388,449)</u>
<u>(22,132,405)</u>	<u>(1,388,449)</u>	<u>(23,520,854)</u>
13,301,886	-	13,301,886
5,600,866	-	5,600,866
2,462,448	-	2,462,448
1,984,878	-	1,984,878
1,775,433	-	1,775,433
365,259	-	365,259
434,244	35,274	469,518
<u>920,314</u>	<u>2,972</u>	<u>923,286</u>
<u>26,845,328</u>	<u>38,246</u>	<u>26,883,574</u>
4,712,923	(1,350,203)	3,362,720
<u>181,729,330</u>	<u>37,260,803</u>	<u>218,990,133</u>
<u>\$ 186,442,253</u>	<u>\$ 35,910,600</u>	<u>\$ 222,352,853</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	General	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 17,903,041	\$ 27,370,767	\$ 16,336,285	\$ 61,610,093
Receivables:				
Taxes	1,636,910	-	27,539	1,664,449
Interest	19,817	30,782	20,223	70,822
Other	327,775	491,490	146,460	965,725
Due from other funds	9,720	-	-	9,720
Inventory	31,089	-	-	31,089
Prepaid items	159,216	-	-	159,216
Receivable from Successor Agency	10,498,826	-	-	10,498,826
Allowance for Successor Agency receivable	(10,498,826)	-	-	(10,498,826)
<b>TOTAL ASSETS</b>	<b>\$ 20,087,568</b>	<b>\$ 27,893,039</b>	<b>\$ 16,530,507</b>	<b>\$ 64,511,114</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,627,753	448,851	\$ 489,085	\$ 3,565,689
Due to other funds			9,720	9,720
Retentions payable	9,162	341,628	-	350,790
Unearned revenue	-	-	4,896	4,896
Deposits payable	521,821	-	-	521,821
<b>TOTAL LIABILITIES</b>	<b>3,158,736</b>	<b>790,479</b>	<b>503,701</b>	<b>4,452,916</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	103,429	23,259	91,167	217,855
<b>FUND BALANCES</b>				
<b>Non-Spendable</b>				
Endowment principal	-	-	750,000	750,000
Reimbursement settlement agreement	-	-	1,000,000	1,000,000
Prepaid items	159,216	-	-	159,216
Inventory	31,089	-	-	31,089
Habitat restoration	-	-	126,946	126,946
<b>Restricted</b>		4,660,059	12,849,770	17,509,829
<b>Committed</b>	963,642	-	-	963,642
<b>Assigned</b>	-	22,419,242	1,208,923	23,628,165
<b>Unassigned</b>	15,671,456	-	-	15,671,456
<b>TOTAL FUND BALANCES</b>	<b>16,825,403</b>	<b>27,079,301</b>	<b>15,935,639</b>	<b>59,840,343</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 20,087,568</b>	<b>\$ 27,893,039</b>	<b>\$ 16,530,507</b>	<b>\$ 64,511,114</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

Fund balances - total governmental funds	\$ 59,840,343
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.	122,686,747
Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds.	217,855
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	8,020,916
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(442,682)
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:	
Net pension liability	(9,625,397)
Deferred outflows of resources related to pensions	2,804,770
Deferred inflows of resources related to pensions	(280,832)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position.	<u>3,220,533</u>
Net position of governmental activities	<u>\$ 186,442,253</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	General	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 24,534,704	\$ -	\$ 956,066	\$ 25,490,770
Licenses and permits	3,044,614	-	-	3,044,614
Revenue from other agencies	19,282	143,064	4,955,169	5,117,515
Charges for services	885,044	-	187,036	1,072,080
Fines and forfeitures	152,659	-	-	152,659
Use of money and property	107,867	191,721	115,492	415,080
Other revenues	515,496	-	216,702	732,198
<b>TOTAL REVENUES</b>	<b>29,259,666</b>	<b>334,785</b>	<b>6,430,465</b>	<b>36,024,916</b>
<b>EXPENDITURES:</b>				
Current				
Administration	5,444,581	-	-	5,444,581
Public safety	6,534,248	-	-	6,534,248
Public works	4,087,117	-	4,997,525	9,084,642
Community development	2,663,556	-	-	2,663,556
Parks and recreation	2,175,099	-	-	2,175,099
Non-departmental	2,400,364	-	-	2,400,364
Capital Outlay	-	7,105,523	-	7,105,523
<b>TOTAL EXPENDITURES</b>	<b>23,304,965</b>	<b>7,105,523</b>	<b>4,997,525</b>	<b>35,408,013</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,954,701</b>	<b>(6,770,738)</b>	<b>1,432,940</b>	<b>616,903</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	190,000	4,141,397	246,000	4,577,397
Transfers out	(4,387,397)	-	(190,000)	(4,577,397)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,197,397)</b>	<b>4,141,397</b>	<b>56,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,757,304</b>	<b>(2,629,341)</b>	<b>1,488,940</b>	<b>616,903</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>15,068,099</b>	<b>29,708,642</b>	<b>14,446,699</b>	<b>59,223,440</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 16,825,403</b>	<b>\$ 27,079,301</b>	<b>\$ 15,935,639</b>	<b>\$ 59,840,343</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds \$ 616,903

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	8,227,858
Depreciation expense	(3,139,797)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (103,549)

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. 188,116

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. (85,178)

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. (358,472)

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. (632,958)

Change in net position of governmental activities \$ 4,712,923

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 24,192,800	\$ 24,192,800	\$24,534,704	\$ 341,904
Licenses and permits	3,010,300	3,010,300	3,044,614	34,314
Revenue from other agencies	-	-	19,282	19,282
Charges for services	832,100	832,100	885,044	52,944
Fines and forfeitures	121,500	121,500	152,659	31,159
Use of money and property	53,800	53,800	107,867	54,067
Other revenues	403,500	403,500	515,496	111,996
<b>TOTAL REVENUES</b>	<b>28,614,000</b>	<b>28,614,000</b>	<b>29,259,666</b>	<b>645,666</b>
<b>EXPENDITURES:</b>				
<b>Administration</b>				
City council	125,700	115,700	139,807	(24,107)
City manager	767,700	785,700	783,077	2,623
Legal services	940,000	950,400	1,173,169	(222,769)
City clerk	557,700	625,900	484,380	141,520
Community outreach	81,500	76,500	74,448	2,052
RPV TV	228,400	228,353	169,004	59,349
Personnel	402,400	389,955	364,247	25,708
Finance	1,249,500	1,296,900	1,265,592	31,308
Information technology - data	1,119,500	1,089,064	889,924	199,140
Information technology - voice	105,000	105,000	100,933	4,067
<b>Total Administration</b>	<b>5,577,400</b>	<b>5,663,472</b>	<b>5,444,581</b>	<b>218,891</b>
<b>Public Safety</b>				
Sheriff services	5,369,200	5,369,200	5,451,056	(81,856)
Special safety programs	673,600	2,151,430	821,653	1,329,777
Animal control	117,000	117,000	99,932	17,068
Emergency preparedness	201,000	205,079	161,607	43,472
<b>Total Public Safety</b>	<b>6,360,800</b>	<b>7,842,709</b>	<b>6,534,248</b>	<b>1,308,461</b>
<b>Public Works</b>				
Public works administration	2,196,400	2,289,900	2,175,726	114,174
Traffic management	298,000	347,648	392,159	(44,511)
Storm water quality	579,600	587,100	230,695	356,405
Public building maintenance	578,700	653,083	449,478	203,605
Parks/trails/open space maintenance	869,600	979,483	838,108	141,375
Sewer maintenance	69,000	69,000	951	68,049
<b>Total Public Works</b>	<b>4,591,300</b>	<b>4,926,214</b>	<b>4,087,117</b>	<b>839,097</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Development				
Planning	1,492,800	1,547,625	1,324,425	223,200
Building & safety services	860,700	886,800	772,017	114,783
Code enforcement	131,600	159,900	116,264	43,636
NCCP	75,000	75,000	-	75,000
View restoration/preservation	336,400	345,200	302,402	42,798
Geology	150,000	150,000	148,448	1,552
Total Community Development	3,046,500	3,164,525	2,663,556	500,969
Parks and Recreation				
Recreation administration	806,800	943,940	873,451	70,489
Recreation facilities	674,000	711,950	594,023	117,927
Special events	213,000	203,700	146,373	57,327
Point Vicente Interpretive Center	362,300	413,250	447,107	(33,857)
REACH	40,000	41,300	39,676	1,624
Support services	80,000	79,200	74,469	4,731
Total Parks and Recreation	2,176,100	2,393,340	2,175,099	218,241
Non-departmental	837,100	2,688,450	2,400,364	288,086
TOTAL EXPENDITURES	22,589,200	26,678,710	23,304,965	3,373,745
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,024,800	1,935,290	5,954,701	4,019,411
OTHER FINANCING SOURCES (USES):				
Transfers in	190,000	190,000	190,000	-
Transfers out	(5,446,000)	(5,446,000)	(4,387,397)	1,058,603
TOTAL OTHER FINANCING SOURCES (USES)	(5,256,000)	(5,256,000)	(4,197,397)	1,058,603
NET CHANGE IN FUND BALANCE	768,800	(3,320,710)	1,757,304	5,078,014
FUND BALANCE - BEGINNING OF YEAR	15,068,099	15,068,099	15,068,099	-
FUND BALANCE - END OF YEAR	\$ 15,836,899	\$ 11,747,389	\$ 16,825,403	\$ 5,078,014

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017**

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 4,765,714	\$ 2,553,175
Receivables:		
Interest	5,379	2,958
Other	700	-
	<u>4,771,793</u>	<u>2,556,133</u>
<b>TOTAL CURRENT ASSETS</b>	<u>4,771,793</u>	<u>2,556,133</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets, not being depreciated		
Land	1,428,243	
Construction in process	774,418	
Capital assets		
Property and equipment	11,813	2,355,333
Infrastructure	31,800,576	
Accumulated depreciation	<u>(2,704,509)</u>	<u>(1,604,653)</u>
	<u>31,310,541</u>	<u>750,680</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>31,310,541</u>	<u>750,680</u>
<b>TOTAL ASSETS</b>	<u>36,082,334</u>	<u>3,306,813</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	119,315	86,280
Retentions payable	<u>52,419</u>	<u>-</u>
	<u>171,734</u>	<u>86,280</u>
<b>TOTAL LIABILITIES</b>	<u>171,734</u>	<u>86,280</u>
<b>NET POSITION</b>		
Net investment in capital assets	31,310,541	750,680
Unrestricted	<u>4,600,059</u>	<u>2,469,853</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,910,600</u>	<u>\$ 3,220,533</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	<u>\$ 11,464</u>	<u>\$ 82,050</u>
OPERATING EXPENSES:		
Personnel services	89,825	-
Materials and supplies	-	498,751
Maintenance	665,661	10,695
Depreciation	<u>644,427</u>	<u>224,726</u>
TOTAL OPERATING EXPENSES	<u>1,399,913</u>	<u>734,172</u>
OPERATING INCOME (LOSS)	<u>(1,388,449)</u>	<u>(652,122)</u>
NON-OPERATING REVENUES:		
Other revenues	2,972	-
Investment income	<u>35,274</u>	<u>19,164</u>
TOTAL NON-OPERATING REVENUES	<u>38,246</u>	<u>19,164</u>
CHANGE IN NET POSITION	(1,350,203)	(632,958)
NET POSITION - BEGINNING OF YEAR	<u>37,260,803</u>	<u>3,853,491</u>
NET POSITION - END OF YEAR	<u>\$ 35,910,600</u>	<u>\$ 3,220,533</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ 82,050
Receipts from storm drain user fees	33,825	-
Payments to suppliers	(1,105,998)	(390,833)
Payments to employees	(89,825)	-
	<u>(1,161,998)</u>	<u>(308,783)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
	<u>(1,161,998)</u>	<u>(308,783)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(292,328)	(175,589)
	<u>(292,328)</u>	<u>(175,589)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	39,456	19,532
	<u>39,456</u>	<u>19,532</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,414,870)	(464,840)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,180,584	3,018,015
	<u>6,180,584</u>	<u>3,018,015</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,765,714</u>	<u>\$ 2,553,175</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,388,449)	\$ (652,122)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	644,427	224,726
Changes in operating assets and liabilities:		
Decrease in other receivable	22,361	2,417
Increase (decrease) in accrued liabilities	(440,337)	(54,322)
	<u>(440,337)</u>	<u>(54,322)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,161,998)</u>	<u>\$ (308,783)</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2017**

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 453,088
Interest receivable	469
Prepaid items	<u>336,875</u>
<b>TOTAL ASSETS</b>	<u>790,432</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	4,098
Short-term liabilities	
Due within one year - Portuguese Bend	99,027
Due within one year - Abalone Cove	48,091
Due within one year - bond payable	230,000
Long-term liabilities	
Due beyond one year - Portuguese Bend	6,967,861
Due beyond one year - Abalone Cove	3,383,847
Due beyond one year - bond payable	<u>4,045,000</u>
<b>TOTAL LIABILITIES</b>	<u>14,777,924</u>
<b>NET POSITION (DEFICIT) HELD IN TRUST</b>	<u><u>\$ (13,987,492)</u></u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 443,750
Use of money and property	51,163
TOTAL ADDITIONS	<u>494,913</u>
DEDUCTIONS	
Administration	48,193
Debt interest and fiscal charges	224,243
TOTAL DEDUCTIONS	<u>272,436</u>
CHANGE IN NET POSITION	222,477
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(14,209,969)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (13,987,492)</u>

**NOTES TO THE  
FINANCIAL STATEMENTS**

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# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **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 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.

