

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2014

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2014

Prepared By:

Finance Department
Dennis McLean, Director
Kathryn Downs, Deputy Director

INTRODUCTORY SECTION

**CITY OF RANCHO PALOS VERDES
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December 18, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Rancho Palos Verdes for the fiscal year ended June 30, 2014, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Special districts of the County of Los Angeles provide library services, fire protection services, and sewer services. The City has excluded the County of Los Angeles, as well as

the State of California and various school districts, from the financial reporting entity because they do not meet the established criteria for inclusion.

GOVERNMENTAL STRUCTURE

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

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

MAJOR INITIATIVES

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

Community Development

- The City together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve through implementation of the City Council approved Public Use Master Plan (PUMP) for the entire Preserve, and continued several on-going habitat restoration and trail improvement projects.
- Continued to take steps to update the City's General Plan by obtaining Planning Commission approval of the updated text for the entirety of the Plan as well as all the proposed General Plan Land Use Map changes. The CEQA analysis for the updated Plan now needs to be completed and presented to the Planning Commission. Staff anticipates that the Planning Commission will complete their review and forward the Draft Updated General Plan to the City Council sometime in 2015.

- Continued to ensure that the various housing programs within the Housing Element are being implemented. Additionally, staff obtained approval of a mandatory update to the Housing Element by the State Department of Housing and Community Development.
- Continued to implement the approved Coast Vision Plan, a coordinated master plan consisting of program, design and linkage concepts for land located within the coastal region of the City, by assisting in the completion of the City's portion of the California Coastal Trail and an improvement project to Abalone Cove Shoreline Park.
- Implemented the City's Trails Network Plan by improving and maintaining trails within the Palos Verdes Nature Preserve pursuant to the City Council adopted Preserve Trails Plan, and assisting with the construction of the Salvation Army Trail as identified in the City's Conceptual Trails Plan and the City's segment of the California Coastal Trail. In addition, Staff begun the extensive overhaul of the Trails Network Plan for trails outside of the Preserve.
- Completed the Final EIR for the proposed Zone 2 Landslide Moratorium Ordinance revisions. The Landslide Moratorium Ordinance currently includes an exception category for the 16 Monks plaintiffs' lots, which grants them the ability to apply for Landslide Moratorium Exceptions (LMEs) to develop new homes on their lots. The proposed Zone 2 Landslide Moratorium Ordinance revisions sought to expand the exception category to allow the remaining 31 vacant, non-plaintiff's lots in Zone 2 to also apply for LMEs. While the Final EIR was presented to the City Council on August 5, 2014, the City Council opted not to certify the document and instead tabled the matter indefinitely.

Public Works

- Initiated and completed construction of the FY11-12 & FY12-13 Residential Street Rehabilitation projects, which resurfaced local roadways in Area 3 (neighborhoods bordered by Hawthorne Blvd and Silver Spur Rd.) and Area 5 (neighborhoods bordered by Hawthorne Blvd, Crest road and Palos Verdes Drive West). The project improvements included upgraded access ramps, micro-surface seal, asphalt concrete, root pruning, sidewalk repair, and roadway signing and striping.
- Completed the Ryan Park Restroom Improvement and Accessibility Compliance project.
- Initiated the Citywide Street Lighting Audit which will summarize and catalogue all street lights within the City and ultimately lead towards a recommendation to achieve citywide energy savings.
- Initiated construction of the Abalone Cove Shoreline Park Improvement Project which, in compliance with the Coast Vision Plan, added new park amenities including picnic tables, shade structures, landscaping, trees, benches, trash receptacles and trail improvements. The project was partially paid for by a \$332,588 grant from the Land

and Water Conservation Fund Program.

- Initiated design and Construction of the Abalone Cove Parking Lot and Building Project. This project includes ancillary improvements to the parks parking lot, staff building and restrooms that will complement the grant-funded improvements associated with the Abalone Cove Shoreline Park Improvement Project.
- Initiated the Peninsula Agencies Enhanced Watershed Management Plan and Coordinated Integrated Monitoring Plan (CIMP) as a result of MS4 permit requirements.
- Initiated Phase One of the City of RPV Accessibility Transition Plan.
- Completed construction of the FY12-13 Sidewalk Repair Program which replaced approximately 13,000 square feet of sidewalk, curb and gutter which is primarily uplifted and damaged by overgrown street trees.
- Initiated construction of the Palos Verdes Drive East Roadway Rehabilitation and Safety Improvement Project which will resurface the roadway and improve safety conditions along Palos Verdes Drive East from Ganado Drive to the northerly City limits.
- Planned and held two free document/paper shredding events for Rancho Palos Verdes residents. A total of 1,050 vehicles were served and 17.5 tons of material was shredded. Additionally, 39 tons of mulch was distributed free of charge to residents, and approximately 5 tons of obsolete electronic waste was collected.
- Completed construction of the Blackhorse Road CDBG ADA Compliant project which improved public transit accessibility for the elderly and severely disabled.
- Initiated design of the FY12-13 and FY 13-14 Residential Street Rehabilitation projects, which resurfaced local roadways in Area 1 (neighborhoods bordered by Hawthorne Blvd and Silver Spur Rd.), Area 5B (neighborhoods bordered by Hawthorne Blvd, Crest road and Palos Verdes Drive West) and Area 9 (neighborhoods bordered by Western Avenue). The project improvements included upgraded access ramps, micro-surface seal, asphalt concrete, root pruning, sidewalk repair, and roadway signing and striping.
- Initiated construction of the Ryan Park Southern Entrance Realignment and Parking Lot Expansion Project that will improve safety of the park's southern entrance and add 32 spaces on-site.
- Completed preparation of the Infrastructure Report Card and initiated the process to form the new Infrastructure Management Advisory Committee.

Parks and Recreation

- Coordinated numerous annual special events and recreational opportunities for the community. Annual events included the Whale of a Day Celebration, Egg-Stravaganza Egg Hunt, July 4th Independence Day Celebration, Shakespeare by the Sea performance, International Coastal Cleanup Day, Kids Music Fest, Meet the Goats, Local Authors Book Signing, and Breakfast with Santa. Recreational opportunities included the Paddle Tennis Tournament, Night at the Museum, Junior Ranger Program and Overnight Campout, and Coed Adult Softball League.
- Coordinated approximately 70 onsite and offsite recreation activities for REACH, the City's therapeutic program serving young adults with developmental disabilities.
- 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, fourth and sixth grade tour programs coordinated with the Palos Verdes Peninsula Unified School District, the WOW Program, the Junior Docent Program, and the educational Junior Docent Nature Series that airs on RPVTV Channel 33.
- Continued to work with the Palos Verdes Peninsula Land Conservancy and Mountains Recreation & Conservation Authority to develop the Volunteer Trail Watch Program to monitor activity and provide public education in the Palos Verdes Nature Preserve.
- Through the City's Gifts for Parks Program, continued to pursue donations to assist with Recreation and Parks facilities, operations, and special events; including the Fourth of July Celebration, REACH Program for young adults with developmental disabilities, and Point Vicente Interpretive Center exhibits and programs. The Los Serenos de Point Vicente docents assisted with fundraising for youth programs and scholarships, teaching aides, and exhibits for the Point Vicente Interpretive Center.

Administration

- Assisted with the compilation of updated and streamlined City Council Goals for 2014. Progress on completing the Goals was reported to the City Council on a monthly basis through the Weekly Administrative Report and Council Study Sessions. In addition, a status report was presented to City Council on the implementation of the recommendations of the Matrix Study commissioned in 2013.
- Supported City Council development of positions and consensus on the annual League of California Cities' conference resolutions, which were voted on by the City Council's voting delegate at the conference held in Sacramento in September 2013.
- Conducted a community outreach effort in conjunction with the search for the new City Manager, including two Town Hall meetings and an on-line opinion survey.

- Continued to work with a consultant to pursue promising grant opportunities for a variety of City projects, which resulted in over \$500,000 in grant awards during the fiscal year for roadway safety improvements and storm drain water quality projects.
- Improved the City's readiness and promoted community awareness of emergency preparedness through the following activities and programs, including:
 - o Conducted the annual Emergency Preparedness Drill at the City's Emergency Operations Center in September 2013;
 - o Hosted an emergency preparedness executive training session for elected City Council members on the Peninsula;
 - o Completed the installation of the San Pedro Hill ham radio repeater and antenna;
 - o Updated the City's All Hazards Multi-jurisdictional Mitigation Plan;
 - o Installed public facility indoor evacuation route signs and AED units at all staffed public buildings;
 - o Launched the Emergency Preparedness Committee's "Are You Ready?" web page;
 - o Produced two Public Service Announcements on emergency preparedness topics for broadcast on RPVtv;
 - o The Emergency Preparedness Committee made five "Beauty and the Beast" presentations to local homeowners associations, and,
 - o Staffed a booth at the City's 4th of July celebration, responding to hundreds of questions asked by inquisitive attendees.
- Established an Employee Safety Committee to engage and educate staff, and to promote workplace safety, thereby minimizing risk for both employees and the public at-large using public facilities and parks.
- Assisted with retaining a consultant to prepare a Classification and Compensation Study to assist the City Council in the negotiation of the next Memorandum of Understanding (MOU) with the Rancho Palos Verdes Employees' Association.
- Facilitated the adoption of the "RPV OPEN" (Open Public Engagement in Negotiations) Ordinance, which is aimed at increasing transparency in labor negotiations, informing the public of the annual cost of the current and any proposed changes to the labor contract, and providing an independent fiscal impact/financial analysis of each new proposal.
- Completed a total of 13 personnel recruitments during the fiscal year, two of which were internal promotions.
- Completed the voluntary donation from a private party of a nearly half-acre parcel in the active Portuguese Bend landslide area, and continued to pursue the acquisition of tax-defaulted properties for parkland and open space purposes from Los Angeles County.

- The City Council's permanent records (Minutes, Ordinances, and Resolutions) have been imaged and are now stored in the City's Electronic Document Management System (EDMS).
- Made significant progress on imaging Recorded Documents held in the City Clerk's Office, as well as Planning Commission Minutes and Resolutions, for use in the Electronic Document Management System (EDMS).
- Responded to a wide variety of Public Records Act requests (PRAs). The volume of requests remained relatively constant, with a slight increase from the previous year (which had increased by 23%).
- The City completed its first competitive procurement for banking services, leading to a new agreement with Bank of the West.
- Finance Staff prepared the 2013 Employee Compensation and Benefits Analysis and posted it to the City's website; including a detailed list of all employee compensation for the 2013 calendar year, which was reviewed by an independent audit firm.
- The City's Successor Agency to the Redevelopment Agency obtained approval from both the Oversight Board and the California Department of Finance for the Long-Range Property Management Plan and the City's Consolidated Loan to the former redevelopment agency. Approvals of these documents will lead to the transfer of land owned by the former redevelopment agency to the City at no cost, and repayment of the City's Consolidate Loan from the Redevelopment Property Tax Trust Fund (former property tax increment).
- Based upon Staff recommendation, the City Council adopted Policy No. 45 - Balanced Operating Budget directing that ongoing expenses should not exceed ongoing revenues.

FINANCIAL INFORMATION

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

Budgeting Controls. The City of Rancho Palos Verdes maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council and

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

Budget to Actual Comparison. The City experienced an overall \$2.8 million favorable budget variance in the General fund for the fiscal year ended June 30, 2014. Favorable revenue variances of \$1.2 million for taxes were added to a \$1 million favorable expenditure variance spread across 30 different programs. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices and the continued careful management of resources during FY13-14.

Significant Financial Events. There were no changes to financial policies that resulted in a significant impact on the June 30, 2014 financial statements.

Unfunded Pension Liability. As described more fully in the Note #8 to the Financial Statements, the City contracts with the California Public Employees Retirement System (CalPERS) for its employee pension plan. The City participates in a CalPERS risk pool for small employers with the same benefit formula. New accounting standards will require the City to report this liability on the Government-wide Statement of Net Position for the year ended June 30, 2015.

CalPERS calculated the City's unfunded pension liability at June 30, 2013 (the most recent data available) as follows.

Plan's Accrued Liability	\$ 30,383,661
Less: Plan's Share of Pool's Market Value of Assets	(23,153,182)
Plan's Unfunded Accrued Liability	<u>\$ 7,230,479</u>

OTHER INFORMATION

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

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of

1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2014, \$1,398,254 was expended on Federal financial assistance programs; and therefore a Single Audit is 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, 2013. This was the 21st consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,
Dennis McLean
Director of Finance





Spectacular coastal scenery!

CITY OF RANCHO PALOS VERDES

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2014

CITY COUNCIL

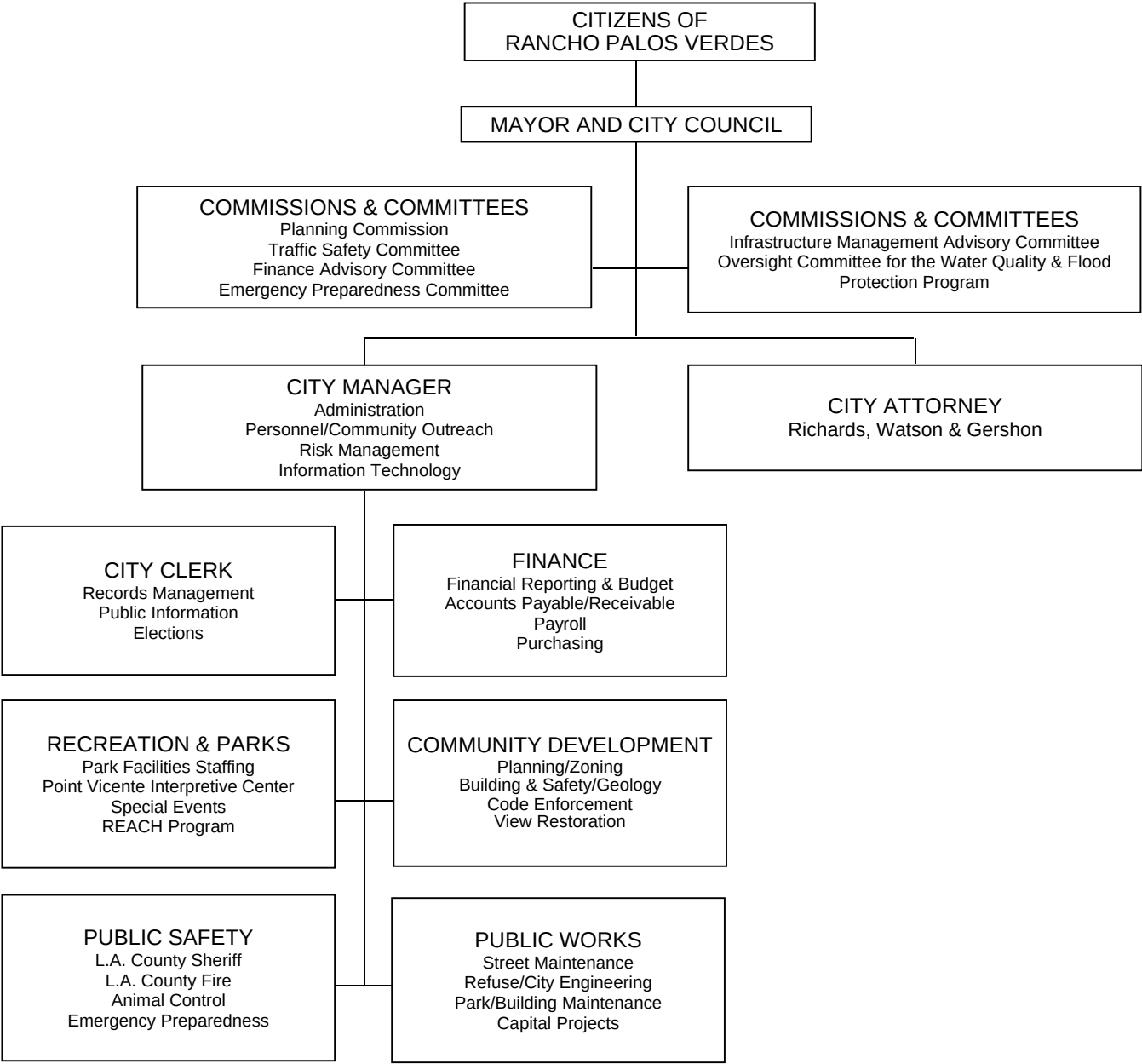
- Jerry V. Duhovic, Mayor
- James E. Knight, Mayor Pro-Tem
- Susan Brooks, Councilwoman
- Brian Campbell, Councilman
- Anthony M. Misetich, Councilman

ADMINISTRATION AND DEPARTMENT HEADS

- Acting City Manager/Deputy City ManagerCarolynn Petru
- City Clerk Carla Morreale
- Director of Finance Dennis McLean
- Community Development Director Joel Rojas
- Director of Public Works..... Michael Throne
- Director of Recreation and Parks Cory Linder
- City Attorney Richards, Watson & Gershon

CITY OF RANCHO PALOS VERDES

ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Rancho Palos Verdes
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO



Majestic view from Del Cerro Park

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California (City), as of and for the year ended June 30, 2014, 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 City'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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vanninck, Trine, Day & Co. LLP

Rancho Cucamonga, California

December 18, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS



Annual Coastal Cleanup Day at Abalone Cove

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages iv-xii of this report.

Financial Highlights

The assets of the City of Rancho Palos Verdes exceed its liabilities at the close of the Fiscal Year ended June 30, 2014, by \$207,772,464 (*Net Position*). Of this amount, \$51,996,597 (*Unrestricted Net Position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining amount is invested in capital assets or is otherwise nonexpendable, and is therefore not available to meet the City's obligations.

The City's Total Net Position increased by \$17,955,235. The primary factors for the increase are discussed below.

As of June 30, 2014, the City's Governmental Funds reported combined ending Fund Balances of \$46,681,048, an increase of \$9.3 million. An additional \$4.3 million of transient occupancy tax was accumulated for future capital improvement projects, governmental funds experienced permanent net savings of \$1.6 million, and the City received a \$1.9 million settlement from Southern California Edison.

As of June 30, 2014, unassigned fund balance for the General Fund was \$15,474,583 or 85% of General Fund expenditures. About \$13.9 million of this amount constitutes the City Council's General Fund Reserve (rainy day fund). Due to the City Council's reserve policy, the unassigned fund balance has historically been maintained at or above the policy threshold level of 50% of annually budgeted General Fund expenditures.

Overview of the Financial Statements

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

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

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rancho Palos Verdes is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent Fiscal Year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development and parks and recreation. The City's business-type activities include only the Water Quality and Flood Protection program for renewal and maintenance of the City's storm drain facilities.

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

The Government-Wide Financial Statements can be found on pages 19-21 of this report.

Fund Financial Statements. A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rancho Palos Verdes, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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, 2014. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Street Maintenance Fund, and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 24 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic Governmental Fund Financial Statements can be found on pages 22-31 of this report.

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

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. These statements can be found on pages 32-34 of this report. The Proprietary Fund Financial

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

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 35-36 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found on pages 38-68 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 70-118 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets exceeded liabilities by \$207,772,464 at June 30, 2014. By far, the largest portion of the City's Net Position (69%) reflects its net investment in Capital Assets (e.g. Land, Infrastructure, Buildings, and Equipment). The City uses these Capital Assets to provide services to its citizens; consequently, these assets are not available for future spending.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

City of Rancho Palos Verdes Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Current and other assets	\$ 62,769,636	\$ 53,347,904	\$ 6,085,923	\$ 13,021,140	\$ 68,855,559	\$ 66,369,044
Capital assets	114,426,541	113,284,447	29,557,317	18,318,980	143,983,858	131,603,427
Total assets	177,196,177	166,632,351	35,643,240	31,340,120	212,839,417	197,972,471
Long-term liabilities outstanding	350,474	363,107	-	-	350,474	363,107
Other liabilities	3,947,879	4,463,241	768,600	3,293,894	4,716,479	7,757,135
Total liabilities	4,298,353	4,826,348	768,600	3,293,894	5,066,953	8,120,242
Net Investment in capital assets	114,426,541	113,284,447	29,557,317	18,318,980	143,983,858	131,603,427
Restricted	11,792,009	1,834,957	-	-	11,792,009	1,834,957
Unrestricted	46,679,274	46,686,599	5,317,323	9,727,246	51,996,597	56,413,845
Total net position	\$ 172,897,824	\$ 161,806,003	\$ 34,874,640	\$ 28,046,226	\$ 207,772,464	\$ 189,852,229

An additional portion of the City's Net Position (\$11,792,009 or about 6%) represents a nonexpendable resource that is subject to external restrictions. The remaining balance of Unrestricted Net Position (\$51,996,597 or about 25%) may be used to meet the government's ongoing obligations to its citizens and creditors.

Total current and other assets increased by \$2.5 million. This was primarily due to the accumulation of additional transient occupancy tax to fund future capital improvement projects. Capital assets increased by \$12.4 million primarily due to grant-funded construction of projects and acquisition of land. Other liabilities decreased by \$3.1 million. At June 30, 2013, the City's Business-type Activity had a significant payable due to the contractor for the San Ramon Canyon stabilization project.