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.

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### ***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### A. Reporting Entity (Continued)

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

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

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

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

#### B. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows, fund equity, revenues, and expenditures. The following are types of funds used:

#### **Governmental Fund Types**

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

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### ***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### B. Description of Funds (Continued)

##### **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 purchases of equipment, furniture and vehicles on behalf of all City departments, and the accumulation of funds for replacement of certain buildings on behalf of the City.

##### **Fiduciary Fund Type**

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

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

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

The City’s Government-Wide Financial Statements include a “Statement of Net Position” and a “Statement of Activities”. These two statements present summaries of Governmental and Business-type Activities for the City; and do not include fiduciary activities. These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources; including capital assets, infrastructure, and long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue transactions for the City are reported in three categories: 1) Charges for Services, 2) Operating Grants and Contributions, and 3) Capital Grants and Contributions. Charges for Services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating Grants and Contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital Grants and Contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues. As a general rule, the effect of inter-fund activity has been eliminated from the Government-Wide Financial Statements.

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### C. Basis of Accounting/Measurement Focus (Continued)

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

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

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

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### C. Basis of Accounting/Measurement Focus (Continued)

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 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 budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and Permanent funds.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**D. Budgetary Accounting (Continued)**

Under Article XIIB 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 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, 2017, based on calculations by City Management, the proceeds of taxes in the amount of \$24.5 million did not exceed appropriation limit of \$27.7 million.

**E. Capital Assets**

Capital assets include land, construction in progress, building and improvements, vehicles, computer equipment, furniture, fixtures and equipment, and infrastructure assets (street systems, storm drains, sewer systems, etc.). Capital assets are defined by the City as all land and buildings, vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at acquisition 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 the General Fund if there is unused/unpaid leave outstanding following an employee's separation.

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### ***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

#### G. Investments

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

#### H. Cash and Investments

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

#### I. Claims and Judgments

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

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

#### J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. In governmental funds, the prepaid assets recorded do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reported as non-spendable. The City had a total of \$159,216 of prepaid items as of June 30, 2017.

#### K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### L. Use of Restricted Resources

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

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### 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. Current Accounting Pronouncements

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of the Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, the Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement is effective for the reporting periods beginning after June 15, 2016. The City has implemented this Statement as of July 1, 2016.

#### O. Future Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for fiscal years beginning after June 15, 2017, or the 2017-2018 fiscal year. The City has not determined the effect on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016. The City has not determined the effect of the statement.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

***NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**O. Future Accounting Pronouncements (Continued)**

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the 2018-19 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the 2019-20 fiscal year. The City has not determined the effect of this Statement.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement is effective for the reporting periods beginning after June 15, 2017, or 2017-2018 fiscal year. The City has not determined the effect of the Statement.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement is effective for the reporting periods beginning after June 15, 2017, or 2017-2018 fiscal year. The City has not determined the effect of the Statement.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

O. Future Accounting Pronouncements (Continued)

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or 2020-2021 fiscal year. The City has not determined the effect of the Statement.

**NOTE #2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2017, 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	\$ 68,928,982	\$ 453,088	\$ 69,382,070

Cash and investments as of June 30, 2017 consist of the following:

Petty Cash	\$ 3,000
Deposits with Financial Institutions	4,743,973
Money Market Account	4,653,447
Certificates of Deposit	22,700,000
Local Agency Investment Fund (LAIF)	37,281,650
	<u>\$ 69,382,070</u>

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #2 – CASH AND INVESTMENTS**

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.

Authorized Investment Type	Maximum Maturity	Maximum Amount or Percent of Portfolio	Maximum in One Issuer
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	\$65 million per acct.
Money Market Savings/Demand Deposits	N/A	\$5 million	15%

**Disclosures Relating to Interest Rate Risk**

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

Investment Type	Remaining Maturity					Total
	0-12 months	12-24 months	24-36 months	36-48 months	48-60 months	
Local Agency Investment Fund (LAIF)	\$ 37,281,650	\$ -	\$ -	\$ -	\$ -	\$ 37,281,650
Certificates of Deposit	6,250,000	6,250,000	5,700,000	1,500,000	3,000,000	22,700,000
Money Market Account	4,653,447	-	-	-	-	4,653,447

**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. LAIF 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.

**Violations of Investment Policy**

As of June 30, 2017, the City’s investments in Certificate of Deposits were 33% of the portfolio which exceeded the maximum percent of the portfolio allowed by the City’s investment policy of 30%.

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #2 – CASH AND INVESTMENTS (CONTINUED)**

#### **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.

The City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts, but not in the name of the City. The financial institutions that held the uninsured deposits are legally required by the California Government Code to collateralize the City's deposits as noted above.

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

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

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

#### **Fair Value Classifications**

The City categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #2 – CASH AND INVESTMENTS (CONTINUED)**

The City’s investment in the money market account and the certificates of deposit are uncategorized with respect to the fair value hierarchy. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, fair value is measured based on inputs that are uncategorized not defined as Level 1, Level 2, or Level 3t.

**NOTE #3 – INTERFUND TRANSACTIONS**

At June 30, 2017, \$9,720 was owed to the General Fund from the Community Development Block Grant (CDBG) Fund to cover grant expenditures in the CDBG Fund, until reimbursement is received from the granting agency.

Interfund Transfers

Interfund transfers for the year ended June 30, 2017, consisted of the following:

		Transfer From		
		General Fund	Other Governmental Funds	Totals
Transfer To	General Fund	\$ -	\$ 190,000	\$ 190,000
	Capital Improvement Projects	4,141,397	-	4,141,397
	Other Governmental Funds	246,000	-	246,000
	Totals:	<u>\$ 4,387,397</u>	<u>\$ 190,000</u>	<u>\$ 4,577,397</u>

**NOTE #3 – INTERFUND TRANSACTIONS (CONTINUED)**

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

The General Fund transferred a total of \$4,387,397. Of this amount, \$4,141,397 was transferred to the Capital Improvement Projects (CIP) Fund as CIP Reserve for future infrastructure projects, as required by the City Council’s Reserve Policy. The remaining balance of \$246,000 was transferred to the Improvement Authority Abalone Cove for \$38,000 and Abalone Cove Sewer District for \$208,000. The General Fund received \$190,000 during the year. Of this amount, \$100,000 was transferred from the Public Safety Fund and another \$90,000 was transferred from the Measure A Maintenance Fund. The CIP Fund received a total of \$4,141,397, all from the General Fund.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic reporting approach as defined by GASB Statement No. 34 for all infrastructures, whereby depreciation expense and accumulated depreciation has been recorded. The following tables present the capital assets activity for the year ended June 30, 2017.

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 42,087,575	\$ -	\$ -	\$ 42,087,575
Construction in progress	1,536,580	8,227,859	(6,417,639)	3,346,800
Total capital assets not being depreciated	<u>43,624,155</u>	<u>8,227,859</u>	<u>(6,417,639)</u>	<u>45,434,375</u>
Capital assets being depreciated:				
Building and improvements	12,746,360	696,513	-	13,442,873
Vehicles	369,169	64,403	-	433,572
Computer equipment	994,501	-	-	994,501
Furniture, fixtures and equipment	765,425	111,186	-	876,611
Infrastructure				
Roadway system	102,352,661	5,721,125	-	108,073,786
Sewer system	25,965,995	-	-	25,965,995
Storm drain system	13,148,416	-	-	13,148,416
Parks system	6,371,095	-	-	6,371,095
Total capital assets being depreciated	<u>162,713,622</u>	<u>6,593,227</u>	<u>-</u>	<u>169,306,849</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,350,930)	(205,516)	-	(6,556,446)
Vehicles	(296,851)	(23,933)	-	(320,784)
Computer equipment	(619,977)	(101,014)	-	(720,991)
Furniture, fixtures and equipment	(412,450)	(99,779)	-	(512,229)
Infrastructure				
Roadway system	(54,753,685)	(1,971,438)	-	(56,725,123)
Sewer system	(19,666,674)	(453,736)	-	(20,120,410)
Storm drain system	(4,204,416)	(250,384)	-	(4,454,800)
Parks system	(1,634,291)	(258,723)	-	(1,893,014)
Total accumulated depreciation	<u>(87,939,274)</u>	<u>(3,364,523)</u>	<u>-</u>	<u>(91,303,797)</u>
Total capital assets being depreciated, net	<u>74,774,348</u>	<u>3,228,704</u>	<u>-</u>	<u>78,003,052</u>
Governmental activities capital assets, net	<u>\$ 118,398,503</u>	<u>\$ 11,456,563</u>	<u>\$(6,417,639)</u>	<u>\$ 123,437,427</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #4 – CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

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

Administration (depreciation of buildings)	\$ 205,516
Public Works (depreciation of roadways, sewers, and storm drains)	2,675,558
Parks and recreation (depreciation of parks system)	258,723
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	<u>224,726</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,364,523</u></u>

<b>Business-type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,428,243	\$ -	\$ -	\$ 1,428,243
Construction in progress	482,090	292,328	-	774,418
Total capital assets not being depreciated	<u>1,910,333</u>	<u>292,328</u>	<u>-</u>	<u>2,202,661</u>
Capital assets being depreciated:				
Equipment	11,813	-	-	11,813
Storm drain system	31,800,576	-	-	31,800,576
Total capital assets being depreciated	<u>31,812,389</u>	<u>-</u>	<u>-</u>	<u>31,812,389</u>
Less accumulated depreciation for:				
Equipment	(11,813)	-	-	(11,813)
Storm drain system	(2,048,269)	(644,427)	-	(2,692,696)
Total accumulated depreciation	<u>(2,060,082)</u>	<u>(644,427)</u>	<u>-</u>	<u>(2,704,509)</u>
Total capital assets being depreciated, net	<u>29,752,307</u>	<u>(644,427)</u>	<u>-</u>	<u>29,107,880</u>
Business-type activities capital assets, net	<u><u>\$31,662,640</u></u>	<u><u>\$ (352,099)</u></u>	<u><u>\$ -</u></u>	<u><u>\$31,310,541</u></u>

Depreciation expense of \$644,427 is included in the Water Quality Flood Protection enterprise fund.

**NOTE #5 – NOTES RECEIVABLE**

	<u>Notes Receivable</u>
City Affordable Housing In-Lieu	\$ 1,529,739
City Low-Moderate Income Housing	6,061,516
Community Development Block Grant	<u>429,661</u>
Subtotal:	8,020,916
Receivable from Successor Agency	10,498,827
Allowance from Successor Agency receivable	<u>(10,498,827)</u>
Total Notes Receivable:	<u><u>\$ 8,020,916</u></u>

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #5 – NOTES RECEIVABLE (CONTINUED)**

Affordable Housing

In March 2009, the former Redevelopment Agency (RDA) entered into a Disposition and Development Agreement (DDA) with AMCAL Mirandela Fund LP (AMCAL). Under the DDA, the former RDA provided financial assistance to AMCAL in an amount up to \$6,790,000 to develop a thirty-four unit senior housing project. The loan accrues simple interest at a rate of 3% per annum on the amounts disbursed. The balance of notes receivable from AMCAL including accrued unpaid interest of \$1,320,711 at June 30, 2017 was \$7,591,255.

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, 2017 is \$429,661.

**NOTE #6 – LONG-TERM DEBT**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amount Due in One Year
Employee Compensated Absences	\$ 357,504	\$ 344,489	\$ (259,311)	\$ 442,682	\$ 321,094

Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$321,094 is estimated to be the amount that will be used and/or paid out during the fiscal year ended June 30, 2017.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

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.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

The City’s governmental fund balances were classified as follows at June 30, 2017:

	General Fund	Capital Improvement Fund	Other Governmental Funds
Nonspendable:			
In Form (inventory and prepaid)	\$ 190,305	\$ -	\$ -
Legally	-	-	1,750,000
Habitat Restoration	-	-	126,946
Restricted			
Public Works	-	4,660,059	12,849,770
Committed			
Public Works	40,117		
City Administration	30,363	-	-
Public Safety	827,457	-	-
Community Development	63,305	-	-
Recreation and Parks	2,400	-	-
Assigned			
Public Works	-	22,098,585	479,385
Community Development	-	-	729,538
Continued Appropriations	-	320,657	-
Unassigned:			
Unrestricted Fund Balance	15,256,456	-	-
Continued Appropriations	415,000	-	-
Governmental Fund Balance Totals	<u>\$16,825,403</u>	<u>\$ 27,079,301</u>	<u>\$ 15,935,639</u>

**Non-spendable Fund Balance**

- General Fund assets include \$31,089 of inventory held for resale at the Point Vicente Interpretive Center gift shop, and \$159,216 of prepayments for expenditures related to the fiscal year ended June 30, 2017.
- 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 \$126,946 represents 10 years of annual \$10,000 contributions plus interest earnings.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Restricted Fund Balance

- The balances of the City’s Special Revenue Funds, including California Highway User Tax apportionments in the Gas Tax Fund, are constrained to use for specific purposes by other governmental agencies.
- The \$4,660,059 balance of the Capital Improvement Fund is restricted for ongoing improvements for streets, building, parks, trails and open space, and Portuguese Bend’s dewatering wells project.

Committed Fund Balance

- The \$963,642 balance of the General Fund is committed for ongoing projects approved by the City Council. These projects can only be redesignated to other projects by City Council.

Assigned Fund Balance

- The \$22,098,585 balance of the Capital Improvement Projects Fund has been assigned for the planning, design and construction of infrastructure projects.
- The \$479,385 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 \$729,538 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 \$15,256,456 at June 30, 2017.
- City Council approved to carry forward \$415,000 of FY 2016-17 General Fund appropriations to FY 2017-18.