Governmental Activities. Governmental Activities increased the City's Net Position by \$11,091,821.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

City of Rancho Palos Verdes Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Program revenues:						
Charges for services	\$ 2,120,791	\$ 3,802,495	\$ 1,360,907	\$ 1,312,989	\$ 3,481,698	\$ 5,115,484
Operating contributions and grants	2,506,016	4,132,708	-	2,136,775	2,506,016	6,269,483
Capital contributions and grants	2,911,817	138,676	6,114,956	-	9,026,773	138,676
General revenues:						
Property taxes	11,991,144	11,283,864	-	-	11,991,144	11,283,864
Other taxes	11,989,460	10,543,744	-	-	11,989,460	10,543,744
Other	4,239,613	1,113,433	10,982	9,762	4,250,595	1,123,195
Total revenues	35,758,841	31,014,920	7,486,845	3,459,526	43,245,686	34,474,446
Expenses:						
Administration	7,530,278	5,533,516	-	-	7,530,278	5,533,516
Public safety	4,429,312	4,347,773	-	-	4,429,312	4,347,773
Public works	9,376,755	10,873,771	-	-	9,376,755	10,873,771
Community development	1,927,027	2,526,426	-	-	1,927,027	2,526,426
Parks and recreation	1,368,648	1,695,904	-	-	1,368,648	1,695,904
Non-departmental	35,000	-	-	-	35,000	-
Water Quality Flood Protection	-	-	658,431	594,183	658,431	594,183
Total expenses	24,667,020	24,977,390	658,431	594,183	25,325,451	25,571,573
Net of transfer in / (out)	-	(8,293,009)	-	8,293,009	-	-
(Decrease) / Increase in net position	11,091,821	(2,255,479)	6,828,414	11,158,352	17,920,235	8,902,873
Extraordinary gain/(loss)	-	(19,289,059)	-	-	-	(19,289,059)
(Decrease) / Increase in net position	11,091,821	(21,544,538)	6,828,414	11,158,352	17,920,235	(10,386,186)
Net position - beginning of fiscal year	161,806,003	183,350,541	28,046,226	16,887,874	189,852,229	200,238,415
Net position - end of fiscal year	\$ 172,897,824	\$ 161,806,003	\$ 34,874,640	\$ 28,046,226	\$ 207,772,464	\$ 189,852,229

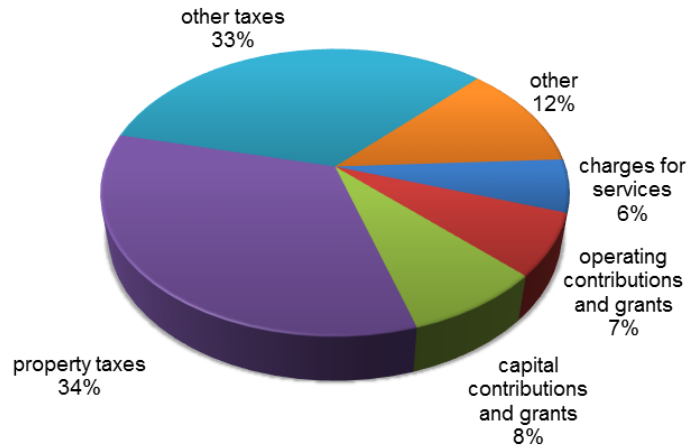
Governmental Activities Net Position increased \$11.1 million primarily due to the following.

- Government Activities accumulated an additional \$4.3 million of transient occupancy tax, which was transferred to the Capital Improvement Projects Fund to fund future projects
- Grant-funded purchases and corrections of prior land balances totaled \$2 million
- Permanent net savings due to favorable expenditure variances totaled \$1.6 million.
- The City received a litigation settlement of \$1.9 million from Southern California Edison.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

Revenues by Source – Governmental Activities



Business-Type Activities. Business-type activities increased the City's net position by about \$6.8 million, primarily due to the grant-funded construction of the San Ramon Canyon stabilization project.

Financial Analysis of Governmental Funds

As of the end of the current Fiscal Year, the City's Governmental Funds reported combined ending Fund Balances of \$46,681,048, an increase of \$9.3 million in comparison with the prior year. Approximately 96% of the combined ending Fund Balances (about \$44.7 million) constitutes spendable fund balance. The combined spendable fund balance includes negative unassigned fund deficits of \$47,633 for the Measure A special revenue fund and \$68,671 for the Community Development Block Grant. The remainder of the combined ending Fund Balances is either non-spendable due to outside legal restrictions (\$1.85 million), or non-spendable in the form of prepaid items and inventory.

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15,474,583, while total Fund Balance reached \$15,618,485. 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 58% of total General Fund uses, while total Fund Balance represents 58% of that same amount.

During Fiscal Year 13-14, the fund balance of the City's General Fund increased by \$1,110,234. This was primarily due to the litigation settlement from Southern California Edison, noted above.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

The Street Maintenance Fund Balance increased by \$357,422, primarily due to permanent expenditure savings.

The Capital Improvement Projects (CIP) Fund had an ending fund balance of \$18,011,254. Of this amount, \$10.8 million is held for projects continued from FY13-14 to FY14-15.

Financial Analysis of Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted Net Position of the Enterprise Fund at the end of the year amounted to \$5,317,323. Unrestricted Net Position of the Internal Service Funds at the end of the year amounted to \$4,007,854. The total growth in Proprietary Fund type net position was \$7,158,956 or about 77% of unrestricted Net Position.

General Fund Budgetary Highlights

The General Fund revenue budget was increased by a net amount of \$950,271, primarily due to adjustments related to the litigation settlement from Southern California Edison, noted above.

The difference between original budgeted expenditures and the final amended budget was a decrease of \$582,156; and is briefly summarized as follows:

- An increase of \$401,989 was attributable to appropriations continued from FY12-13.
- A decrease of \$1,042,056 was attributable to appropriations continued to FY14-15.
- Other immaterial adjustments resulted in net increases of \$57,911.

The City Council authorized additional General Fund transfers of about \$1.7 million for the prior year's favorable expenditure variance, as required by the City Council's Reserve Policy. The City Council increased the budgeted transfer to the Capital Improvement Projects Fund by \$269,000, in accordance with the revised estimate of transient occupancy tax revenue at Midyear. Finally, the City Council authorized an additional General Fund transfer of \$563,554 for a retrospective refund from the California Joint Powers Insurance Authority.

Capital Asset and Debt Administration

Capital Assets. The City's investment in Capital Assets for its Governmental activities as of June 30, 2014, amounts to \$114,426,541 (net of accumulated

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current fiscal year, the City's investment in governmental capital assets increased by about \$1,142,094 or about 1%.

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

- Depreciation of \$3.7 million was recorded for the City's Capital Assets.
- A total of \$2.9 million of construction in process was added for various projects.
- Land was purchased with grant funding.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2014 was \$29,557,317.

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Capital assets not being depreciated						
Land	\$ 41,932,775	\$ 39,900,962	\$ 1,428,243	\$ 1,408,493	\$ 43,361,018	\$ 41,309,455
Construction in progress	1,366,748	2,561,227	17,249,957	6,031,125	18,616,705	8,592,352
Total capital assets not being depreciated	43,299,523	42,462,189	18,678,200	7,439,618	61,977,723	49,901,807
Capital assets being depreciated, net						
Buildings	6,803,871	6,749,954	-	-	6,803,871	6,749,954
Vehicles	67,838	32,351	-	-	67,838	32,351
Computer equipment	85,322	129,854	-	-	85,322	129,854
Furniture, fixtures and equipment	59,027	87,470	-	-	59,027	87,470
Infrastructure						
Roadway system	44,555,641	44,015,361	-	-	44,555,641	44,015,361
Sewer system	7,288,292	7,742,114	-	-	7,288,292	7,742,114
Storm drain system	9,429,504	9,679,983	10,879,117	10,879,362	20,308,621	20,559,345
Park system	2,837,523	2,385,171	-	-	2,837,523	2,385,171
Total capital assets being depreciated, net	71,127,018	70,822,258	10,879,117	10,879,362	82,006,135	81,701,620
Capital Assets, net	\$ 114,426,541	\$ 113,284,447	\$ 29,557,317	\$ 18,318,980	\$ 143,983,858	\$ 131,603,427

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

Long-term debt. At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$350,474 for Employee Compensated Absences.

CITY OF RANCHO PALOS VERDES

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2014

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2014	June 30, 2013
Employee compensated absences	350,474	363,107
Total	\$ 350,474	\$ 363,107

The City's total debt decreased by \$12,633 (3%) during the current Fiscal Year, due to additional accrued leave taken by employees.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,533,583,000. Additional information on the City's long-term debt can be found in Note #6 on page 53 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax revenue accounts for about 34 percent of Government-Wide revenues. Local property values remain strong, and the City's property assessments grew by 5.35% for FY13-14.
- The Consumer Price Index for Los Angeles County increased by 1.8% for the 12 months ended June 2014. The City's original FY14-15 General Fund expenditure budget increased by 7.3% when compared to the original FY13-14 budget. Revenue in excess of budgeted expenditures (about \$6.1 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@rpv.com.

BASIC FINANCIAL STATEMENTS



One of RPV's many popular hiking trails

CITY OF RANCHO PALOS VERDES
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and investments	\$ 52,410,811	\$ 5,092,143	\$ 57,502,954
Receivables:			
Taxes	1,471,546	-	1,471,546
Interest	22,190	2,328	24,518
Notes	7,707,864	-	7,707,864
Due from other government agencies	399,737	973,971	1,373,708
Other	497,476	17,481	514,957
Inventory	40,914	-	40,914
Prepaid items	219,098	-	219,098
TOTAL CURRENT ASSETS	62,769,636	6,085,923	68,855,559
NONCURRENT ASSETS:			
Receivable from Successor Agency	12,088,604		12,088,604
Allowance for Successor Agency receivable	(12,088,604)		(12,088,604)
Capital assets			
Land	41,932,775	1,428,243	43,361,018
Construction in process	1,366,748	17,249,957	18,616,705
Capital assets, net accumulated depreciation			
Property and equipment	212,187	-	212,187
Building and improvements	6,803,871	-	6,803,871
Infrastructure	64,110,960	10,879,117	74,990,077
TOTAL NONCURRENT ASSETS	114,426,541	29,557,317	143,983,858
TOTAL ASSETS	\$ 177,196,177	\$ 35,643,240	\$ 212,839,417
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	3,452,628	765,155	4,217,783
Retentions payable	28,529	3,445	31,974
Unearned revenue	88,560	-	88,560
Deposits payable	378,162	-	378,162
TOTAL CURRENT LIABILITIES	3,947,879	768,600	4,716,479
LONG-TERM LIABILITIES:			
Due within one year	277,761	-	277,761
Due beyond one year	72,713	-	72,713
TOTAL LONG-TERM LIABILITIES	350,474	-	350,474
TOTAL LIABILITIES	4,298,353	768,600	5,066,953
NET POSITION			
Net investment in capital assets	114,426,541	29,557,317	143,983,858
Restricted	11,792,009	-	11,792,009
Unrestricted	46,679,274	5,317,323	51,996,597
TOTAL NET POSITION	\$ 172,897,824	\$ 34,874,640	\$ 207,772,464

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 7,530,278	\$ 119,615	\$ 18,466	\$ -
Public safety	4,429,312	41,647	100,000	
Public works	9,376,755	169,380	2,375,920	2,911,817
Community development	1,927,027	1,772,499	11,630	
Parks and recreation	1,368,648	17,650		
Non-departmental	35,000			
Total governmental activities	24,667,020	2,120,791	2,506,016	2,911,817
Business-type Activity:				
Water Quality Flood Protection	658,431	1,360,907	-	6,114,956
Total primary government	\$ 25,325,451	\$ 3,481,698	\$ 2,506,016	\$ 9,026,773

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

See accompanying notes to financial statements.