Statement of Net Position

The City’s Net Position at June 30, 2017 includes restricted amounts totaling \$19,386,775. The restrictions are itemized in the following table, and are noted above, in the discussion of governmental fund balances.

Improvement Authority non-spendable balance	\$ 1,000,000
Subregion One maintenance non-spendable endowment	750,000
Natural Communities Conservation Plan non-spendable endowment	126,946
Capital Improvement Fund	4,660,059
Other Governmental Funds restricted balances	12,849,770
Total Restricted portion of Net Position	<u>\$ 19,386,775</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

Pension Plan Description

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

Benefits Provided

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

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

The Plan's provisions and benefits in effect at June 30, 2017, are summarized in the following table.

	Miscellaneous		
	Classic Tier 1	Classic Tier 2	New Members
<u>Hire Date</u>	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	10.069%	7.159%	6.555%

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

Contribution Description

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the City were \$910,177 for the year ended June 30, 2017.

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

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2017, in the amount of \$9,625,397.

The City’s net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City’s net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2015 and 2016 measurement dates was as follows:

Proportion - June 30, 2015	0.11130%
Proportion - June 30, 2016	<u>0.11120%</u>
Change - Increase (Decrease)	-0.00010%

For the year ended June 30, 2017, the City recognized pension expense of \$1,268,650. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 910,177	\$ -
Difference between actual contributions and proportionate share of contributions	410,073	-
Net difference between projected and actual earnings on pension plan investments	1,461,638	-
Differences between Expected and actual experience	22,882	
Changes of Assumptions	-	280,832
<b>Total</b>	<u>\$ 2,804,770</u>	<u>\$ 280,832</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

The amount of \$910,177 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2018	\$ 506,326
2019	449,457
2020	292,568
2021	365,410
	\$ 1,613,761

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions.

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	3.3% - 14.2% (1)
Mortality	Derived using CalPERS' Membership Data

(1) Depending on age, service, and type of employment.

All other actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website.

Discount Rate

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

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

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

<sup>1</sup> An expected inflation of 2.5% used for this period  
<sup>2</sup> An expected inflation of 3.0% used for this period

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

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

Discount Rate -1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
\$ 14,644,614	\$ 9,625,397	\$ 5,493,161

**Pension Plan Fiduciary Net Position**

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

## CITY OF RANCHO PALOS VERDES, CALIFORNIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

#### **NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

##### Retirement Health Savings Plan

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

The City has no obligation to make contributions to the Plan, but as part of the annual budget process the City may elect to make contributions to the Plan. Employees are required to contribute 1% of their gross wages to their account, which is owned by the employee. During the fiscal year ended June 30, 2017, the City contributed a total of \$79,028 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 General 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, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #9 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)**

#### 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 2016-17 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million excess of \$2 million layer, (b) \$3 million excess of \$2 million layer, and (c) \$2.5 million annual aggregate deductible in the \$5 million excess of \$5 million layer.

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

#### Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2016-17, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #9 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)**

#### **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 \$15,769,557. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 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 \$15,494,310. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

##### Crime Insurance

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

##### Special Event Tenant User Liability Insurance

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

##### Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2016-17.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**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 REVENUES**

The unavailable revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2017 are presented in the following table.

Revenue Measurable but Not Available (beyond 60 days):	
General Fund	\$ 103,429
Capital Improvements	23,259
Other Governmental Funds	91,167
Total Unavailable Revenues	<u>\$ 217,855</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

The following budget program had expenditures in excess of the budget for the year ended June 30, 2017, as follows:

Program	General Fund		
	Budget	Expenditures	Excess
City Council	\$ 115,700	\$ 139,807	\$ 24,107
Legal Services	950,400	1,173,169	222,769
Sheriff Services	5,369,200	5,451,056	81,856
Traffic Management	347,648	392,159	44,511
Point Vicente Interpretive Center	413,250	447,107	33,857

**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).

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.

Notes receivable from:		
Prepaid Item	\$	336,875

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #14 – SUCCESSOR AGENCY (CONTINUED)**

Prior to redevelopment dissolution, the County of Los Angeles pursuant to a Memorandum of Understanding dated November 1, 1997 (discussed below) impounded property tax increment allocated to the former redevelopment agency for payment of debt owed to the County. The balance of the impounded tax increment not yet applied to debt at June 30, 2017 is \$336,875.

Debt Summary

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 7,063,370	\$ 121,471	\$ (117,953)	\$ 7,066,888	\$ 99,027
Abalone Cove	3,429,963	68,324	(66,348)	3,431,939	48,091
Due to County:					
Tax Increment Bond	4,475,000		(200,000)	4,275,000	230,000
Totals	<u>\$ 14,968,333</u>	<u>\$ 189,795</u>	<u>\$ (384,301)</u>	<u>\$ 14,773,827</u>	<u>\$ 377,118</u>

Consolidated Loan from City

The City entered into an agreement to provide the former Redevelopment Agency (RDA) operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA required in carrying out its function under the community redevelopment law. The former RDA was to repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue became available. Pursuant to redevelopment dissolution law, loans from cities to redevelopment agencies made more than two years after formation of the redevelopment agency are not recognized obligations. Therefore, the Consolidated Loan from the City has been previously disallowed on the Successor Agency’s Recognized Obligation Payment Schedule (ROPS). However, AB1484 provides a method to secure recognition of the City’s Consolidated Loan as an obligation of the Successor Agency. Upon completion of various independent reviews and transfers of funds to Los Angeles County, the Successor Agency received a “Finding of Completion” on April 26, 2013. On December 11, 2013, the Oversight Board made a finding that the Consolidated Loan from the City was made for legitimate redevelopment purposes. 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 legislation that became effective immediately. The 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, 2017, using the simple interest rate of 3%, the loan balance is \$10,498,826.

	Principal	Interest	June 30, 2017 Balance
Portuguese Bend	\$ 4,049,044	\$ 3,017,844	\$ 7,066,888
Abalone Cove	2,277,459	1,154,479	3,431,938
Allowance from Successor Agency Receivable	(6,326,503)	(4,172,323)	(10,498,826)
Totals:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

### **NOTE #14 – SUCCESSOR AGENCY (CONTINUED)**

Due to the uncertainty of Redevelopment Property Tax Trust Fund revenue available for future loan repayments, the City's loan receivable of \$10,498,826 has been completely offset with an allowance for uncollectable amounts on the City's financial statements.

#### Tax Increment Bond and Deferred Interest Payable

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

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

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

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

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.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE #14 – SUCCESSOR AGENCY (CONTINUED)**

On November 1, 1997, the City, the former Redevelopment Agency and the County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed to the County by the former Redevelopment Agency. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed to the County was cancelled. As consideration for the loan cancellation, the former Redevelopment Agency made a lump sum payment to the County in the amount of \$4,545,000 and issued a \$5,455,000 tax increment bond to the County (the bond). Of the \$4,545,000 lump sum payment, \$2,000,000 was paid from tax increment revenue and interest earnings accumulated in the Debt Service Fund. The remaining \$2,545,000 was funded by a combination of a loan from the General Fund of the City to the Agency for \$1,545,000 and a net operating transfer from the Agency’s Abalone Cove Capital Projects Fund to the Debt Service Fund of \$1,000,000. The private property liens resulting from the formation of the bond assessment district in connection with the Reimbursement and Settlement Agreement in 1987 were discharged in accordance with the terms of the MOU.

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

Additionally, both the accrued interest and deferred interest on the \$10,000,000 Loan previously owed the County was retroactively recalculated from the Loan origination date at a rate of approximately 5 percent compared to 7.7654 percent per the original Agreement. The recalculated deferred interest was \$3,111,400. In accordance with the MOU, the recalculated deferred interest does not accrue additional interest. As of June 30, 2014, the balance of the deferred interest debt has been completely repaid.

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

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 230,000	\$ 208,000	\$ 438,000
2019	255,000	195,875	450,875
2020	280,000	182,500	462,500
2021	310,000	167,750	477,750
2022	345,000	151,375	496,375
2023-2026	1,245,000	338,375	1,583,375
2027-2028	1,610,000	125,000	1,735,000
Totals	<u>\$4,275,000</u>	<u>\$1,368,875</u>	<u>\$5,643,875</u>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN YEARS\*  
AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.11120%	0.11130%	0.09183%
Proportionate share of the net pension liability	\$ 9,625,397	\$ 7,637,567	\$ 5,714,320
Covered payroll**	\$ 5,997,450	\$ 5,673,471	\$ 5,609,006
Proportionate share of the net pension liability as a percentage of covered-employee payroll	160.49%	134.62%	101.88%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

**Note to Schedule:**

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

\*\* - In Fiscal year 2017 the City adopted GASB 82, which required the restatement of covered payroll to include only pensionable earnings.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF CONTRIBUTIONS  
LAST TEN YEARS\*  
AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 910,177	\$ 830,645	\$ 725,496
Contributions in relation to the actuarially determined contribution	<u>(910,177)</u>	<u>(830,645)</u>	<u>(725,496)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll**	\$ 6,124,374	\$ 5,997,450	\$ 5,673,471
Contributions as a percentage of covered-employee payroll	14.86%	13.85%	12.79%

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

\*\* - In Fiscal year 2017 the City adopted GASB 82, which required the restatement of covered payroll to include only pensionable earnings.

## **SUPPLEMENTARY INFORMATION**

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## **Special Revenue Fund Descriptions**

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

Gas Tax Fund – to account for state-shared highway users' tax that is restricted to use for street maintenance, right-of-way acquisition and street construction.

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 program.

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

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

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

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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.

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

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

### **Permanent Fund Descriptions**

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

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

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

Joint Powers Improvement Authority – Abalone Cove – to account for monies received as part of a July 1991 Reimbursement and Settlement Agreement with the County of Los Angeles. As 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, CALIFORNIA**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

		Special Revenue Funds		
		Gas Tax	1972 Act	El Prado
ASSETS				
Cash and investments		\$ 593,580	\$ 41,069	\$ 27,546
Receivables:				
Taxes		-	6,505	80
Interest		730	123	31
Other		2,498	-	-
<b>TOTAL ASSETS</b>		<b>\$ 596,808</b>	<b>\$ 47,697</b>	<b>\$ 27,657</b>
LIABILITIES				
Accounts payable		\$ 348,153	\$ 20,186	\$ 87
Due to other funds		-	-	-
Unearned revenues		-	-	-
<b>TOTAL LIABILITIES</b>		<b>348,153</b>	<b>20,186</b>	<b>87</b>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		-	-	-
FUND BALANCES				
Non-Spendable:				
Endowment principal		-	-	-
Reimbursement settlement agreement		-	-	-
Habitat restoration		-	-	-
Restricted		248,655	27,511	27,570
Assigned		-	-	-
<b>TOTAL FUND BALANCES</b>		<b>248,655</b>	<b>27,511</b>	<b>27,570</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		<b>\$ 596,808</b>	<b>\$ 47,697</b>	<b>\$ 27,657</b>

Continued

Special Revenue Funds

1911 Act	Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ 2,029,369	\$ 478,851	\$ 448,532	\$ 98,523	\$ 422,808
20,954	-	-	-	-
2,321	534	512	105	606
-	-	16,400	13,971	-
<u>\$ 2,052,644</u>	<u>\$ 479,385</u>	<u>\$ 465,444</u>	<u>\$ 112,599</u>	<u>\$ 423,414</u>
\$ 1,342	\$ -	\$ 9,192	\$ 28,284	\$ 10,548
-	-	-	-	-
-	-	-	-	-
<u>1,342</u>	<u>-</u>	<u>9,192</u>	<u>28,284</u>	<u>10,548</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,051,302		456,252	84,315	412,866
-	479,385	-	-	-
<u>2,051,302</u>	<u>479,385</u>	<u>456,252</u>	<u>84,315</u>	<u>412,866</u>
<u>\$ 2,052,644</u>	<u>\$ 479,385</u>	<u>\$ 465,444</u>	<u>\$ 112,599</u>	<u>\$ 423,414</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

		Special Revenue Funds		
		Proposition A	Public Safety Grants	Measure R
<b>ASSETS</b>				
Cash and investments		\$ 2,234,663	\$ 71,727	\$ 1,958,699
Receivables:				
Taxes		-	-	-
Interest		2,415	108	2,326
Other		-	-	-
<b>TOTAL ASSETS</b>		<b><u>\$ 2,237,078</u></b>	<b><u>\$ 71,835</u></b>	<b><u>\$ 1,961,025</u></b>
<b>LIABILITIES</b>				
Accounts payable		\$ 10,878	\$ -	\$ -
Due to other funds		-	-	-
Unearned revenues		-	-	-
<b>TOTAL LIABILITIES</b>		<b><u>10,878</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue		-	-	-
<b>FUND BALANCES</b>				
Non-Spendable:				
Endowment principal		-	-	-
Reimbursement settlement agreement		-	-	-
Habitat restoration		-	-	-
Restricted		2,226,200	71,835	1,961,025
Assigned		-	-	-
<b>TOTAL FUND BALANCES</b>		<b><u>2,226,200</u></b>	<b><u>71,835</u></b>	<b><u>1,961,025</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		<b><u>\$ 2,237,078</u></b>	<b><u>\$ 71,835</u></b>	<b><u>\$ 1,961,025</u></b>

Continued

Special Revenue Funds			
Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ 110,409	\$ 177,082	\$ 86,248	\$ 882,992
-	-	-	-
95	151	96	986
60,121	3,320	-	-
<u>\$ 170,625</u>	<u>\$ 180,553</u>	<u>\$ 86,344</u>	<u>\$ 883,978</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
60,120	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
110,505	180,553	86,344	883,978
-	-	-	-
<u>110,505</u>	<u>180,553</u>	<u>86,344</u>	<u>883,978</u>
<u>\$ 170,625</u>	<u>\$ 180,553</u>	<u>\$ 86,344</u>	<u>\$ 883,978</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

		Special Revenue Funds		
		Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
ASSETS				
Cash and investments		\$ 240,367	\$ -	\$ 2,365,724
Receivables:				
Taxes		-	-	-
Interest		568	-	2,716
Other		-	43,997	-
TOTAL ASSETS		<u>\$ 240,935</u>	<u>\$ 43,997</u>	<u>\$ 2,368,440</u>
LIABILITIES				
Accounts payable		\$ 27,497	\$ 3,230	\$ 11,850
Due to other funds		-	9,720	-
Unearned revenues		-	-	-
TOTAL LIABILITIES		<u>27,497</u>	<u>12,950</u>	<u>11,850</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		-	31,047	-
FUND BALANCES				
Non-Spendable:				
Endowment principal		-	-	-
Reimbursement settlement agreement		-	-	-
Habitat restoration		-	-	-
Restricted		213,438	-	2,356,590
Assigned		-	-	-
TOTAL FUND BALANCES		<u>213,438</u>	<u>-</u>	<u>2,356,590</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		<u>\$ 240,935</u>	<u>\$ 43,997</u>	<u>\$ 2,368,440</u>

Continued

Special Revenue Funds

<u>Environmental Excise Tax</u>	<u>Total Special Revenue Funds</u>
\$ 302,090	\$ 12,570,279
-	27,539
334	14,757
-	140,307
<u>\$ 302,424</u>	<u>\$ 12,752,882</u>
-	-
-	471,247
-	9,720
<u>-</u>	<u>-</u>
<u>-</u>	<u>480,967</u>
-	-
<u>-</u>	<u>91,167</u>
-	-
-	-
-	-
302,424	11,701,363
-	479,385
<u>302,424</u>	<u>12,180,748</u>
<u>\$ 302,424</u>	<u>\$ 12,752,882</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

		Capital Projects Funds		
		Low-Moderate Income Housing	Affordable Housing In-Lieu	Total Capital Projects Funds
ASSETS				
Cash and investments		\$ 140,691	\$ 592,939	\$ 733,630
Receivables:				
Taxes		-	-	-
Interest		142	662	804
Other		-	-	-
<b>TOTAL ASSETS</b>		<b>\$ 140,833</b>	<b>\$ 593,601</b>	<b>\$ 734,434</b>
LIABILITIES				
Accounts payable		\$ -	\$ -	\$ -
Due to other funds		-	-	-
Unearned revenues		4,896	-	4,896
<b>TOTAL LIABILITIES</b>		<b>4,896</b>	<b>-</b>	<b>4,896</b>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		-	-	-
FUND BALANCES				
Non-Spendable:				
Endowment principal		-	-	-
Reimbursement settlement agreement		-	-	-
Habitat restoration		-	-	-
Restricted		-	-	-
Assigned		135,937	593,601	729,538
<b>TOTAL FUND BALANCES</b>		<b>135,937</b>	<b>593,601</b>	<b>729,538</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>		<b>\$ 140,833</b>	<b>\$ 593,601</b>	<b>\$ 734,434</b>

Permanent Funds				
Habitat Restoration	Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 1,208,056	\$ 761,278	\$ 1,063,042	\$ 3,032,376	\$ 16,336,285
-	-	-	-	27,539
1,348	855	2,459	4,662	20,223
6,153	-	-	6,153	146,460
<u>\$ 1,215,557</u>	<u>\$ 762,133</u>	<u>\$ 1,065,501</u>	<u>\$ 3,043,191</u>	<u>\$ 16,530,507</u>
\$ -	\$ 5,303	\$ 12,535	\$ 17,838	\$ 489,085
-	-	-	-	9,720
-	-	-	-	4,896
<u>-</u>	<u>5,303</u>	<u>12,535</u>	<u>17,838</u>	<u>503,701</u>
-	-	-	-	91,167
-	750,000	-	750,000	750,000
-	-	1,000,000	1,000,000	1,000,000
126,946	-	-	126,946	126,946
1,088,611	6,830	52,966	1,148,407	12,849,770
-	-	-	-	1,208,923
<u>1,215,557</u>	<u>756,830</u>	<u>1,052,966</u>	<u>3,025,353</u>	<u>15,935,639</u>
<u>\$ 1,215,557</u>	<u>\$ 762,133</u>	<u>\$ 1,065,501</u>	<u>\$ 3,043,191</u>	<u>\$ 16,530,507</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	Special Revenue Funds			
	Gas Tax	1972 Act	El Prado	1911 Act
<b>REVENUES:</b>				
Taxes	\$ -	\$ 260,037	\$ 2,402	\$ 632,874
Revenue from other agencies	815,191	-	-	-
Charges for services	-	-	-	-
Use of money and property	6,870	545	180	13,292
Other revenues	17,653	-	-	-
<b>TOTAL REVENUES</b>	<b>839,714</b>	<b>260,582</b>	<b>2,582</b>	<b>646,166</b>
<b>EXPENDITURES:</b>				
Public Works	1,939,780	264,902	237	459,442
Community Development	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,939,780</b>	<b>264,902</b>	<b>237</b>	<b>459,442</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,100,066)</b>	<b>(4,320)</b>	<b>2,345</b>	<b>186,724</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,100,066)</b>	<b>(4,320)</b>	<b>2,345</b>	<b>186,724</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,348,721</b>	<b>31,831</b>	<b>25,225</b>	<b>1,864,578</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 248,655</b>	<b>\$ 27,511</b>	<b>\$ 27,570</b>	<b>\$ 2,051,302</b>

Continued

Special Revenue Funds

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ -	\$ -	\$ -	\$ -
-	33,973	54,963	645,099
-	187,036	-	-
3,268	3,144	613	3,835
-	-	-	-
3,268	224,153	55,576	648,934
-	231,579	78,285	539,740
-	-	-	-
-	231,579	78,285	539,740
3,268	(7,426)	(22,709)	109,194
-	-	-	-
-	-	-	-
-	-	-	-
3,268	(7,426)	(22,709)	109,194
476,117	463,678	107,024	303,672
\$ 479,385	\$ 456,252	\$ 84,315	\$ 412,866

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	Special Revenue Funds		
	Proposition A	Public Safety Grants	Measure R
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	2,451,681	129,324	483,294
Charges for services	-	-	-
Use of money and property	8,012	603	13,110
Other revenues	-	-	-
<b>TOTAL REVENUES</b>	<b>2,459,693</b>	<b>129,927</b>	<b>496,404</b>
<b>EXPENDITURES:</b>			
Public Works	623,585	-	169,952
Community Development	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>623,585</b>	<b>-</b>	<b>169,952</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,836,108</b>	<b>129,927</b>	<b>326,452</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	(100,000)	-
<b>TOTAL OTHER FINANCING SOURCES USES</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,836,108</b>	<b>29,927</b>	<b>326,452</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>390,092</b>	<b>41,908</b>	<b>1,634,573</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 2,226,200</b>	<b>\$ 71,835</b>	<b>\$ 1,961,025</b>

Continued

Special Revenue Funds				
Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions	
\$ -	\$ 54,836	\$ -	\$ -	
192,598	-	-	-	
-	-	-	-	
7,736	786	587	5,966	
-	-	-	10,500	
<u>200,334</u>	<u>55,622</u>	<u>587</u>	<u>16,466</u>	
-	163,614	-	9,760	
-	-	-	-	
-	163,614	-	9,760	
<u>200,334</u>	<u>(107,992)</u>	<u>587</u>	<u>6,706</u>	
-	208,000	-	-	
(90,000)	-	-	-	
(90,000)	208,000	-	-	
110,334	100,008	587	6,706	
171	80,545	85,757	877,272	
<u>\$ 110,505</u>	<u>\$ 180,553</u>	<u>\$ 86,344</u>	<u>\$ 883,978</u>	

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	Special Revenue Funds		
	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	-	142,317	-
Charges for services	-	-	-
Use of money and property	1,937	-	16,505
Other revenues	-	-	50,929
<b>TOTAL REVENUES</b>	<b>1,937</b>	<b>142,317</b>	<b>67,434</b>
<b>EXPENDITURES:</b>			
Public Works	69,989	142,317	80,551
Community Development	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>69,989</b>	<b>142,317</b>	<b>80,551</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(68,052)</b>	<b>-</b>	<b>(13,117)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(68,052)</b>	<b>-</b>	<b>(13,117)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>281,490</b>	<b>-</b>	<b>2,369,707</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 213,438</b>	<b>\$ -</b>	<b>\$ 2,356,590</b>

Continued

<u>Special Revenue Funds</u>		
Environmental Excise Tax		Total Special Revenue Funds
\$ -	\$	950,149
-		4,948,440
-		187,036
1,899		88,888
<u>95,991</u>		<u>175,073</u>
<u>97,890</u>		<u>6,349,586</u>
75		4,773,808
-		-
<u>75</u>		<u>4,773,808</u>
<u>97,815</u>		<u>1,575,778</u>
-		208,000
-		(190,000)
-		18,000
97,815		1,593,778
<u>204,609</u>		<u>10,586,970</u>
<u>\$ 302,424</u>	<u>\$</u>	<u>12,180,748</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**AS OF THE FISCAL YEAR ENDING JUNE 30, 2017**

	Capital Projects Funds		
	Low-Moderate Income Housing	Affordable Housing In-Lieu	Total Capital Projects Funds
<b>REVENUES:</b>			
Taxes	\$ 5,917	\$ -	\$ 5,917
Revenue from other agencies	-	-	-
Charges for services	-	-	-
Use of money and property	763	4,034	4,797
Other revenues	36,860	-	36,860
<b>TOTAL REVENUES</b>	<b>43,540</b>	<b>4,034</b>	<b>47,574</b>
<b>EXPENDITURES:</b>			
Public Works	-	-	-
Community Development	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>43,540</b>	<b>4,034</b>	<b>47,574</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>43,540</b>	<b>4,034</b>	<b>47,574</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>92,397</b>	<b>589,567</b>	<b>681,964</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 135,937</b>	<b>\$ 593,601</b>	<b>\$ 729,538</b>

Permanent Funds

Habitat Restoration	Subregion One Maintenance	Joint Powers Improvement Authority Albalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 956,066
6,729	-	-	6,729	4,955,169
-	-	-	-	187,036
8,682	5,307	7,818	21,807	115,492
4,769	-	-	4,769	216,702
<u>20,180</u>	<u>5,307</u>	<u>7,818</u>	<u>33,305</u>	<u>6,430,465</u>
140,825	35,107	47,785	223,717	4,997,525
-	-	-	-	-
<u>140,825</u>	<u>35,107</u>	<u>47,785</u>	<u>223,717</u>	<u>4,997,525</u>
(120,645)	(29,800)	(39,967)	(190,412)	1,432,940
-	-	38,000	38,000	246,000
-	-	-	-	(190,000)
-	-	38,000	38,000	56,000
(120,645)	(29,800)	(1,967)	(152,412)	1,488,940
<u>1,336,202</u>	<u>786,630</u>	<u>1,054,933</u>	<u>3,177,765</u>	<u>14,446,699</u>
<u>\$ 1,215,557</u>	<u>\$ 756,830</u>	<u>\$ 1,052,966</u>	<u>\$ 3,025,353</u>	<u>\$ 15,935,639</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GAS TAX SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 823,000	\$ 823,000	\$ 815,191	\$ (7,809)
Use of money and property	4,600	4,600	6,870	2,270
Other revenues	15,000	15,000	17,653	2,653
<b>TOTAL REVENUES</b>	<b>842,600</b>	<b>842,600</b>	<b>839,714</b>	<b>(2,886)</b>
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,571,000	2,053,383	1,919,224	134,159
Traffic signal maintenance	16,000	16,000	20,556	(4,556)
Portuguese Bend road maintenance	48,500	48,500	-	48,500
<b>TOTAL EXPENDITURES</b>	<b>1,635,500</b>	<b>2,117,883</b>	<b>1,939,780</b>	<b>178,103</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(792,900)</b>	<b>(1,275,283)</b>	<b>(1,100,066)</b>	<b>175,217</b>
FUND BALANCE - BEGINNING OF YEAR	1,348,721	1,348,721	1,348,721	-
FUND BALANCE - END OF YEAR	<u>\$ 555,821</u>	<u>\$ 73,438</u>	<u>\$ 248,655</u>	<u>\$ 175,217</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
1972 ACT SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 260,000	\$ 260,000	\$ 260,037	\$ 37
Use of money and property	200	200	545	345
TOTAL REVENUES	<u>260,200</u>	<u>260,200</u>	<u>260,582</u>	<u>382</u>
EXPENDITURES:				
Public Works	<u>241,500</u>	<u>273,720</u>	<u>264,902</u>	<u>8,818</u>
NET CHANGE IN FUND BALANCE	18,700	(13,520)	(4,320)	9,200
FUND BALANCE - BEGINNING OF YEAR	<u>31,831</u>	<u>31,831</u>	<u>31,831</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 50,531</u>	<u>\$ 18,311</u>	<u>\$ 27,511</u>	<u>\$ 9,200</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
EL PRADO SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,200	\$ 2,200	\$ 2,402	\$ 202
Use of money and property	100	100	180	80
TOTAL REVENUES	2,300	2,300	2,582	282
EXPENDITURES:				
Public Works	800	800	237	563
NET CHANGE IN FUND BALANCE	1,500	1,500	2,345	845
FUND BALANCE - BEGINNING OF YEAR	25,225	25,225	25,225	-
FUND BALANCE - END OF YEAR	\$ 26,725	\$ 26,725	\$ 27,570	\$ 845