Net Revenue (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
\$ (7,392,197)	\$ -	\$ (7,392,197)
(4,287,665)	-	(4,287,665)
(3,919,638)	-	(3,919,638)
(142,898)	-	(142,898)
(1,350,998)	-	(1,350,998)
(35,000)	-	(35,000)
<u>(17,128,396)</u>	<u>-</u>	<u>(17,128,396)</u>
 -	 6,817,432	 6,817,432
<u>(17,128,396)</u>	<u>6,817,432</u>	<u>(10,310,964)</u>
 11,991,144	 -	 11,991,144
4,250,086	-	4,250,086
1,642,381	-	1,642,381
1,998,213	-	1,998,213
2,509,524	-	2,509,524
1,589,256	-	1,589,256
94,228	10,982	105,210
<u>4,145,385</u>	<u>-</u>	<u>4,145,385</u>
<u>28,220,217</u>	<u>10,982</u>	<u>28,231,199</u>
11,091,821	6,828,414	17,920,235
<u>161,806,003</u>	<u>28,046,226</u>	<u>189,852,229</u>
<u>\$ 172,897,824</u>	<u>\$ 34,874,640</u>	<u>\$ 207,772,464</u>

CITY OF RANCHO PALOS VERDES

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	General	Special Revenue Street Maintenance	Capital Projects Capital Improvements
ASSETS			
Cash and investments	\$ 16,204,990	\$ 1,555,532	\$ 18,649,491
Receivables:			
Taxes	1,325,960	129,484	
Interest	8,936	190	6,052
Due from other government agencies	14,915	2,059	107,476
Other	413,389	17,125	
Due from other funds	76,063		
Inventory	40,914		
Prepaid items	102,988		
Receivable from Successor Agency	12,088,604		
Allowance for Successor Agency receivable	(12,088,604)		
TOTAL ASSETS	\$ 18,188,155	\$ 1,704,390	\$ 18,763,019
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,090,540	\$ 432,245	\$ 625,388
Due to other funds			
Retentions payable	9,628		18,901
Unearned revenue	88,560		
Deposits payable	378,162		
TOTAL LIABILITIES	2,566,890	432,245	644,289
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	2,780	250	107,476
TOTAL DEFERRED INFLOWS OF RESOURCES	2,780	250	107,476
FUND BALANCES			
Non-Spendable			
Endowment principal			
Reimbursement settlement agreement			
Prepaid items	102,988		
Inventory	40,914		
Habitat restoration			
Restricted		1,271,895	
Committed			
Assigned			18,011,254
Unassigned	15,474,583		
TOTAL FUND BALANCES	15,618,485	1,271,895	18,011,254
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 18,188,155	\$ 1,704,390	\$ 18,763,019

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 12,039,149	\$ 48,449,162
16,102	1,471,546
5,222	20,400
275,287	399,737
63,475	493,989
	76,063
	40,914
	102,988
	12,088,604
	(12,088,604)
<u>\$ 12,399,235</u>	<u>\$ 51,054,799</u>
\$ 229,273	\$ 3,377,446
76,063	76,063
	28,529
	88,560
	378,162
<u>305,336</u>	<u>3,948,760</u>
314,485	424,991
<u>314,485</u>	<u>424,991</u>
750,000	750,000
1,000,000	1,000,000
	102,988
	40,914
95,194	95,194
8,674,920	9,946,815
58,235	58,235
1,317,369	19,328,623
(116,304)	15,358,279
<u>11,779,414</u>	<u>46,681,048</u>
<u>\$ 12,399,235</u>	<u>\$ 51,054,799</u>

CITY OF RANCHO PALOS VERDES

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

June 30, 2014

Fund balances - total governmental funds	\$ 46,681,048
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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.	114,214,354
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Receivables not available to pay for current period expenditures are reported as unavailable revenue in the funds.	424,991
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Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	7,707,864
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(350,474)
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Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position.	<u>4,220,041</u>
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Net position of governmental activities	<u><u>\$ 172,897,824</u></u>
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See accompanying notes to financial statements.



Randall Simmons Memorial Bridge at Marilyn Ryan Sunset Point Park

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	General	Special Revenue Street Maintenance	Capital Projects Capital Improvements
REVENUES:			
Taxes	\$ 23,167,189	\$ -	\$ -
Licenses and permits	1,950,736		
Revenue from other agencies	32,083	1,352,927	1,691,697
Charges for services	264,047	3,000	
Fines and forfeitures	128,747		
Use of money and property	797,657	1,389	25,415
Other revenues	1,489,330	25,945	
TOTAL REVENUES	27,829,789	1,383,261	1,717,112
EXPENDITURES:			
Current			
Administration	5,792,166		
Public safety	4,492,312		
Public works	3,613,029	2,089,535	
Community development	2,633,564		
Parks and recreation	1,573,114		
Non-departmental	35,000		
Capital Outlay			4,113,027
TOTAL EXPENDITURES	18,139,185	2,089,535	4,113,027
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,690,604	(706,274)	(2,395,915)
OTHER FINANCING SOURCES (USES):			
Transfers in	167,441	1,063,696	8,841,552
Transfers out	(8,747,811)		
TOTAL OTHER FINANCING SOURCES (USES)	(8,580,370)	1,063,696	8,841,552
NET CHANGE IN FUND BALANCE	1,110,234	357,422	6,445,637
FUND BALANCE - BEGINNING OF YEAR	14,508,251	914,473	11,565,617
FUND BALANCE - END OF YEAR	\$ 15,618,485	\$ 1,271,895	\$ 18,011,254

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 813,417	\$ 23,980,606
	1,950,736
2,224,580	5,301,287
55,708	322,755
	128,747
21,540	846,001
1,552,971	3,068,246
4,668,216	35,598,378
	5,792,166
	4,492,312
1,908,087	7,610,651
6,098	2,639,662
	1,573,114
	35,000
	4,113,027
1,914,185	26,255,932
2,754,031	9,342,446
351,700	10,424,389
(1,731,488)	(10,479,299)
(1,379,788)	(54,910)
1,374,243	9,287,536
10,405,171	37,393,512
\$ 11,779,414	\$ 46,681,048

CITY OF RANCHO PALOS VERDES

FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Net change in fund balances - total governmental funds	\$ 9,287,536
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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	4,796,987
Depreciation expense	(3,617,405)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	99,546
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Increases in long-term notes receivable use current financial resources and are included in the expenditures of governmental funds. Repayments of long-term notes receivable provide current financial resources and are included in the revenues of governmental funds. These changes in notes receivable are not reflected in the revenues or expenses of the Statement of Activities. This amount represents the net change in the long-term notes receivable.	181,982
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Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	12,633
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Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The net revenues/(expenses) of the internal service funds are reported with governmental activities.	330,542
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Change in net position of governmental activities	<u>\$ 11,091,821</u>
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See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

GENERAL FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 21,804,700	\$ 21,968,438	\$ 23,167,189	\$ 1,198,751
Licenses and permits	1,786,900	1,786,900	1,950,736	163,836
Revenue from other agencies	27,000	27,000	32,083	5,083
Charges for services	297,700	297,700	264,047	(33,653)
Fines and forfeitures	115,500	115,500	128,747	13,247
Use of money and property	670,790	746,790	797,657	50,867
Other revenues	32,100	742,633	1,489,330	746,697
TOTAL REVENUES	24,734,690	25,684,961	27,829,789	2,144,828
EXPENDITURES:				
Administration				
City council	149,100	149,100	137,169	11,931
City manager	940,800	973,823	973,378	445
Legal services	1,045,000	1,187,542	1,186,947	595
City clerk	611,250	645,544	643,145	2,399
Community outreach	80,574	83,769	80,017	3,752
RPV TV	103,400	154,687	153,443	1,244
Risk management	475,000	475,000	467,248	7,752
Personnel	259,050	332,645	314,837	17,808
Finance	1,442,700	1,419,700	1,407,151	12,549
Information technology - data	533,800	548,800	356,593	192,207
Information technology - voice	99,300	99,300	72,238	27,062
Total Administration	5,739,974	6,069,910	5,792,166	277,744
Public Safety				
Sheriff services	4,254,200	4,177,601	4,177,601	-
Special safety programs	104,500	104,500	61,839	42,661
Animal control	88,000	88,000	81,346	6,654
Emergency preparedness	236,100	179,617	171,526	8,091
Total Public Safety	4,682,800	4,549,718	4,492,312	57,406
Public Works				
Public works administration	2,161,000	2,091,000	1,966,202	124,798
Traffic management	296,000	100,000	76,611	23,389
Storm water quality	405,500	245,005	212,053	32,952
Public building maintenance	596,600	576,600	402,120	174,480
Parks/trails/open space maintenance	1,351,130	1,035,355	904,917	130,438
Sewer maintenance	68,000	68,000	51,126	16,874
Total Public Works	4,878,230	4,115,960	3,613,029	502,931

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

GENERAL FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community Development				
Planning	1,315,840	1,334,360	1,311,995	22,365
Building & safety services	670,700	645,980	626,386	19,594
Code enforcement	214,900	214,900	212,381	2,519
View restoration/preservation	381,300	381,300	335,870	45,430
Natural Community Conservation Plan	-	15,260	15,260	-
Geology	150,000	150,000	131,672	18,328
Total Community Development	2,732,740	2,741,800	2,633,564	108,236
Parks and Recreation				
Recreation administration	663,650	663,650	653,202	10,448
Recreation facilities	464,700	469,600	463,195	6,405
Special events	88,350	112,150	91,629	20,521
Point Vicente Interpretive Center	404,875	350,375	330,967	19,408
REACH	39,100	39,100	34,121	4,979
Total Parks and Recreation	1,660,675	1,634,875	1,573,114	61,761
Non-departmental	-	-	35,000	(35,000)
TOTAL EXPENDITURES	19,694,419	19,112,263	18,139,185	973,078
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,040,271	6,572,698	9,690,604	3,117,906
OTHER FINANCING SOURCES (USES):				
Transfers in	210,000	210,000	167,441	(42,559)
Transfers out	(5,904,814)	(8,446,425)	(8,747,811)	(301,386)
TOTAL OTHER FINANCING SOURCES (USES)	(5,694,814)	(8,236,425)	(8,580,370)	(343,945)
NET CHANGE IN FUND BALANCE	(654,543)	(1,663,727)	1,110,234	2,773,961
FUND BALANCE - BEGINNING OF YEAR	14,508,251	14,508,251	14,508,251	-
FUND BALANCE - END OF YEAR	\$ 13,853,708	\$ 12,844,524	\$ 15,618,485	\$ 2,773,961