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
1911 ACT SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 550,000	\$ 550,000	\$ 632,874	\$ 82,874
Use of money and property	5,600	5,600	13,292	7,692
TOTAL REVENUES	555,600	555,600	646,166	90,566
EXPENDITURES:				
Public Works	405,900	405,900	459,442	(53,542)
NET CHANGE IN FUND BALANCE	149,700	149,700	186,724	37,024
FUND BALANCE - BEGINNING OF YEAR	1,864,578	1,864,578	1,864,578	-
FUND BALANCE - END OF YEAR	<u>\$ 2,014,278</u>	<u>\$ 2,014,278</u>	<u>\$ 2,051,302</u>	<u>\$ 37,024</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 900	\$ 900	\$ 3,268	\$ 2,368
NET CHANGE IN FUND BALANCE	900	900	3,268	2,368
FUND BALANCE - BEGINNING OF YEAR	476,117	476,117	476,117	-
FUND BALANCE - END OF YEAR	<u>\$ 477,017</u>	<u>\$ 477,017</u>	<u>\$ 479,385</u>	<u>\$ 2,368</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
WASTE REDUCTION SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 26,000	\$ 26,000	\$ 33,973	\$ 7,973
Use of money and property	1,600	1,600	3,144	1,544
Charges for services	180,500	180,500	187,036	6,536
 TOTAL REVENUES	 208,100	 208,100	 224,153	 16,053
EXPENDITURES:				
Public Works	278,600	292,697	231,579	61,118
 NET CHANGE IN FUND BALANCE	 (70,500)	 (84,597)	 (7,426)	 77,171
FUND BALANCE - BEGINNING OF YEAR	463,678	463,678	463,678	-
FUND BALANCE - END OF YEAR	\$ 393,178	\$ 379,081	\$ 456,252	\$ 77,171

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 54,963	\$ 4,963
Use of money and property	300	300	613	313
<b>TOTAL REVENUES</b>	<b>50,300</b>	<b>50,300</b>	<b>55,576</b>	<b>5,276</b>
EXPENDITURES:				
Public Works	50,000	50,000	78,285	(28,285)
<b>NET CHANGE IN FUND BALANCE</b>	<b>300</b>	<b>300</b>	<b>(22,709)</b>	<b>(23,009)</b>
FUND BALANCE - BEGINNING OF YEAR	107,024	107,024	107,024	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 107,324</b>	<b>\$ 107,324</b>	<b>\$ 84,315</b>	<b>\$ -</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PROPOSITION C SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 646,900	\$ 646,900	\$ 645,099	\$ (1,801)
Use of money and property	2,200	2,200	3,835	1,635
TOTAL REVENUES	649,100	649,100	648,934	(166)
EXPENDITURES:				
Public Works	18,000	956,672	539,740	416,932
NET CHANGE IN FUND BALANCE	631,100	(307,572)	109,194	416,766
FUND BALANCE - BEGINNING OF YEAR	303,672	303,672	303,672	-
FUND BALANCE - END OF YEAR	\$ 934,772	\$ (3,900)	\$ 412,866	\$ 416,766

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PROPOSITION A SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 779,900	\$ 2,454,900	\$ 2,451,681	\$ (3,219)
Use of money and property	1,400	1,400	8,012	6,612
<b>TOTAL REVENUES</b>	<b>781,300</b>	<b>2,456,300</b>	<b>2,459,693</b>	<b>3,393</b>
EXPENDITURES:				
Public Works	638,300	815,136	623,585	191,551
<b>NET CHANGE IN FUND BALANCE</b>	<b>143,000</b>	<b>1,641,164</b>	<b>1,836,108</b>	<b>194,944</b>
FUND BALANCE - BEGINNING OF YEAR	390,092	390,092	390,092	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 533,092</b>	<b>\$ 2,031,256</b>	<b>\$ 2,226,200</b>	<b>\$ 194,944</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
PUBLIC SAFETY GRANTS SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 129,324	\$ 29,324
Use of money and property	200	200	603	403
TOTAL REVENUES	<u>100,200</u>	<u>100,200</u>	<u>129,927</u>	<u>29,727</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	100,200	100,200	29,927	(70,273)
FUND BALANCE - BEGINNING OF YEAR	<u>41,908</u>	<u>41,908</u>	<u>41,908</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 142,108</u>	<u>\$ 142,108</u>	<u>\$ 71,835</u>	<u>\$ (70,273)</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
MEASURE R SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 485,100	\$ 485,100	\$ 483,294	\$ (1,806)
Use of money and property	4,500	4,500	13,110	8,610
<b>TOTAL REVENUES</b>	<b>489,600</b>	<b>489,600</b>	<b>496,404</b>	<b>6,804</b>
EXPENDITURES:				
Public Works	-	-	169,952	(169,952)
<b>NET CHANGE IN FUND BALANCE</b>	<b>489,600</b>	<b>489,600</b>	<b>326,452</b>	<b>(163,148)</b>
FUND BALANCE - BEGINNING OF YEAR	1,634,573	1,634,573	1,634,573	-
FUND BALANCE - END OF YEAR	<u>\$ 2,124,173</u>	<u>\$ 2,124,173</u>	<u>\$ 1,961,025</u>	<u>\$ (163,148)</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
MEASURE A SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 90,000	\$ 90,000	\$ 192,598	\$ 102,598
Use of money and property	-	-	7,736	7,736
<b>TOTAL REVENUES</b>	<b>90,000</b>	<b>90,000</b>	<b>200,334</b>	<b>110,334</b>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(90,000)	(90,000)
<b>NET CHANGE IN FUND BALANCE</b>	<b>90,000</b>	<b>90,000</b>	<b>110,334</b>	<b>20,334</b>
FUND BALANCE - BEGINNING OF YEAR	171	171	171	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 90,171</b>	<b>\$ 90,171</b>	<b>\$ 110,505</b>	<b>\$ 20,334</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 55,100	\$ 55,100	\$ 54,836	\$ (264)
Use of money and property	300	300	786	486
TOTAL REVENUES	55,400	55,400	55,622	222
EXPENDITURES:				
Public Works	249,400	249,400	163,614	85,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(194,000)	(194,000)	(107,992)	86,008
OTHER FINANCING SOURCES (USES):				
Transfers in	208,000	208,000	208,000	-
NET CHANGE IN FUND BALANCE	14,000	14,000	100,008	86,008
FUND BALANCE - BEGINNING OF YEAR	80,545	80,545	80,545	-
FUND BALANCE - END OF YEAR	<u>\$ 94,545</u>	<u>\$ 94,545</u>	<u>\$ 180,553</u>	<u>\$ 86,008</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 587	\$ 287
NET CHANGE IN FUND BALANCE	300	300	587	287
FUND BALANCE - BEGINNING OF YEAR	85,757	85,757	85,757	-
FUND BALANCE - END OF YEAR	\$ 86,057	\$ 86,057	\$ 86,344	\$ 287

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DONOR RESTRICTED CONTRIBUTIONS SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,800	\$ 2,800	\$ 5,966	\$ 3,166
Other revenue	-	-	10,500	10,500
TOTAL REVENUES	<u>2,800</u>	<u>2,800</u>	<u>16,466</u>	<u>13,666</u>
EXPENDITURES:				
Public Works	<u>5,000</u>	<u>480,209</u>	<u>9,760</u>	<u>470,449</u>
NET CHANGE IN FUND BALANCE	(2,200)	(477,409)	6,706	484,115
FUND BALANCE - BEGINNING OF YEAR	<u>877,272</u>	<u>877,272</u>	<u>877,272</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 875,072</u>	<u>\$ 399,863</u>	<u>\$ 883,978</u>	<u>\$ 484,115</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,100	\$ 1,100	\$ 1,937	\$ 837
EXPENDITURES:				
Public Works	114,900	114,900	69,989	44,911
NET CHANGE IN FUND BALANCE	(113,800)	(113,800)	(68,052)	45,748
FUND BALANCE - BEGINNING OF YEAR	281,490	281,490	281,490	-
FUND BALANCE - END OF YEAR	\$ 167,690	\$ 167,690	\$ 213,438	\$ 45,748

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	<u>\$ 192,400</u>	<u>\$ 192,400</u>	<u>\$ 142,317</u>	<u>\$ (50,083)</u>
EXPENDITURES:				
Public Works	<u>192,400</u>	<u>343,000</u>	<u>142,317</u>	<u>200,683</u>
NET CHANGE IN FUND BALANCE	-	(150,600)	-	150,600
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ (150,600)</u>	<u>\$ -</u>	<u>\$ 150,600</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
QUIMBY ACT SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,900	\$ 5,900	\$ 16,505	\$ 10,605
Other revenues	-	-	50,929	50,929
TOTAL REVENUES	<u>5,900</u>	<u>5,900</u>	<u>67,434</u>	<u>61,534</u>
EXPENDITURES:				
Public Works	<u>575,000</u>	<u>1,002,575</u>	<u>80,551</u>	<u>922,024</u>
NET CHANGE IN FUND BALANCE	(569,100)	(996,675)	(13,117)	983,558
FUND BALANCE - BEGINNING OF YEAR	<u>2,369,707</u>	<u>2,369,707</u>	<u>2,369,707</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,800,607</u>	<u>\$ 1,373,032</u>	<u>\$ 2,356,590</u>	<u>\$ 983,558</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
ENVIRONMENTAL EXCISE TAX SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,200	\$ 1,200	\$ 1,899	\$ 699
Other revenues	22,000	22,000	95,991	73,991
TOTAL REVENUES	23,200	23,200	97,890	74,690
EXPENDITURES:				
Public Works	-	-	75	(75)
NET CHANGE IN FUND BALANCE	23,200	23,200	97,815	74,615
FUND BALANCE - BEGINNING OF YEAR	204,609	204,609	204,609	-
FUND BALANCE - END OF YEAR	<u>\$ 227,809</u>	<u>\$ 227,809</u>	<u>\$ 302,424</u>	<u>\$ 74,615</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
LOW-MODERATE INCOME CAPITAL PROJECTS FUND**

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 44,300	\$ 44,300	\$ 5,917	\$ (38,383)
Use of money and property	100	100	763	663
Other revenues	-	-	36,860	36,860
NET CHANGE IN FUND BALANCE	44,400	44,400	43,540	(860)
FUND BALANCE - BEGINNING OF YEAR	92,397	92,397	92,397	-
FUND BALANCE - END OF YEAR	<u>\$ 136,797</u>	<u>\$ 136,797</u>	<u>\$ 135,937</u>	<u>\$ (860)</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,900	\$ 1,900	\$ 4,034	\$ 2,134
NET CHANGE IN FUND BALANCE	1,900	1,900	4,034	2,134
FUND BALANCE - BEGINNING OF YEAR	589,567	589,567	589,567	-
FUND BALANCE - END OF YEAR	\$ 591,467	\$ 591,467	\$ 593,601	\$ 2,134

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ 6,729	\$ 6,729
Use of money and property	4,900	4,900	8,682	3,782
Other revenues	-	-	4,769	4,769
<b>TOTAL REVENUES</b>	<b>4,900</b>	<b>4,900</b>	<b>20,180</b>	<b>15,280</b>
EXPENDITURES:				
Public Works	166,500	166,500	140,825	25,675
<b>NET CHANGE IN FUND BALANCE</b>	<b>(161,600)</b>	<b>(161,600)</b>	<b>(120,645)</b>	<b>40,955</b>
FUND BALANCE - BEGINNING OF YEAR	1,336,202	1,336,202	1,336,202	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,174,602</b>	<b>\$ 1,174,602</b>	<b>\$ 1,215,557</b>	<b>\$ 40,955</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,700	\$ 2,700	\$ 5,307	\$ 2,607
EXPENDITURES:				
Public Works	44,800	44,800	35,107	9,693
NET CHANGE IN FUND BALANCE	(42,100)	(42,100)	(29,800)	12,300
FUND BALANCE - BEGINNING OF YEAR	786,630	786,630	786,630	-
FUND BALANCE - END OF YEAR	\$ 744,530	\$ 744,530	\$ 756,830	\$ 12,300

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,400	\$ 3,400	\$ 7,818	\$ 4,418
EXPENDITURES:				
Public Works	74,600	74,600	47,785	26,815
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,200)	(71,200)	(39,967)	31,233
OTHER FINANCING SOURCES (USES):				
Transfers in	38,000	38,000	38,000	-
NET CHANGE IN FUND BALANCE	(33,200)	(33,200)	(1,967)	31,233
FUND BALANCE - BEGINNING OF YEAR	1,054,933	1,054,933	1,054,933	-
FUND BALANCE - END OF YEAR	\$ 1,021,733	\$ 1,021,733	\$ 1,052,966	\$ 31,233

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	987,500	987,500	\$ 143,064	\$ (844,436)
Use of money and property	66,900	66,900	191,721	124,821
<b>TOTAL REVENUES</b>	<b>1,054,400</b>	<b>1,054,400</b>	<b>334,785</b>	<b>(719,615)</b>
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	270,000	288,223	128,045	160,178
Street improvements	4,917,500	13,934,497	6,243,571	7,690,926
Parks/trails/open space improvements	225,000	663,870	231,640	432,230
Sewer improvements	200,000	200,000	198,900	1,100
Building improvements	305,000	799,473	58,783	740,690
Storm water quality improvements	460,000	1,056,442	242,135	814,307
Landslide improvements	525,000	75,643	2,449	73,194
<b>TOTAL EXPENDITURES</b>	<b>6,902,500</b>	<b>17,018,148</b>	<b>7,105,523</b>	<b>9,912,625</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,848,100)</b>	<b>(15,963,748)</b>	<b>(6,770,738)</b>	<b>9,193,010</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,200,000	5,200,000	4,141,397	(1,058,603)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(648,100)</b>	<b>(10,763,748)</b>	<b>(2,629,341)</b>	<b>8,134,407</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>29,708,642</b>	<b>29,708,642</b>	<b>29,708,642</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$29,060,542</b>	<b>\$18,944,894</b>	<b>\$27,079,301</b>	<b>\$ 8,134,407</b>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**JUNE 30, 2017**

**INTERNAL SERVICE FUND DESCRIPTIONS**

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

Equipment Replacement – to account for purchases of replacement equipment, furniture and vehicles of all City departments.