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

STREET MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ 1,267,695	\$ 1,267,695	\$ 1,352,927	\$ 85,232
Charges for services	4,000	4,000	3,000	(1,000)
Use of money and property	2,730	2,730	1,389	(1,341)
Other revenues	20,000	20,000	25,945	5,945
TOTAL REVENUES	1,294,425	1,294,425	1,383,261	88,836
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,635,279	1,610,279	1,464,285	145,994
Traffic signal maintenance	109,000	109,000	100,273	8,727
Portuguese Bend road maintenance	552,400	542,400	524,977	17,423
TOTAL EXPENDITURES	2,296,679	2,261,679	2,089,535	172,144
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,002,254)	(967,254)	(706,274)	260,980
OTHER FINANCING SOURCES (USES):				
Transfers in	1,082,000	1,082,000	1,063,696	(18,304)
NET CHANGE IN FUND BALANCE	79,746	114,746	357,422	242,676
FUND BALANCE - BEGINNING OF YEAR	914,473	914,473	914,473	-
FUND BALANCE - END OF YEAR	\$ 994,219	\$ 1,029,219	\$ 1,271,895	\$ 242,676

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2014

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 5,092,143	\$ 3,961,649
Receivables:		
Interest	2,328	1,790
Due from other government agencies	973,971	-
Other	17,481	3,487
Prepaid items	-	116,110
TOTAL CURRENT ASSETS	6,085,923	4,083,036
NONCURRENT ASSETS:		
Capital assets, not being depreciated		
Land	1,428,243	
Construction in process	17,249,957	
Capital assets		
Property and equipment	11,813	1,376,156
Infrastructure	12,286,056	
Accumulated depreciation	(1,418,752)	(1,163,969)
TOTAL NONCURRENT ASSETS	29,557,317	212,187
TOTAL ASSETS	\$ 35,643,240	\$ 4,295,223
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	765,155	75,182
Retentions payable	3,445	
TOTAL LIABILITIES	768,600	75,182
NET POSITION		
Net investment in capital assets	29,557,317	212,187
Unrestricted	5,317,323	4,007,854
TOTAL NET POSITION	\$ 34,874,640	\$ 4,220,041

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 1,360,907	\$ 2,724,725
OPERATING EXPENSES:		
Personnel services	136,867	1,955,449
Materials and supplies	12	164,474
Maintenance	269,429	229,716
Depreciation	252,123	121,825
TOTAL OPERATING EXPENSES	658,431	2,471,464
OPERATING INCOME (LOSS)	702,476	253,261
NON-OPERATING REVENUES:		
Other revenues	6,114,956	14,655
Investment income	10,982	7,716
TOTAL NON-OPERATING REVENUES	6,125,938	22,371
INCOME (LOSS) BEFORE TRANSFERS	6,828,414	275,632
TRANSFER IN (OUT)	-	54,910
CHANGE IN NET POSITION	6,828,414	330,542
NET POSITION - BEGINNING OF YEAR	28,046,226	3,889,499
NET POSITION - END OF YEAR	\$ 34,874,640	\$ 4,220,041

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended June 30, 2014

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ 2,724,725
Receipts from storm drain user fees	1,368,966	-
Payments to suppliers	(269,441)	(342,544)
Payments to employees	(137,523)	(1,954,810)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	962,002	427,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(6,727,338)	(69,682)
Transfer from other funds	-	54,910
NET CASH PROVIDED (USED) BY CAPITAL AND FINANCING ACTIVITIES	(6,727,338)	(14,772)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	10,567	8,039
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,754,769)	420,638
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	10,846,912	3,541,011
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,092,143	\$ 3,961,649
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 702,476	\$ 253,261
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	252,123	121,825
Changes in operating assets and liabilities:		
Decrease (increase) in other receivable	8,059	403
Decrease (increase) in prepaid items		91,966
Increase (decrease) in accrued liabilities	(656)	(40,084)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 962,002	\$ 427,371

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND**

June 30, 2014

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund	
ASSETS		
Cash and investments	\$	528,852
Receivables:		
Interest		210
Notes		104,936
Prepaid items		438,794
Land		154,800
TOTAL ASSETS		1,227,592
LIABILITIES		
Accounts payable and accrued liabilities		1,824
Short-term liability		
Due within one year - bond payable		155,000
Long-term liabilities		
Due beyond one year - Portuguese Bend		8,627,610
Due beyond one year - Abalone Cove		3,460,994
Due beyond one year - bond payable		4,655,000
TOTAL LIABILITIES		16,900,428
NET POSITION (DEFICIT) HELD IN TRUST	\$	(15,672,836)

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Successor Agency to the Rancho Palos Verdes Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS	
Taxes	\$ 360,352
Use of money and property	864
TOTAL ADDITIONS	361,216
DEDUCTIONS	
Administration	150,804
Debt interest and fiscal charges	273,901
TOTAL DEDUCTIONS	424,705
CHANGE IN NET POSITION	(63,489)
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(15,609,347)
NET POSITION (DEFICIT) - END OF YEAR	\$ (15,672,836)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

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

Participation in Public Entity Jointly Controlled Government

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

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

B. Description of Funds

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

Governmental Fund Types

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

Proprietary Fund Types

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

Fiduciary Fund Type

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

C. Basis of Accounting/Measurement Focus

Government – Wide Financial Statements

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Under the "current financial resources" measurement focus, generally only current assets and current liabilities are reported on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end, taxpayer-assessed taxes such as

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

The City reports the following major governmental funds

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

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

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

Proprietary Fund Financial Statements

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

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

The City uses the internal service funds to finance and account for goods and services provided by one City department to other City departments, including the purchase and maintenance of equipment, replacement of buildings and payment of employee benefits. The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are

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

The City reports the following major enterprise fund

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary fund

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

D. Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level. Throughout the year, the City Council made several supplementing budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and Permanent funds. These adjustments resulted in a net appropriation increase in the amount of \$7,618,353. This increase was primarily a result of appropriations continued from FY12-13 in the amount of \$28.7 million, an increase to the appropriation for the Palos Verdes Drive East rehabilitation project in the amount of \$962,143, appropriation of the Malaga Canyon open space land purchase for \$1.1 million, and appropriations continued to FY14-15 in the amount of \$23.6 million.

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

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

E. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

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

F. Employee Compensated Absences

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

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

G. Investments

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

H. Cash and Cash Equivalents

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

I. Claims and Judgments

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

The City's self-insurance program is administered through the California Joint Powers Authority (the CJPIA), which is described at Note #9. The CJPIA is a public entity risk pool. The City records amounts deposited with CJPIA as insurance expenditures in the General Fund 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 \$219,098 (\$102,988 in governmental funds and \$116,110 in internal service funds) of prepaid items as of June 30, 2014.

K. Estimates

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

L. Use of Restricted Resources

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

M. Deferred Inflows and Outflows

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

N. New Pronouncements

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. In March 2012, the GASB established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The statement has been implemented with the June 30, 2014 financial statements.

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

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. In January 2013, the GASB established accounting and financial reporting standards related to government combinations and disposals of government operations; including a variety of transactions referred to as mergers,

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

acquisitions, and transfers of operations. This statement is not effective until June 30, 2015. The City has not determined its effect on the financial statements.

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

NOTE #2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2014, 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	\$ 57,502,954	\$ 528,852	\$ 58,031,806

Cash and investments as of June 30, 2014 consist of the following:

Petty Cash	\$ 2,500
Deposits with Financial Institution	10,229,118
Local Agency Investment Fund (LAIF)	47,800,188
	<u>\$ 58,031,806</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Amount or Percent of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	3 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	15%	None
Money Market Mutual Funds	N/A	15%	15%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Savings/Demand Deposits	N/A	\$5 million	15%

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

On June 30, 2014, the City held demand deposits of \$9,029,118. Per the investment policy, amounts may exceed \$5 million or 15% for no more than thirty days if the accounts are to hold monies being transitioned. The City was in the process of transitioning bank services as directed by the City Council. The balance was reduced to below the \$5 million amount by August 2014.

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	
	12 Months or Less	
Local Agency Investment Fund (LAIF)	\$	47,800,188

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the City of Rancho Palos Verdes contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2014, the City's investments in LAIF were exempt from concentration of credit risk disclosure.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

in the possession of another party. The California Government Code and the City of Rancho Palos Verdes' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

Of the City's deposits with financial institutions, \$8,554,456 was in excess of federal depository insurance limits. The uninsured deposits were held by financial institutions, which are legally required by the California Government Code to collateralize the City's deposits as noted above.

Investment in Local Agency Investment Fund (LAIF)

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

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

NOTE #3 – INTERFUND TRANSACTIONS

Interfund balances consisted of the following at June 30, 2014:

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

		Due To
Due From		General Fund
	Measure A Fund	\$ 47,633
	CDBG Fund	28,430
	Total:	<u>\$ 76,063</u>

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

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2014, consisted of the following:

		Transfer From		
Transfer To		General Fund	Other Governmental Funds	Totals
	General Fund	\$ -	\$ 167,441	\$ 167,441
	Street Maintenance	-	1,063,696	1,063,696
	Capital Improvement Projects	8,396,111	445,441	8,841,552
	Other Governmental Funds	351,700	-	351,700
	Internal Service Funds	-	54,910	54,910
	Totals:	<u>\$ 8,747,811</u>	<u>\$ 1,731,488</u>	<u>\$10,479,299</u>

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

The General Fund transferred \$8,396,111 to the Capital Improvement Projects (CIP) Fund. The transfer included \$5,959,143 of funding for the CIP Reserve for future infrastructure projects, as required by the City Council's Reserve Policy; an additional \$563,554 for future projects as directed by City Council; and \$1,873,414 of funding for the annual residential street rehabilitation program. The Street Maintenance Fund received \$1,063,696, which includes transfers of: \$190,000 from the 1972 Act Fund for street landscape maintenance; \$211,404 from the Beautification Fund for median maintenance; \$41,292 from the Waste Reduction Fund, of which \$30,000 is for mulch from tree trimming and \$11,292 is for litter

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

abatement from medians; \$99,000 from the 1911 Act Fund for traffic signal maintenance; and \$522,000 of Proposition C money for roadway maintenance within the landslide area.

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, 2014.