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

**JUNE 30, 2017**

	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 2,553,175	\$ -	\$2,553,175
Receivables:			
Interest	<u>2,958</u>	<u>-</u>	<u>2,958</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,556,133</u>	<u>-</u>	<u>2,556,133</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets			
Property and equipment	2,355,333	-	2,355,333
Accumulated depreciation	<u>(1,604,653)</u>	<u>-</u>	<u>(1,604,653)</u>
<b>TOTAL ASSETS</b>	<u>3,306,813</u>	<u>-</u>	<u>3,306,813</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	<u>86,280</u>	<u>-</u>	<u>86,280</u>
<b>NET POSITION</b>			
Net investment in capital assets	750,680	-	750,680
Unrestricted	<u>2,469,853</u>	<u>-</u>	<u>2,469,853</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,220,533</u>	<u>\$ -</u>	<u>\$3,220,533</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Equipment Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
OPERATING REVENUES:			
Charges for services	<u>\$ 82,050</u>	<u>\$ -</u>	<u>\$ 82,050</u>
OPERATING EXPENSES:			
Materials and supplies	445,423	53,328	498,751
Maintenance	10,695	-	10,695
Depreciation	<u>224,726</u>	<u>-</u>	<u>224,726</u>
TOTAL OPERATING EXPENSES	680,844	53,328	734,172
OPERATING INCOME (LOSS)	(598,794)	(53,328)	(652,122)
NON-OPERATING REVENUES:			
Investment income	<u>19,164</u>	<u>-</u>	<u>19,164</u>
CHANGE IN NET POSITION	(579,630)	(53,328)	(632,958)
NET POSITION - BEGINNING OF YEAR	<u>3,800,163</u>	<u>53,328</u>	<u>3,853,491</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,220,533</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,220,533</u></u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	Equipment Replacement	Employee Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts fom interfund services provided	\$ 82,050	\$ -	\$ 82,050
Payments to suppliers	(390,833)	-	(390,833)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 (308,783)	 -	 (308,783)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(175,589)	-	(175,589)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	19,532	-	19,532
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (464,840)	 -	 (464,840)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,018,015	-	3,018,015
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,553,175</u>	<u>\$ -</u>	<u>\$ 2,553,175</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (598,794)	\$ (53,328)	\$ (652,122)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	224,726	-	224,726
Decrease in other receivables	-	2,417	2,417
Decrease in prepaid items	-	170,518	170,518
Increase (decrease) in accrued liabilities	65,285	(119,607)	(54,322)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (308,783)</u>	 <u>\$ -</u>	 <u>\$ (308,783)</u>

## **STATISTICAL SECTION**

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities					
Net investment in capital assets	\$ 109,376	\$ 107,867	\$ 115,331	\$ 115,145	\$ 114,488
Restricted	1,000	1,000	1,000	1,750	1,750
Unrestricted	30,471	31,277	31,855	39,066	67,112
Total governmental activities net position	<u>\$ 140,847</u>	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>	<u>\$ 183,351</u>
Business-type activities					
Net investment in capital assets	\$ 5,599	\$ 12,477	\$ 12,458	\$ 12,753	\$ 13,356
Restricted	-	-	-	-	-
Unrestricted	7,740	2,108	2,825	3,365	3,532
Total business-type activities net position	<u>\$ 13,339</u>	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>	<u>\$ 16,888</u>
Primary government					
Net investment in capital assets	\$ 114,975	\$ 120,344	\$ 127,789	\$ 127,898	\$ 127,845
Restricted	1,000	1,000	1,000	1,750	1,750
Unrestricted	38,211	33,385	34,680	42,431	70,644
Total primary government net position	<u>\$ 154,186</u>	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>	<u>\$ 200,238</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net investment in capital assets	\$ 113,284	\$ 114,427	\$ 119,450	\$ 118,399	\$ 123,437
Restricted	1,835	11,792	11,647	21,120	19,387
Unrestricted	46,687	46,679	42,208	42,210	43,618
Total governmental activities net position	<u>\$ 161,806</u>	<u>\$ 172,898</u>	<u>\$ 173,305</u>	<u>\$ 181,729</u>	<u>\$ 186,442</u>
Business-type activities					
Net investment in capital assets	\$ 18,319	\$ 29,557	\$ 31,168	\$ 31,663	\$ 31,311
Restricted	-	-	-	-	-
Unrestricted	9,727	5,317	5,334	5,598	4,600
Total business-type activities net position	<u>\$ 28,046</u>	<u>\$ 34,874</u>	<u>\$ 36,502</u>	<u>\$ 37,261</u>	<u>\$ 35,911</u>
Primary government					
Net investment in capital assets	\$ 131,603	\$ 143,984	\$ 150,618	\$ 150,062	\$ 154,748
Restricted	1,835	11,792	11,647	21,120	19,387
Unrestricted	56,414	51,996	47,542	47,808	48,218
Total primary government net position	<u>\$ 189,852</u>	<u>\$ 207,772</u>	<u>\$ 209,807</u>	<u>\$ 218,990</u>	<u>\$ 222,353</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses</b>					
Governmental activities:					
Administration	\$ 4,724	\$ 6,357	\$ 7,824	\$ 5,997	\$ 5,906
Public safety	4,044	4,233	4,242	4,335	4,178
Public works	9,026	10,555	13,633	10,389	11,202
Community development	2,441	2,697	2,550	2,622	2,432
Parks and recreation	1,396	1,605	1,826	1,391	1,490
Non-departmental	-	-	320	-	-
Interest on long-term debt	270	268	265	260	109
Total governmental activities expenses	<u>21,901</u>	<u>25,715</u>	<u>30,660</u>	<u>24,994</u>	<u>25,318</u>
Business-type activities:					
Water Quality Flood Protection	301	437	580	489	560
Total primary government expenses	<u>\$ 22,202</u>	<u>\$ 26,152</u>	<u>\$ 31,240</u>	<u>\$ 25,483</u>	<u>\$ 25,878</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Administration	\$ 538	\$ 555	\$ 681	\$ 654	\$ 747
Public safety	316	267	229	261	194
Public works	1,002	422	1,356	622	684
Community development	1,760	1,643	1,764	1,714	1,644
Parks and recreation	483	483	896	457	503
Non-departmental	-	-	-	-	-
Operating grants and contributions	3,570	2,963	6,633	3,689	3,628
Capital grants and contributions	1,472	642	7,179	5	139
Total governmental activities program revenues	<u>9,141</u>	<u>6,975</u>	<u>18,738</u>	<u>7,402</u>	<u>7,538</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,222	1,578	1,264	1,312	1,319
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>1,222</u>	<u>1,578</u>	<u>1,264</u>	<u>1,312</u>	<u>1,319</u>
Total primary government program revenues	<u>\$ 10,363</u>	<u>\$ 8,553</u>	<u>\$ 20,002</u>	<u>\$ 8,714</u>	<u>\$ 8,857</u>
Net (expense)/revenue					
Governmental activities	\$ (12,760)	\$ (18,740)	\$ (11,922)	\$ (17,592)	\$ (17,780)
Business-type activities	921	1,141	684	823	759
Total primary government net expense	<u>\$ (11,839)</u>	<u>\$ (17,599)</u>	<u>\$ (11,238)</u>	<u>\$ (16,769)</u>	<u>\$ (17,022)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 10,935	\$ 11,462	\$ 11,431	\$ 11,854	\$ 11,480
Transient occupancy tax	26	85	1,955	2,640	3,349
Sales taxes	1,056	1,053	1,246	1,548	1,449
Franchise taxes	1,599	1,709	1,711	1,825	1,881
Utility user taxes	2,329	2,267	2,395	2,407	2,333
Other taxes	794	605	712	814	674
Investment income	1,555	631	207	318	604
Other	300	225	307	271	52
Transfers	(4,719)	-	-	-	-
Extraordinary item	-	-	-	-	23,348
Total governmental activities	<u>13,875</u>	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>	<u>45,170</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business-type activities:					
Investment income	283	105	14	13	11
User Fees	-	-	-	-	-
Other	-	-	-	-	-
Transfers	4,719	-	-	-	-
Total business-type activities	<u>5,002</u>	<u>105</u>	<u>14</u>	<u>13</u>	<u>11</u>
Total primary government	<u>\$ 18,877</u>	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>	<u>\$ 45,181</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,115	\$ (703)	\$ 8,042	\$ 4,085	\$ 27,390
Business-type activities	5,923	1,246	698	836	770
Total primary government net expense	<u>\$ 7,038</u>	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>	<u>\$ 28,159</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Expenses</b>					
Governmental activities:					
Administration	\$ 5,534	\$ 7,530	\$ 7,127	\$ 8,062	\$ 6,746
Public safety	4,348	4,429	4,670	5,215	6,534
Public works	10,874	9,377	10,692	9,610	10,638
Community development	2,526	1,927	2,072	1,971	2,664
Parks and recreation	1,696	1,369	1,669	2,052	2,434
Non-departmental	-	35	191	134	2,400
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>24,978</u>	<u>24,667</u>	<u>26,421</u>	<u>27,044</u>	<u>31,416</u>
Business-type activities:					
Water Quality Flood Protection	594	659	1,423	646	1,400
Total primary government expenses	<u>\$ 25,572</u>	<u>\$ 25,326</u>	<u>\$ 27,844</u>	<u>\$ 27,690</u>	<u>\$ 32,816</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Administration	\$ 779	\$ 120	\$ 108	\$ 318	\$ 1,081
Public safety	150	42	43	179	140
Public works	543	169	432	159	274
Community development	1,854	1,772	2,058	958	2,066
Parks and recreation	476	18	144	781	708
Non-departmental	-	-	-	96	-
Operating grants and contributions	4,133	2,506	2,274	2,332	4,196
Capital grants and contributions	139	2,912	1,230	1,111	818
Total governmental activities program revenues	<u>8,074</u>	<u>7,539</u>	<u>6,289</u>	<u>5,934</u>	<u>9,283</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,313	1,361	1,369	1,385	12
Operating grants and contributions	2,137	-	-	-	-
Capital grants and contributions	-	6,115	1,213	-	-
Total business-type activities program revenues	<u>3,450</u>	<u>7,476</u>	<u>2,582</u>	<u>1,385</u>	<u>12</u>
Total primary government program revenues	<u>\$ 11,524</u>	<u>\$ 15,015</u>	<u>\$ 8,871</u>	<u>\$ 7,319</u>	<u>\$ 9,295</u>
Net (expense)/revenue					
Governmental activities	\$ (16,904)	\$ (17,128)	\$ (20,132)	\$ (21,110)	\$ (22,133)
Business-type activities	2,856	6,817	1,159	738	(1,388)
Total primary government net expense	<u>\$ (14,048)</u>	<u>\$ (10,311)</u>	<u>\$ (18,973)</u>	<u>\$ (20,372)</u>	<u>\$ (23,521)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 11,284	\$ 11,991	\$ 12,452	\$ 13,764	\$ 13,302
Transient occupancy tax	3,790	4,250	4,812	5,197	5,601
Sales taxes	1,588	1,642	1,758	2,104	2,463
Franchise taxes	1,907	1,998	2,045	2,045	1,985
Utility user taxes	2,481	2,510	1,973	1,866	1,775
Other taxes	778	1,589	1,564	1,179	365
Investment income	184	94	122	214	434
Other	929	4,146	3,231	2,608	920
Transfers	(8,293)	-	(458)	-	-
Extraordinary item	(19,289)	-	-	-	-
Total governmental activities	<u>(4,641)</u>	<u>28,220</u>	<u>27,499</u>	<u>28,977</u>	<u>26,845</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Business-type activities:					
Investment income	10	11	10	21	35
User Fees	-	-	-	-	-
Other	-	-	-	-	-
Transfers	8,293	-	458	-	3
Total business-type activities	<u>8,303</u>	<u>11</u>	<u>468</u>	<u>21</u>	<u>38</u>
Total primary government	<u>\$ 3,662</u>	<u>\$ 28,231</u>	<u>\$ 27,967</u>	<u>\$ 28,998</u>	<u>\$ 26,883</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (21,545)	\$ 11,092	\$ 7,367	\$ 7,868	\$ 4,713
Business-type activities	11,159	6,828	1,627	759	(1,350)
Total primary government net expense	<u>\$ (10,386)</u>	<u>\$ 17,920</u>	<u>\$ 8,994</u>	<u>\$ 8,627</u>	<u>\$ 3,363</u>

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2008	10,935	26	1,056	1,599	2,329	794	16,739
2009	11,462	85	1,053	1,709	2,267	605	17,181
2010	11,431	1,955	1,246	1,711	2,395	712	19,450
2011	11,854	2,640	1,548	1,825	2,407	814	21,088
2012	11,480	3,349	1,449	1,881	2,333	674	21,166
2013	11,284	3,790	1,588	1,907	2,481	778	21,828
2014	11,991	4,250	1,642	1,998	2,510	1,589	23,980
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155
2017	13,302	5,601	2,463	1,985	1,775	365	25,491

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 Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund					
Reserved	\$ 6,645	\$ 6,314	\$ 7,166	\$ -	\$ -
Designated	1,278	1,333	1,462	-	-
Unreserved, Undesignated	12,171	10,440	10,745	-	-
Non-Spendable	-	-	-	7,515	7,493
Committed	-	-	-	-	-
Unassigned	-	-	-	11,385	12,464
Total General Fund	<u>\$ 20,094</u>	<u>\$ 18,087</u>	<u>\$ 19,373</u>	<u>\$ 18,900</u>	<u>\$ 19,957</u>
All other Governmental Funds					
Reserved	\$ 2,724	\$ 3,672	\$ 6,361	\$ -	\$ -
Designated					
Special Revenue Funds	1,896	411	85	-	-
Capital Projects Funds	4,347	6,442	7,494	-	-
Permanent Fund	-	-	-	-	-
Debt Service Fund	-	-	-	-	-
Unreserved, Undesignated, reported in:					
Special Revenue Funds	7,494	7,910	6,058	-	-
Capital Projects Funds	1,908	3,373	1,240	-	-
Permanent Fund	371	362	333	-	-
Debt Service Fund	(15,990)	(16,823)	(17,797)	-	-
Non-Spendable					
Special Revenue Funds	-	-	-	4,818	3,066
Debt Service Fund	-	-	-	573	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	1,750	1,750
Restricted					
Special Revenue Funds	-	-	-	7,952	8,187
Capital Projects Funds	-	-	-	313	-
Permanent Fund	-	-	-	319	226
Committed					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Assigned					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	11,650	15,407
Permanent Fund	-	-	-	-	-
Unassigned					
Special Revenue Funds	-	-	-	(126)	(108)
Debt Service Fund	-	-	-	(19,687)	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 2,750</u>	<u>\$ 5,347</u>	<u>\$ 3,774</u>	<u>\$ 7,562</u>	<u>\$ 28,528</u>

Note: The City implemented GASB 54 in 2011

**City of Rancho Palos Verdes**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Reserved					
Designated					
Unreserved, Undesignated					
Non-Spendable	\$ 138	\$ 144	\$ 598	\$ 564	\$ 190
Committed	-	-	-	802	964
Unassigned	14,370	15,474	16,055	13,702	15,671
Total General Fund	<u>\$ 14,508</u>	<u>\$ 15,618</u>	<u>\$ 16,653</u>	<u>\$ 15,068</u>	<u>\$ 16,825</u>
All other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Designated					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Debt Service Fund	-	-	-	-	-
Unreserved, Undesignated, reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Debt Service Fund	-	-	-	-	-
Non-Spendable					
Special Revenue Funds	-	-	-	-	-
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	1,835	1,845	1,855	1,866	1,877
Restricted					
Special Revenue Funds	7,849	8,445	8,362	9,757	11,702
Capital Projects Funds	-	-	-	3,000	4,660
Permanent Fund	280	1,502	1,492	1,312	1,148
Committed					
Special Revenue Funds	36	58	55	353	-
Capital Projects Funds	-	-	-	3,467	-
Permanent Fund	-	-	-	-	-
Assigned					
Special Revenue Funds	-	794	572	476	479
Capital Projects Funds	13,084	18,535	21,078	23,902	23,149
Permanent Fund	-	-	-	-	-
Unassigned					
Special Revenue Funds	(198)	(116)	(59)	-	-
Debt Service Fund	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 22,885</u>	<u>\$ 31,063</u>	<u>\$ 33,355</u>	<u>\$ 44,133</u>	<u>\$ 43,015</u>

Note: The City implemented GASB 54 in 2011

**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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>					
Taxes	\$ 17,062	\$ 17,573	\$ 19,844	\$ 21,419	\$ 21,867
Licenses and permits	1,914	1,755	1,954	1,933	1,806
Fines and forfeitures	260	214	179	210	159
Use of money and property	2,108	1,240	1,601	1,560	1,350
Charges for services	60	163	81	73	149
Donation	-	-	-	-	-
Revenues from other agencies	4,647	3,575	10,180	3,162	3,421
Other Revenues	1,563	467	4,806	229	259
Total Revenues	<u>27,614</u>	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>	<u>29,011</u>
<b>Expenditures</b>					
Administration	4,411	4,915	5,720	5,503	5,726
Public Safety	4,044	4,233	4,242	4,335	4,178
Public Works	5,768	7,075	6,896	7,875	7,616
Parks and Recreation	1,281	1,354	1,702	1,257	1,479
Community Development	2,496	2,723	2,604	2,784	2,484
Non-Departmental	-	-	320	-	-
Pass Through to other agencies	169	187	-	-	-
Capital Outlay	3,112	2,459	14,567	2,557	3,155
Debt Service					
Principal	316	350	419	423	464
Interest	1,370	1,101	886	887	498
Total Expenditures	<u>22,967</u>	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>	<u>25,599</u>
Excess of Revenues over (under) Expenditures	4,647	590	1,289	2,965	3,412
<b>Other Financing Sources (uses)</b>					
Sales of capital assets	-	-	-	350	-
Transfers in	3,158	5,815	4,616	8,944	8,226
Transfers out	(7,924)	(5,815)	(6,192)	(8,944)	(7,856)
Total Other Financing Sources (uses)	<u>(4,766)</u>	<u>-</u>	<u>(1,576)</u>	<u>350</u>	<u>371</u>
Extraordinary Gain (Loss)	-	-	-	-	18,240
Net change in Fund Balances	<u>\$ (119)</u>	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>	<u>\$ 22,023</u>
Cost of Assets Capitalized	2,764	1,895	10,866	3,180	2,865
Debt Services as a percentage of Non-Capital Expenditures	8.3%	6.4%	4.9%	5.8%	4.2%

**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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>					
Taxes	\$ 22,543	\$ 23,981	\$ 24,603	\$ 25,725	\$ 25,491
Licenses and permits	2,027	1,951	2,515	2,383	3,045
Fines and forfeitures	117	128	135	180	153
Use of money and property	1,383	846	653	750	415
Charges for services	141	323	427	558	1,072
Donation	445	-	-	-	-
Revenues from other agencies	3,395	5,301	3,794	3,443	5,117
Other Revenues	741	3,068	2,377	1,668	732
Total Revenues	<u>30,791</u>	<u>35,598</u>	<u>34,504</u>	<u>34,707</u>	<u>36,025</u>
<b>Expenditures</b>					
Administration	5,401	5,792	5,135	6,183	5,445
Public Safety	4,348	4,492	4,761	5,215	6,534
Public Works	7,240	7,611	8,042	7,961	9,084
Parks and Recreation	1,557	1,573	1,819	2,042	2,175
Community Development	2,591	2,640	2,870	2,619	2,664
Non-Departmental	-	35	190	238	2,400
Pass Through to other agencies	-	-	-	-	-
Capital Outlay	2,721	4,113	8,697	1,344	7,106
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>23,857</u>	<u>26,256</u>	<u>31,514</u>	<u>25,602</u>	<u>35,408</u>
Excess of Revenues over (under) Expenditures	6,934	9,342	2,990	9,105	617
<b>Other Financing Sources (uses)</b>					
Sales of capital assets	-	-	-	-	-
Transfers in	7,954	10,424	13,525	11,784	4,577
Transfers out	(16,247)	(10,479)	(13,188)	(11,784)	(4,577)
Total Other Financing Sources (uses)	<u>(8,293)</u>	<u>(55)</u>	<u>337</u>	<u>-</u>	<u>-</u>
Extraordinary Gain (Loss)	(6,743)	-	-	-	-
Net change in Fund Balances	<u>\$ (8,102)</u>	<u>\$ 9,287</u>	<u>\$ 3,327</u>	<u>\$ 9,105</u>	<u>\$ 617</u>
Cost of Assets Capitalized	2,022	4,820	8,490	2,398	8,228
Debt Services as a percentage of Non-Capital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2008	10,898	26	1,077	1,599	2,329	1,133	17,062
2009	11,462	85	1,060	1,709	2,267	990	17,573
2010	11,431	1,955	1,158	1,711	2,395	1,194	19,844
2011	11,854	2,640	1,518	1,825	2,407	1,175	21,419
2012	11,480	3,349	1,452	1,881	2,333	1,372	21,867
2013	11,284	3,790	1,589	1,907	2,481	1,492	22,543
2014	11,991	4,250	1,642	1,998	2,510	1,590	23,981
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155
2017	13,302	5,601	2,463	1,985	1,775	365	25,491

Source: City General Ledger

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

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

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>
2008	7,919,953	170,149	3,211	453,446	26,546
2009	8,235,780	270,956	3,275	491,235	46,858
2010	8,333,042	263,157	3,341	598,539	49,628
2011	8,362,052	396,195	3,333	570,551	45,258
2012	8,596,777	390,497	3,358	564,763	70,284
2013	8,843,139	402,533	3,425	581,160	48,147
2014	9,190,789	475,510	3,493	660,569	46,962
2015	9,492,704	486,378	3,509	679,241	45,906
2016	10,094,704	501,636	3,580	695,738	44,300
2017	10,770,321	531,536	3,634	506,899	24,986

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

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

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

(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a factor was extrapolated and applied to current assessed values.

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

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

<b>Fiscal Year End</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>City Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Factor of Taxable Assessed Value (3)</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2008	151,225	8,422,080	0.063728	\$ 11,208,525	1.33085	75.14%
2009	154,969	8,893,135	0.063728	\$ 11,835,429	1.33085	75.14%
2010	236,925	9,010,782	0.063728	\$ 9,515,593	1.05602	94.69%
2011	158,388	9,219,001	0.063728	\$ 9,067,313	0.98355	101.67%
2012	157,307	9,468,372	0.063728	\$ 10,683,820	1.12837	88.62%
2013	174,167	9,704,237	0.063728	\$ 11,390,239	1.17374	85.20%
2014	153,434	10,223,889	0.063728	\$ 13,967,877	1.36620	73.20%
2015	151,709	10,556,029	0.063728	\$ 13,571,675	1.28568	77.78%
2016	155,138	11,184,820	0.063728	\$ 15,366,477	1.37387	72.79%
2017	174,779	11,662,598	0.063728	\$ 17,011,415	1.45863	68.56%

Source:

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

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

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

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

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

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:					
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Debt Service Rates					
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	0.019760	0.020177	0.021642	0.022493	0.022511
COMMNTY COLLEGE	0.008794	0.022115	0.023112	0.040310	0.035296
PALOS VERDES LIB	0.006854	0.006801	0.006618	0.006719	0.006359
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.004500	0.004300	0.004300	0.003700	0.003700
TOTAL	<u>0.039908</u>	<u>0.053393</u>	<u>0.055672</u>	<u>0.073222</u>	<u>0.067866</u>
TOTAL TAX RATE	<u><u>1.039908</u></u>	<u><u>1.053393</u></u>	<u><u>1.055672</u></u>	<u><u>1.073222</u></u>	<u><u>1.067866</u></u>

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

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:					
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Debt Service Rates					
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	0.024102	0.023109	0.023289	0.023433	0.023197
COMMNTY COLLEGE	0.048750	0.044541	0.040174	0.035755	0.035956
PALOS VERDES LIB	0.006441	0.006118	0.005854	0.005630	0.000000
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.003500	0.003500	0.003500	0.003500	0.003500
TOTAL	<u>0.082793</u>	<u>0.077268</u>	<u>0.072817</u>	<u>0.068318</u>	<u>0.062653</u>
TOTAL TAX RATE	<u><u>1.082793</u></u>	<u><u>1.077268</u></u>	<u><u>1.072817</u></u>	<u><u>1.068318</u></u>	<u><u>1.062653</u></u>