Governmental Activities	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 39,900,962	2,031,813		\$ 41,932,775
Construction in progress	2,561,227	2,900,258	(4,094,737)	1,366,748
Total capital assets not being depreciated	<u>42,462,189</u>	<u>4,932,071</u>	<u>(4,094,737)</u>	<u>43,299,523</u>
Capital assets being depreciated:				
Building and improvements	9,379,539	267,799		9,647,338
Vehicles	301,919	54,910	(47,709)	309,120
Computer equipment	738,724	29,427	(72,078)	696,073
Furniture, fixtures and equipment	549,735		(178,772)	370,963
Infrastructure				
Roadway system	90,717,588	3,075,743		93,793,331
Sewer system	25,965,995			25,965,995
Storm drain system	13,148,416			13,148,416
Parks system	6,849,972	616,111		7,466,083
Total capital assets being depreciated	<u>147,651,888</u>	<u>4,043,990</u>	<u>(298,559)</u>	<u>151,397,319</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,629,585)	(213,882)		(2,843,467)
Vehicles	(269,568)	(19,423)	47,709	(241,282)
Computer equipment	(608,870)	(73,959)	72,078	(610,751)
Furniture, fixtures and equipment	(462,265)	(28,443)	178,772	(311,936)
Infrastructure				
Roadway system	(46,702,227)	(2,535,463)		(49,237,690)
Sewer system	(18,223,881)	(453,822)		(18,677,703)
Storm drain system	(3,468,433)	(250,479)		(3,718,912)
Parks system	(4,464,801)	(163,759)		(4,628,560)
Total accumulated depreciation	<u>(76,829,630)</u>	<u>(3,739,230)</u>	<u>298,559</u>	<u>(80,270,301)</u>
Total capital assets being depreciated, net	<u>70,822,258</u>	<u>304,760</u>	<u>-</u>	<u>71,127,018</u>
Governmental activities capital assets, net	<u>\$ 113,284,447</u>	<u>5,236,831</u>	<u>(4,094,737)</u>	<u>\$ 114,426,541</u>

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Administration (depreciation of buildings)	\$ 213,882
Public Works (depreciation of roadways, sewers, and storm drains)	3,239,764
Recreation Services (depreciation of parks system)	163,759
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>121,825</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,739,230</u>

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,408,493	19,750		\$ 1,428,243
Construction in progress	6,031,125	11,470,710	(251,878)	17,249,957
Total capital assets not being depreciated	<u>7,439,618</u>	<u>11,490,460</u>	<u>(251,878)</u>	<u>18,678,200</u>
Capital assets being depreciated:				
Equipment	11,813			11,813
Storm drain system	12,034,178	251,878		12,286,056
Total capital assets being depreciated	<u>12,045,991</u>	<u>251,878</u>	<u>-</u>	<u>12,297,869</u>
Less accumulated depreciation for:				
Equipment	(11,813)			(11,813)
Storm drain system	(1,154,816)	(252,123)		(1,406,939)
Total accumulated depreciation	<u>(1,166,629)</u>	<u>(252,123)</u>	<u>-</u>	<u>(1,418,752)</u>
Total capital assets being depreciated, net	<u>10,879,362</u>	<u>(245)</u>	<u>-</u>	<u>10,879,117</u>
Business-type activities capital assets, net	<u>\$18,318,980</u>	<u>11,490,215</u>	<u>(251,878)</u>	<u>\$29,557,317</u>

Depreciation expense of \$252,123 is included in the Water Quality Flood Protection enterprise fund.

NOTE #5 – LONG-TERM NOTES RECEIVABLE

	Governmental Activities
Long-Term Notes Receivable	<u>\$ 7,707,864</u>
	Long-Term Notes Receivable
City Affordable Housing In-Lieu	\$ 1,420,382
City Low-Moderate Income Housing	5,755,928
Community Development Block Grant	531,554
Subtotal:	<u>7,707,864</u>
Receivable from Successor Agency	12,088,604
Allowance from Successor Agency receivable	<u>(12,088,604)</u>
Total Long-Term Notes Receivable:	<u>\$ 7,707,864</u>

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

Affordable Housing

In March 2009, the former Redevelopment Agency (RDA) entered into a Disposition and Development Agreement (DDA) with AMCAL Mirandela Fund LP (AMCAL). 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 \$779,447 at June 30, 2014 was \$7,049,990.

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, 2014 is \$531,554.

NOTE #6 – LONG-TERM DEBT

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due in One Year
Employee Compensated Absences	363,107	275,141	(287,774)	350,474	277,761

Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$277,761 estimated to be the amount that will be used and/or paid out during the fiscal year ended June 30, 2015.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE #7 – CLASSIFICATIONS OF NET POSITION AND FUND BALANCE

Government-Wide Financial Statements

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

Net Investment in Capital Assets

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

Restricted Net position

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

Unrestricted Net position

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

Fund Financial Statements

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

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

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

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Assigned – Amounts the City Council *intends* to use for a specific purpose, which is expressed by the City Council via minute order.

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

The City's governmental fund balances were classified as follows at June 30, 2014:

	General Fund	Street Maintenance Fund	Capital Improvement Fund	Other Governmental Funds
Nonspendable:				
In Form (inventory and prepaid)	\$ 143,902	\$ -	\$ -	\$ -
Legally	-	-	-	1,750,000
Habitat Restoration	-	-	-	95,194
Restricted				
Public Works	-	1,271,895	-	8,674,920
Committed				
Public Works	-	-	-	58,235
Assigned	-	-	18,011,254	1,317,369
Unassigned:				
Rainy Day Fund	13,839,226	-	-	-
Continued Appropriations	1,042,056	-	-	-
Utility User Tax Claim Account	593,301	-	-	-
Deficit Fund Balance	-	-	-	(116,304)
Governmental Fund Balance Totals	<u>\$ 15,618,485</u>	<u>\$ 1,271,895</u>	<u>\$ 18,011,254</u>	<u>\$ 11,779,414</u>

Non-spendable Fund Balance

- General Fund assets include \$40,914 of inventory held for resale at the Point Vicente Interpretive Center gift shop, and \$102,988 of prepayments for expenditures related to the fiscal year ended June 30, 2015.
- 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 \$95,194 represents 9 years of annual \$10,000 contributions plus interest earnings.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

- The \$18,011,254 balance of the Capital Improvement Projects Fund has been assigned for the planning, design and construction of infrastructure projects.
- The \$793,921 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 \$523,448 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 \$13,874,226 at June 30, 2014.
- On September 2, 2014, the City Council adopted a resolution to carry forward \$1,042,056 of fiscal year 2013-14 General Fund appropriations to fiscal year 2014-15.
- On August 19, 2014, the City Council adopted a resolution to create a Utility User Tax (UUT) Claim Account, funded with telecommunications revenue received since August 13, 2013 (see further discussion in Note #10). The calculated estimate of Telecommunications UUT received from August 13, 2013 through June 30, 2014 is \$593,301.
- Deficit fund balances of \$47,633 in the Measure A Fund and \$68,671 in the Community Development Block Grant Fund have been reported as unassigned.

NOTE #8 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS

Pension Plan Description

The City provides a defined benefit pension plan that includes retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City contracts with the California Public

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Employee's Retirement System (CalPERS), a cost-sharing, multi-employer public employee defined benefit pension plan administered by CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes, within the Public Employees' Retirement Law, establish benefit provisions and other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814 or downloaded from their website at www.calpers.gov.

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

Pension Plan Funding Policy

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

Active City employees are required to contribute the full "employee" share of pension cost (8% of their annual covered salary for 1st Tier coverage, 7% for 2nd Tier coverage, and 6.25% for 3rd Tier coverage). The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. During the fiscal year ended June 30, 2014, the City's contribution rates for the Pension Plan were as follows.

Percentage of Covered Payroll	
1st Tier	14.66%
2nd Tier	8.05%
3rd Tier	6.25%

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

<u>Year Ended</u>	<u>Annual Pension Cost Employer Contribution</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$847,847	100%	0
June 30, 2013	\$698,501	100%	0
June 30, 2012	\$658,481	100%	0

Retirement Health Savings Plan

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

The City has no obligation to make contributions to the Plan, but as part of the annual budget process the City may elect to make contributions to the Plan. Employees are required to contribute 1% of their gross wages to their account, which is owned by the employee. During the fiscal year ended June 30, 2014, the City contributed a total of \$68,767 to employee accounts.

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

NOTE #9 - LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Self-Insurance Programs of the CJPIA

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

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

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

Workers' Compensation

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

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

Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City 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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

City of Rancho Palos Verdes property currently has all-risk property insurance protection in the amount of \$14,975,087. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City 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 \$14,715,495. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

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

Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City 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 fiscal year 2013-14.

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

ultimate liability for these legal actions and claims will not have a material adverse effect on the City's financial statements. The City is also a defendant in legal actions for which the potential losses would not be covered through participation in CJPIA. Legal actions that could result in an unfavorable outcome material to the City's financial statements are discussed below.

Claim for Utility User Tax Refund

On August 13, 2014, a City resident taxpayer filed a class action lawsuit pertaining to the collection of the City's 3% Utility User Tax (UUT) on telecommunications services. The complaint seeks refund of telecommunications UUT back to August 1, 2006, plus interest, estimated at more than \$5 million. However, the City's Municipal Code limits claims for tax refunds to one year. On August 19, 2014, the City Council took action to immediately suspend collection of telecommunications UUT, and transfer all such revenue received since August 13, 2013 (the beginning of the one year claim period) to a UUT Claim Account to be used for refunds to taxpayers (discussed further in Note #7). At June 30, 2014, the balance of the Claim Account is \$593,301. Any telecommunications revenue received during the fiscal year ended June 30, 2015 will also be deposited to the Claim Account. No liability has been recorded for telecommunications UUT collected prior to the beginning of the one-year claim period allowed by the City's Municipal Code.

Green Hills Memorial Park

In 2007, the City's Planning Commission approved revisions to a master development plan for Green Hills Memorial Park; which included construction of a mausoleum along the Park's northern property line, including a reduction of the setback from the property line from eighty (80) feet to eight (8) feet. The adjacent property to the north is the Vista Verde condominium project in the City of Lomita. The Park constructed the mausoleum. The City is currently reviewing the issue and may determine that approval for the mausoleum should be rescinded. The City's decision may result in a lawsuit for damages by either the Park or the condominium project; which, in either case, may be significant. The City will defend itself vigorously in this matter. No liability has been recorded for the potential lawsuit.

NOTE #11 – PROPERTY TAXES

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

NOTE #12 – UNAVAILABLE AND UNEARNED REVENUES

The unavailable and unearned revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2014 consisted of the following:

Revenue Measurable but Not Available (beyond 60 days):

General Fund	\$	2,780
Street Maintenance Fund		250
Capital Improvement Projects Fund		107,476
Other Governmental Funds		<u>314,485</u>
Total Unavailable Revenues	\$	<u>424,991</u>

Advance balance on federal grant - NCCP

General Fund	Total Unearned Revenue	\$	<u>88,560</u>
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NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following funds had deficit fund balances as of June 30, 2014:
Other Governmental Funds:

Measure A Special Revenue Fund	\$47,633
Community Development Block Grant Special Revenue Fund	\$68,671

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

The following budget program had expenditures in excess of the budget for the year ended June 30, 2014, as follows:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund Non-departmental	\$0	\$35,000	\$35,000

NOTE #14 – SUCCESSOR AGENCY

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

Non-Liquid Assets

The following non-liquid assets are included in the records of the Successor Agency.

Note receivable from:

Portuguese Bend Club Homeowners Association	\$104,936
Prepaid item	438,794
Land	<u>154,800</u>
Total Non-Liquid Assets	<u>\$698,530</u>

In 1999, the former Redevelopment Agency extended a \$750,000 construction loan to the Portuguese Bend Club Homeowners Association. The note is non-interest bearing, and is to be repaid in 180 equal installments beginning in July 2001. The Association is scheduled to continue making monthly payments of \$4,167 through August 2016, and the balance of the note receivable at June 30, 2014 is \$104,936.