Source: 2010-2015 County Assessor data, MuniServices, LLC

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

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

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

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

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

Taxpayer	2016-17			2007-08		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Dev LLC	466,364,772	1	4.00%	64,550,700	3	0.77%
PPC Villas Rpv LLC	69,395,348	2	0.60%			
P V Victoria Apts LLC	51,061,782	3	0.44%	44,998,711	4	0.53%
Terraces Subsidiary LLC	42,545,651	4	0.36%			
CPT Vista Catalina LLC	37,119,207	5	0.32%			
Western Riviera Investors	31,814,171	6	0.27%	27,393,598	6	0.33%
Golden Cove LLC	29,592,698	7	0.25%			
VHPS LLC	28,801,309	8	0.25%			
Belmont Village Rpv LP	26,462,033	9	0.23%	22,321,260	7	0.27%
Ocean View Drive Inc.	19,100,372	10	0.16%			
Taylor Morrison Of California	19,039,718	11	0.16%			
Johnson Eric C	17,755,902	12	0.15%	18,769,084	8	0.22%
Wlp Westmont Plaza LLC	15,325,913	13	0.13%			
Mulligan Michael Gina	15,128,317	14	0.13%			
California Water Service Co	13,324,159	15	0.11%	8,629,158	13	0.10%
American Golf, Inc	12,750,170	16	0.11%	10,380,951	11	0.12%
Victoria Apts	8,463,685	17	0.07%	7,480,416	15	0.09%
Thornecrest LLC	8,451,915	18	0.07%			
Palos Verdes Terrace Ltd.	8,291,741	19	0.07%	7,327,403	16	0.09%
Xcx Bear LLC	7,903,721	20	0.07%			
Bruning Fred W	7,878,225	21	0.07%			
AA Homes LLC	7,781,493	22	0.07%			
Amdan Investment LLC Lessee	7,767,076	23	0.07%			
Maleenont Voravat	7,623,512	24	0.07%			
Wang Lisa	7,586,438	25	0.07%			
Ppc Palos Verdes LLC				86,414,600	1	1.03%
Vh Property Corp				70,725,148	2	0.84%
Rahn Patricia J Et Al				33,864,000	5	0.40%
Tridiamond LLC				12,825,010	9	0.15%
Ruffin Phillip G				11,500,000	10	0.14%
3200 Pv Drive West Llc				9,885,714	12	0.12%
Braun William				7,850,000	14	0.09%
Wil Gal				6,153,943	17	0.07%
Labarba James G Co Tr				5,864,791	18	0.07%
Ae Mission Group LLC				5,800,000	19	0.07%
Imbach Scott A & Diane Y Trs				5,689,190	20	0.07%
Rpv Equities Llc				5,625,354	21	0.07%
Cox Cable Communication Of Pal				5,532,900	22	0.07%
Kim Goon Gtr				5,340,237	23	0.06%
Foster Robert D & Gina D				5,308,564	24	0.06%
Chung Paul Y				5,222,820	25	0.06%
<b>Total Top 25 Taxpayers</b>	<b>\$ 967,329,328</b>		<b>8.29%</b>	<b>\$ 495,453,552</b>		<b>5.88%</b>
<b>Total Taxable Value</b>	<b>\$ 11,662,597,545</b>		<b>100.00%</b>	<b>8,422,055,521</b>		<b>100.00%</b>

Source: Los Angeles County Assessor data, MuniServices, LLC

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2008	5,351	5,316	99.35%	10	5,325	99.52%
2009	6,116	5,734	93.75%	8	5,742	93.88%
2010*	5,447	4,917	90.27%	8	4,925	90.42%
2011*	5,597	5,462	97.59%	0	5,462	97.59%
2012	5,777	5,656	97.91%	0	5,656	97.91%
2013	5,951	5,844	98.20%	0	5,844	98.20%
2014	6,287	6,193	98.50%	0	6,193	98.50%
2015	6,487	6,396	98.60%	0	6,396	98.60%
2016	6,813	6,716	98.58%	0	6,716	98.58%
2017	7,093	7,009	98.82%	0	7,009	98.82%

Source: County Assessor Data

\* Includes 1% secured apportionment only

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

CITY OF RANCHO PALOS VERDES

2016-17 Assessed Valuation: \$11,734,105,201

<u><b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b></u>	<b>Total Debt</b> <u><b>6/30/2017</b></u>	<b>% Applicable (1)</b>	<b>City's Share of</b> <u><b>Debt 6/30/17</b></u>
Metropolitan Water District	74,905,000	0.454%	340,069
Los Angeles Community College District	3,847,880,000	1.571%	60,450,195
Los Angeles Unified School District	9,815,110,000	0.184%	18,059,802
Palos Verdes Unified School District	65,322,853	47.183%	30,821,282
City of Rancho Palos Verdes	0	100.000%	0
Los Angeles County Regional Park and Open Space Assessment District	38,895,000	0.873%	339,553
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><b>\$110,010,901</b></u>
 <b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$1,996,576,065	0.873%	\$17,430,109
Los Angeles County Superintendent of Schools Certificates of Participation	7,204,988	0.873%	\$62,900
Los Angeles County Sanitation District No. 5 Authority	23,288,051	10.580%	\$2,463,876
Los Angeles County South Bay Cities Sanitation District Authority	3,969,369	4.175%	\$165,721
Los Angeles Unified School District Certificates of Participation	239,440,000	0.184%	<u>\$440,570</u>
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			<u><b>\$20,563,176</b></u>
Less: Los Angeles Unified School District QZABs supported by investment fund			<u>18,000</u>
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<u><b>\$20,545,176</b></u>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$0</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$130,574,077</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$130,556,077</b>
 <b>GROSS COMBINED TOTAL DEBT</b>			 <b>\$130,574,077 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$130,556,077</b>

(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 2016-17 Assessed Valuation:

<b>Direct Debt</b>	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt	0.94%
Gross Combined Total Debt	1.11%
Net Combined Total Debt	1.11%

Source: 2016-17 California Municipal Statistical Co.

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617	\$ 1,382,850	\$ 1,420,256
Total Net Debt applicable to limit	-	-	-	-	-
Legal Debt Margin	<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>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%

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

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Debt Limit	\$ 1,455,636	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723	\$ 1,749,390
Total Net Debt applicable to limit	-	-	-	-	-
Legal Debt Margin	\$ 1,455,636	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723	\$ 1,749,390
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%
Total Taxable Value					\$ 11,662,598
Debt Limit (15% of total taxable value)					1,749,390
Debt applicable to limit					-
Legal Debt Margin					\$ 1,749,390

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age</b>	<b>**Public School Enrollment</b>
2007-08	42,964	2,549,698,580	59,345	44.4	11,976
2008-09	42,720	2,262,493,920	52,961	43.4	12,033
2009-10	42,642	2,250,346,266	52,773	44.9	11,900
2010-11	41,766	2,425,936,344	58,084	44.3	11,928
2011-12	41,897	2,561,016,971	61,127	47.6	11,840
2012-13	42,114	2,618,143,152	62,168	47.8	11,873
2013-14	42,358	2,564,205,491	60,537	47.6	11,700
2014-15	42,564	2,593,892,724	60,941	48.9	11,632
2015-16	43,041	2,461,988,241	57,201	49.6	11,499
2016-17	42,884	2,569,293,654	59,913	49.5	11,428

Source: MuniServices, LLC

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

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

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

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

<b>Fiscal Year</b>	<b>County Unemployment Rate (%) (3)</b>	<b>City Unemployment Rate (%) (3)</b>	<b>County Population (1)</b>	<b>City Population (% of County)</b>
2007-08	7.2%	2.5%	10,275,914	0.42%
2008-09	7.5%	2.5%	10,301,658	0.41%
2009-10	11.6%	4.0%	10,355,053	0.41%
2010-11	11.9%	4.1%	9,858,989	0.42%
2011-12	11.1%	3.8%	9,884,632	0.42%
2012-13	11.0%	3.7%	9,958,091	0.42%
2013-14	7.6%	2.5%	10,041,797	0.42%
2014-15	7.1%	3.4%	10,136,559	0.42%
2015-16	6.7%	3.2%	10,241,335	0.42%
2016-17	5.2%	2.5%	10,241,278	0.42%

Source: MuniServices, LLC

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

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

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

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

<b>2016-17</b>		<b>2007-08</b>	
<b>Taxpayer</b>	<b>Business Type</b>	<b>Taxpayer</b>	<b>Business Type</b>
7-Eleven Food Stores	Food Markets	7-Eleven Food Stores	Food Markets
Admiral Risty Restaurant	Restaurants	A & H Motors	Auto Sales - Used
America's Tire	Auto Parts/Repair	Admiral Risty Restaurant	Restaurants
Asaka Japanese Cuisine	Restaurants	America's Tire	Auto Parts/Repair
Audio Visual Services Group	Light Industry	Asaka Japanese Cuisine	Restaurants
Avenue Italy	Restaurants	California Turf Support	Light Industry
Blue Crab Seafood & Steakhouse	Restaurants	Carl's Jr. Restaurants	Restaurants
Carl's Jr. Restaurants	Restaurants	Centinela Feed & Pet Supplies	Miscellaneous Retail
Centinela Feed & Pet Supplies	Miscellaneous Retail	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Coco's Restaurants	Restaurants
Coco's Restaurants	Restaurants	El Pollo Loco	Restaurants
Green Hills Mortuary & Memoria	Miscellaneous Other	Good Night Mattress	Furniture/Appliance
IHop Restaurants	Restaurants	Green Hills Mortuary & Memoria	Miscellaneous Other
Jack In The Box Restaurants	Restaurants	IHop Restaurants	Restaurants
Los Verdes Country Club	Restaurants	Installation Company	Furniture/Appliance
Marie Callender's Restaurant	Restaurants	Jack In The Box Restaurants	Restaurants
Marshall's Stores	Apparel Stores	Los Verdes Country Club	Restaurants
Mobil Service Stations	Service Stations	Mobil Service Stations	Service Stations
O'Reilly Auto Parts	Auto Parts/Repair	O'Reilly Auto Parts	Auto Parts/Repair
Ralph's Grocery Company	Food Markets	Ralph's Grocery Company	Food Markets
Smart & Final	Food Markets	Rolling Hills Plastics	Light Industry
Terranea Resort	Restaurants	Smart & Final	Food Markets
Trader Joe's	Food Markets	Trader Joe's	Food Markets
Trump National Golf Club	Miscellaneous Retail	Trump National Golf Club	Miscellaneous Retail
Western Tobacco	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	2017			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District	1,444	1	7.48%	1,970	1	9.04%
Terranea Resort Hotel*	1,226	2	6.35%	730	2	3.35%
Marymount College	203	3	1.05%	220	4	1.01%
Trump National Golf Club*	186	4	0.96%	260	3	1.19%
Belmont Corp Ltd ( Belmont Village of Rancho)	165	5	0.85%	111	7	0.51%
Canterbury	141	6	0.73%	115	6	0.53%
City of Rancho Palos Verdes*	116	7	0.60%			
Ralphs Store #720	104	8	0.54%	83	9	0.38%
American Golf Corp ( Los Verdes Golf Course)	72	9	0.37%			0.00%
Green Hills Memorial Park	71	10	0.37%	80	10	0.37%
Keller Williams Realty				163	5	0.75%
Trader Joe's				88	8	0.40%
Subtotal of Principal Employers	3,728		19.32%	3,820		17.52%
Total City Employment	19,300			21,800		

Source: MuniServices, LLC

Results provided by EDD Labor Force Data.

\* Includes full time and part time employees.

Trader Joe's Store's (#57 & #233) chooses to no longer participate.

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

<b>Function</b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
General Government	55	58	53	54	52	53	54	60	62	62
Recreation Part-Time	10	11	16.5	18	16.5	16	22	25	29	29
Total	<u>65</u>	<u>69</u>	<u>69.5</u>	<u>72</u>	<u>68.5</u>	<u>69</u>	<u>76</u>	<u>85</u>	<u>91</u>	<u>91</u>

Source: City Budget documents and Payroll records

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Administration</b>					
Employee Resignations	8	4	9	5	8
Workers Compensation Claims	4	2	5	3	3
Liability Claims	16	13	13	14	11
Budget Adjustments	26	18	21	17	11
Business Licenses Issued	1,709	1,819	1,629	1,891	1,294
Web Site Page Views (1)	701,004	3.8 mil	2.9 mil	2.8mil	3.0mil
<b>Public Safety</b>					
Part I Crime Rates (per 10,000 population)	123	102	110	143	131
<b>Public Works</b>					
Solid Waste Diversion Rates (2)	4.7lbs/person/day	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	4.2lbs/person/day
Pavement Rating	DNA	85	85	85	85
<b>Parks and Recreation</b>					
Park Events	692	825	690	580	582
Class Meetings at Parks	2,772	2,708	2,398	2,313	1,587
Docent Led Nature Hikes	91	105	103	105	104
<b>Community Development</b>					
Building Permits Processed	1,692	1,404	1,243	1,432	1,221
Plan Checks	247	226	154	161	161
Municipal Code Violations Closed	216	339	138	371	321

Source: City Departments

DNA: Data Not Available

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

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

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

Function	2013	2014	2015	2016	2017
<b>Administration</b>					
Employee Resignations	7	14	10	6	6
Workers Compensation Claims	3	1	3	2	8
Liability Claims	14	9	11	28	6
Budget Adjustments	24	15	15	18	48
Business Licenses Issued	1,868	1,997	2,134	2,012	1,939
Web Site Page Views (1)	3.1mil	3.3mil	426,772 *	403,704	536,568
<b>Public Safety</b>					
Part I Crime Rates (per 10,000 population)	149	107	134	106	Not available at this time
<b>Public Works</b>					
Solid Waste Diversion Rates (2)	2.87lbs/person/day	2.84lbs/person/day	3.15lbs/person/day	3.08lbs/person/day	2.46lbs/person/day
Pavement Rating	84	82	82	84	84
<b>Parks and Recreation</b>					
Park Events	765	631	639	810	829
Class Meetings at Parks	1,202	1,233	1,400	1,025	1,030
Docent Led Nature Hikes	121	109	103	94	108
Volunteer Events (3)					35
Volunteers (3)					764
Volunteer Hours (3)					2,486
Open Space Mgmt. Public Contacts (3)					23,101
Open Space Mgmt. Rules Enforced (3)					1,367
Open Space Mgmt. Maintenance / Projects (3)					782
<b>Community Development</b>					
Building Permits Processed	1,403	1,492	1,558	1,758	1,665
Plan Checks	268	264	255	289	289
Municipal Code Violations Closed	312	392	358	505	432

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 capita disposal.

(3) Began tracking this indicator in 2017.

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Administration										
Computer Workstations	91	92	101	92	88	93	98	114	138	140
Public Safety (1)										
Public Works										
Street Miles	143	143	143	143	144	141	141	149	149	149
Traffic Signals	16	16	16	16	18	15	15	15	15	15
Parks and Recreation										
Parks	16	16	15	15	15	15	16	16	16	16
Community Development										
Vehicles Used for Inspections	5	5	5	5	5	5	4	4	4	2

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.