Prior to redevelopment dissolution, the County of Los Angeles pursuant to a Memorandum of Understanding dated November 1, 1997 (discussed below) impounded property tax increment allocated to the former redevelopment agency for payment of debt owed to the County. The balance of the impounded tax increment not yet been applied to debt at June 30, 2014 is \$419,963, which is included in the prepaid amount of \$438,794 reported above.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

The former Redevelopment Agency owned a number of parcels in the landslide area of the City. Parcels totaling approximately 124 acres which are identified as Abalone Cove Shoreline Park and adjacent open space were transferred from the County of Los Angeles at no cost. The remaining parcels which provide right-of-way access into the landslide area were originally purchased at a total cost of \$154,800. At June 30, 2013, the land asset recorded in the financial statements of \$166,296 mistakenly included two parcels that were not owned by the former Redevelopment Agency. The parcels had been acquired by the City through sales of tax-defaulted property in 2007 and 2010 for a total cost of \$11,496. The error was discovered when a title search was performed during preparation of the Long-Term Property Management Plan, as required by state dissolution law.

Debt Summary

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 8,606,181	\$ 21,429		\$ 8,627,610	
Abalone Cove	3,452,397	8,597		3,460,994	
Due to County:					
Tax Increment Bond	4,945,000		(135,000)	4,810,000	155,000
Deferred Interest Payable	62,294		(62,294)	-	
Totals	<u>\$ 17,065,872</u>	<u>\$ 30,026</u>	<u>\$ (197,294)</u>	<u>\$ 16,898,604</u>	<u>\$ 155,000</u>

Consolidated Loan from City

The City entered into an agreement to provide the former Redevelopment Agency (RDA) operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA required in carrying out its function under the community redevelopment law. The former RDA was to repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue became available. Pursuant to redevelopment dissolution law, loans from cities to redevelopment agencies made more than two years after formation of the redevelopment agency are not recognized obligations. Therefore, the Consolidated Loan from the City has been previously disallowed on the Successor Agency's Recognized Obligation Payment Schedule (ROPS). However, AB1484 provides a method to secure recognition of the City's Consolidated Loan as an obligation of the Successor Agency. Upon completion of various independent reviews and transfers of funds to Los Angeles County, the Successor Agency received a "Finding of Completion" on April 26, 2013. On December 11, 2013, the Oversight Board made a finding that the Consolidated Loan from the City was made for legitimate redevelopment purposes. City Management expects that \$72,915 of RPTTF revenue will be available to begin repayment of the City's Consolidated Loan during the fiscal year ended June 30, 2015. As required

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

by dissolution law, twenty percent of the amount available will be deposited into the City's Low-Moderate Income Housing Fund.

California Health and Safety Code Section 34191.4(b)(2) outlines the terms for restructuring city loans to former redevelopment agencies as follows: "the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund." Management's position is to apply the historical Local Agency Investment Fund (LAIF) rate over the life of the loan (e.g. a 2011 rate used to calculate 2011 interest), resulting in a balance of \$12,088,604 at June 30, 2014.

	Principal	Interest	June 30, 2014 Balance
Portuguese Bend	\$ 4,320,552	\$4,307,058	\$ 8,627,610
Abalone Cove	2,422,224	1,038,770	3,460,994
Allowance from Successor Agency Receivable	(6,742,776)	(5,345,828)	(12,088,604)
Totals:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The California Department of Finance (DOF) has provided information on its website regarding the recalculation of accrued interest for city loans to redevelopment agencies. The DOF's position appears to include application of a recent LAIF rate (the earnings rate for the quarter during which the Oversight Board makes a finding that the loan was made for legitimate redevelopment purposes, in this case the quarter ended December 31, 2013) to the entire life of the loan. If the Consolidated Loan from the City is recalculated using the DOF interpretation, the balance at June 30, 2014 would be approximately \$7.1 million, including only about \$0.3 million of accrued interest.

Due to the differing interpretations between the DOF and City Management for the calculation of accrued interest, the City's loan receivable of \$12,088,604 has been completely offset with an allowance for uncollectable amounts on the City's financial statements. As further information becomes available, the allowance for uncollectable amounts may be adjusted in future periods, potentially resulting in a recognized net receivable for the City.

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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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

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

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

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

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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
2015	155,000	236,625	391,625
2016	180,000	228,250	408,250
2017	200,000	218,750	418,750
2018	230,000	208,000	438,000
2019	255,000	195,875	450,875
2020-2024	1,730,000	748,250	2,478,250
2025-2028	2,060,000	216,750	2,276,750
Totals	<u>\$4,810,000</u>	<u>\$ 2,052,500</u>	<u>\$ 6,862,500</u>

SUPPLEMENTARY INFORMATION

CITY OF RANCHO PALOS VERDES

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

CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ -	\$ 4,501,627	\$ 1,691,697	\$ (2,809,930)
Use of money and property	20,400	20,400	25,415	5,015
Other revenues	1,200,000	1,200,000	-	(1,200,000)
TOTAL REVENUES	1,220,400	5,722,027	1,717,112	(4,004,915)
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	1,420,000	1,304,500	77,308	1,227,192
Street improvements	2,756,700	2,178,327	2,127,240	51,087
Parks/trails/open space improvements	1,003,000	1,896,711	1,875,455	21,256
Sewer improvements	1,852,275	7,332	7,332	-
Building improvements	598,000	25,692	25,692	-
Storm water quality improvements	400,000	-	-	-
TOTAL EXPENDITURES	8,029,975	5,412,562	4,113,027	1,299,535
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,809,575)	309,465	(2,395,915)	(2,705,380)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,942,700	12,374,751	8,841,552	(3,533,199)
NET CHANGE IN FUND BALANCE	133,125	12,684,216	6,445,637	(6,238,579)
FUND BALANCE - BEGINNING OF YEAR	11,565,617	11,565,617	11,565,617	-
FUND BALANCE - END OF YEAR	\$ 11,698,742	\$ 24,249,833	\$ 18,011,254	\$ (6,238,579)

CITY OF RANCHO PALOS VERDES

JUNE 30, 2014

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF RANCHO PALOS VERDES

JUNE 30, 2014

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

Capital Projects Fund Descriptions

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

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

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

CITY OF RANCHO PALOS VERDES

JUNE 30, 2014

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund Descriptions

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

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

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

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

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

	1972 Act	El Prado	1911 Act
ASSETS			
Cash and investments	\$ 64,848	\$ 21,125	\$ 1,829,975
Receivables:			
Taxes	3,512	46	11,737
Interest	103	9	860
Notes	-	-	-
Due from other government agencies	-	-	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 68,463</u>	<u>\$ 21,180</u>	<u>\$ 1,842,572</u>
LIABILITIES			
Accounts payable	\$ 5,800	\$ -	\$ 85,913
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>5,800</u>	<u>-</u>	<u>85,913</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	62,663	21,180	1,756,659
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>62,663</u>	<u>21,180</u>	<u>1,756,659</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 68,463</u>	<u>\$ 21,180</u>	<u>\$ 1,842,572</u>

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ 793,467	\$ 416,934	\$ 86,243	\$ 1,316,839
-	-	-	-
454	206	34	954
-	-	-	-
-	-	13,567	-
-	63,475	-	-
-	-	-	-
<u>\$ 793,921</u>	<u>\$ 480,615</u>	<u>\$ 99,844</u>	<u>\$ 1,317,793</u>
\$ -	\$ 43,619	\$ -	\$ -
-	-	-	-
<u>-</u>	<u>43,619</u>	<u>-</u>	<u>-</u>
-	39,198	13,567	-
<u>-</u>	<u>39,198</u>	<u>13,567</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	397,798	86,277	1,317,793
-	-	-	-
793,921	-	-	-
-	-	-	-
<u>793,921</u>	<u>397,798</u>	<u>86,277</u>	<u>1,317,793</u>
<u>\$ 793,921</u>	<u>\$ 480,615</u>	<u>\$ 99,844</u>	<u>\$ 1,317,793</u>

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Proposition A	Public Safety Grants	Measure R
ASSETS			
Cash and investments	\$ 441,352	\$ 20,515	\$ 1,249,719
Receivables:			
Taxes	-	-	-
Interest	173	55	538
Notes	-	-	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 441,525</u>	<u>\$ 20,570</u>	<u>\$ 1,250,257</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	441,525	20,570	1,250,257
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>441,525</u>	<u>20,570</u>	<u>1,250,257</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 441,525</u>	<u>\$ 20,570</u>	<u>\$ 1,250,257</u>

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ -	\$ 76,722	\$ 119,107	\$ 865,623
-	807	-	-
-	36	54	391
-	-	-	-
193,049	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 193,049</u>	<u>\$ 77,565</u>	<u>\$ 119,161</u>	<u>\$ 866,014</u>
\$ -	\$ 19,330	\$ -	\$ 333
47,633	-	-	-
<u>47,633</u>	<u>19,330</u>	<u>-</u>	<u>333</u>
193,049	-	-	-
<u>193,049</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	119,161	865,681
-	58,235	-	-
-	-	-	-
(47,633)	-	-	-
<u>(47,633)</u>	<u>58,235</u>	<u>119,161</u>	<u>865,681</u>
<u>\$ 193,049</u>	<u>\$ 77,565</u>	<u>\$ 119,161</u>	<u>\$ 866,014</u>

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
ASSETS			
Cash and investments	\$ 372,615	\$ -	\$ 57,834
Receivables:			
Taxes	-	-	-
Interest	-	-	27
Notes	-	-	-
	-	68,671	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 372,615</u>	<u>\$ 68,671</u>	<u>\$ 57,861</u>
LIABILITIES			
Accounts payable	\$ 10,159	\$ 40,241	\$ -
Due to other funds	-	28,430	-
TOTAL LIABILITIES	<u>10,159</u>	<u>68,671</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	68,671	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>68,671</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	-
Restricted	362,456	-	57,861
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(68,671)	-
TOTAL FUND BALANCES	<u>362,456</u>	<u>(68,671)</u>	<u>57,861</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 372,615</u>	<u>\$ 68,671</u>	<u>\$ 57,861</u>

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ 412,997	\$ 34	\$ 8,145,949	\$ 23,513
-	-	16,102	-
187	38	4,119	7
-	-	-	-
-	-	275,287	-
-	-	63,475	-
-	-	-	-
<u>\$ 413,184</u>	<u>\$ 72</u>	<u>\$ 8,504,932</u>	<u>\$ 23,520</u>
\$ -	\$ -	\$ 205,395	\$ -
-	-	76,063	-
<u>-</u>	<u>-</u>	<u>281,458</u>	<u>-</u>
-	-	314,485	-
<u>-</u>	<u>-</u>	<u>314,485</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
413,184	72	7,173,137	-
-	-	58,235	-
-	-	793,921	23,520
-	-	(116,304)	-
<u>413,184</u>	<u>72</u>	<u>7,908,989</u>	<u>23,520</u>
<u>\$ 413,184</u>	<u>\$ 72</u>	<u>\$ 8,504,932</u>	<u>\$ 23,520</u>

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
ASSETS			
Cash and investments	\$ 499,702	\$ 523,215	\$ 1,457,494
Receivables:			
Taxes	-	-	-
Interest	226	233	495
Notes	-	-	-
Other	-	-	-
Prepaid items	-	-	-
TOTAL ASSETS	<u>\$ 499,928</u>	<u>\$ 523,448</u>	<u>\$ 1,457,989</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 14,528
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>14,528</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-Spendable:			
Endowment principal	-	-	-
Reimbursement settlement agreement	-	-	-
Habitat restoration	-	-	95,194
Restricted	-	-	1,348,267
Committed	-	-	-
Assigned	499,928	523,448	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>499,928</u>	<u>523,448</u>	<u>1,443,461</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 499,928</u>	<u>\$ 523,448</u>	<u>\$ 1,457,989</u>

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 825,591	\$ 1,086,900	\$ 3,369,985	\$ 12,039,149
-	-	-	16,102
374	1	870	5,222
-	-	-	-
-	-	-	275,287
-	-	-	63,475
-	-	-	-
<u>\$ 825,965</u>	<u>\$ 1,086,901</u>	<u>\$ 3,370,855</u>	<u>\$ 12,399,235</u>
\$ 3,997	\$ 5,353	\$ 23,878	\$ 229,273
-	-	-	76,063
<u>3,997</u>	<u>5,353</u>	<u>23,878</u>	<u>305,336</u>
-	-	-	314,485
<u>-</u>	<u>-</u>	<u>-</u>	<u>314,485</u>
750,000	-	750,000	750,000
-	1,000,000	1,000,000	1,000,000
-	-	95,194	95,194
71,968	81,548	1,501,783	8,674,920
-	-	-	58,235
-	-	-	1,317,369
-	-	-	(116,304)
<u>821,968</u>	<u>1,081,548</u>	<u>3,346,977</u>	<u>11,779,414</u>
<u>\$ 825,965</u>	<u>\$ 1,086,901</u>	<u>\$ 3,370,855</u>	<u>\$ 12,399,235</u>

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	1972 Act	El Prado	1911 Act
REVENUES:			
Taxes	\$ 260,452	\$ 2,167	\$ 550,798
Revenue from other agencies			
Charges for services			
Use of money and property	330	43	3,795
Other revenues			
TOTAL REVENUES	260,782	2,210	554,593
EXPENDITURES:			
Public Works	78,181	30	408,540
Community Development			
TOTAL EXPENDITURES	78,181	30	408,540
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	182,601	2,180	146,053
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(190,000)		(99,000)
TOTAL OTHER FINANCING SOURCES USES	(190,000)	-	(99,000)
NET CHANGE IN FUND BALANCE	(7,399)	2,180	47,053
FUND BALANCE - BEGINNING OF YEAR	70,062	19,000	1,709,606
FUND BALANCE - END OF YEAR	\$ 62,663	\$ 21,180	\$ 1,756,659

Beautification	Waste Reduction	Air Quality Management	Proposition C
\$ -	\$ -	\$ -	\$ -
	23,347	38,612	593,536
2,194	869	277	4,078
	230,313		
2,194	254,529	38,889	597,614
	181,598	50,000	
-	181,598	50,000	-
2,194	72,931	(11,111)	597,614
(211,404)	(41,292)	(54,910)	(872,184)
(211,404)	(41,292)	(54,910)	(872,184)
(209,210)	31,639	(66,021)	(274,570)
1,003,131	366,159	152,298	1,592,363
\$ 793,921	\$ 397,798	\$ 86,277	\$ 1,317,793

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Proposition A	Public Safety Grants	Measure R
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies	714,750	100,000	442,452
Charges for services			
Use of money and property	737	170	2,156
Other revenues			
TOTAL REVENUES	715,487	100,170	444,608
EXPENDITURES:			
Public Works	584,953		
Community Development			
TOTAL EXPENDITURES	584,953	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	130,534	100,170	444,608
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	-	(100,000)	-
TOTAL OTHER FINANCING SOURCES USES	-	(100,000)	-
NET CHANGE IN FUND BALANCE	130,534	170	444,608
FUND BALANCE - BEGINNING OF YEAR	310,991	20,400	805,649
FUND BALANCE - END OF YEAR	\$ 441,525	\$ 20,570	\$ 1,250,257

Measure A	Abalone Cove Sewer District	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
\$ -	\$ -	\$ -	\$ -
217,441			
5	55,708 92	271	1,774 25,500
217,446	55,800	271	27,274
	84,171	20,000	5,041
-	84,171	20,000	5,041
217,446	(28,371)	(19,729)	22,233
(67,441)	50,700		
(67,441)	50,700	-	-
150,005	22,329	(19,729)	22,233
(197,638)	35,906	138,890	843,448
\$ (47,633)	\$ 58,235	\$ 119,161	\$ 865,681

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant	Quimby
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		60,299	
Charges for services			
Use of money and property			81
Other revenues			57,275
TOTAL REVENUES	-	60,299	57,356
EXPENDITURES:			
Public Works	73,556	128,970	29,000
Community Development			
TOTAL EXPENDITURES	73,556	128,970	29,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(73,556)	(68,671)	28,356
OTHER FINANCING SOURCES (USES):			
Transfers in	70,000		
Transfers out			-
TOTAL OTHER FINANCING SOURCES USES	70,000	-	-
NET CHANGE IN FUND BALANCE	(3,556)	(68,671)	28,356
FUND BALANCE - BEGINNING OF YEAR	366,012	-	29,505
FUND BALANCE - END OF YEAR	\$ 362,456	\$ (68,671)	\$ 57,861

Environmental Excise Tax	Bikeways	Total Special Revenue Funds	Low-Moderate Income Housing
\$ -	\$ -	\$ 813,417	\$ -
	34,133	2,224,570	
		55,708	
929	142	17,943	14
14,404		327,492	11,095
15,333	34,275	3,439,130	11,109
51,000		1,695,040	
		-	-
51,000	-	1,695,040	-
(35,667)	34,275	1,744,090	11,109
-	(95,257)	120,700 (1,731,488)	
-	(95,257)	(1,610,788)	-
(35,667)	(60,982)	133,302	11,109
448,851	61,054	7,775,687	12,411
\$ 413,184	\$ 72	\$ 7,908,989	\$ 23,520

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Affordable Housing In-Lieu	Total Capital Projects Funds	Habitat Restoration
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Revenue from other agencies		-	10
Charges for services		-	
Use of money and property	1,064	1,078	820
Other revenues	2,774	13,869	1,211,610
TOTAL REVENUES	3,838	14,947	1,212,440
EXPENDITURES:			
Public Works		-	133,620
Community Development	6,098	6,098	
TOTAL EXPENDITURES	6,098	6,098	133,620
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,260)	8,849	1,078,820
OTHER FINANCING SOURCES (USES):			
Transfers in		-	150,000
Transfers out		-	
TOTAL OTHER FINANCING SOURCES USES	-	-	150,000
NET CHANGE IN FUND BALANCE	(2,260)	8,849	1,228,820
FUND BALANCE - BEGINNING OF YEAR	502,188	514,599	214,641
FUND BALANCE - END OF YEAR	\$ 499,928	\$ 523,448	\$ 1,443,461

Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ 813,417
		10	2,224,580
		-	55,708
1,695	4	2,519	21,540
		1,211,610	1,552,971
1,695	4	1,214,139	4,668,216
32,428	46,999	213,047	1,908,087
		-	6,098
32,428	46,999	213,047	1,914,185
(30,733)	(46,995)	1,001,092	2,754,031
61,000	20,000	231,000	351,700
		-	(1,731,488)
61,000	20,000	231,000	(1,379,788)
30,267	(26,995)	1,232,092	1,374,243
791,701	1,108,543	2,114,885	10,405,171
\$ 821,968	\$ 1,081,548	\$ 3,346,977	\$ 11,779,414

CITY OF RANCHO PALOS VERDES

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

1972 ACT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 258,000	\$ 258,000	\$ 260,452	\$ 2,452
Use of money and property	190	190	330	140
TOTAL REVENUES	258,190	258,190	260,782	2,592
EXPENDITURES:				
Public Works	72,800	78,682	78,181	501
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	185,390	179,508	182,601	3,093
OTHER FINANCING SOURCES (USES):				
Transfers out	(190,000)	(190,000)	(190,000)	-
NET CHANGE IN FUND BALANCE	(4,610)	(10,492)	(7,399)	3,093
FUND BALANCE - BEGINNING OF YEAR	70,062	70,062	70,062	-
FUND BALANCE - END OF YEAR	\$ 65,452	\$ 59,570	\$ 62,663	\$ 3,093

CITY OF RANCHO PALOS VERDES

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

EL PRADO SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,900	\$ 1,900	\$ 2,167	\$ 267
Use of money and property	50	50	43	(7)
TOTAL REVENUES	1,950	1,950	2,210	260
EXPENDITURES:				
Public Works	1,000	1,000	30	970
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	950	950	2,180	1,230
FUND BALANCE - BEGINNING OF YEAR	19,000	19,000	19,000	-
FUND BALANCE - END OF YEAR	<u>\$ 19,950</u>	<u>\$ 19,950</u>	<u>\$ 21,180</u>	<u>\$ 1,230</u>

CITY OF RANCHO PALOS VERDES

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

1911 ACT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$ 525,000	\$ 525,000	\$ 550,798	\$ 25,798
Use of money and property	4,400	4,400	3,795	(605)
TOTAL REVENUES	529,400	529,400	554,593	25,193
EXPENDITURES:				
Public Works	532,500	517,500	408,540	108,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,100)	11,900	146,053	134,153
OTHER FINANCING SOURCES (USES):				
Transfers out	(99,000)	(99,000)	(99,000)	-
NET CHANGE IN FUND BALANCE	(102,100)	(87,100)	47,053	134,153
FUND BALANCE - BEGINNING OF YEAR	1,709,606	1,709,606	1,709,606	-
FUND BALANCE - END OF YEAR	\$ 1,607,506	\$ 1,622,506	\$ 1,756,659	\$ 134,153

CITY OF RANCHO PALOS VERDES

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

BEAUTIFICATION SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,530	\$ 1,530	\$ 2,194	\$ 664
TOTAL REVENUES	1,530	1,530	2,194	664
OTHER FINANCING SOURCES (USES):				
Transfers out	(214,000)	(687,690)	(211,404)	476,286
NET CHANGE IN FUND BALANCE	(212,470)	(686,160)	(209,210)	476,950
FUND BALANCE - BEGINNING OF YEAR	1,003,131	1,003,131	1,003,131	-
FUND BALANCE - END OF YEAR	<u>\$ 790,661</u>	<u>\$ 316,971</u>	<u>\$ 793,921</u>	<u>\$ 476,950</u>

CITY OF RANCHO PALOS VERDES

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

WASTE REDUCTION SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ 24,000	\$ 24,000	\$ 23,347	\$ (653)
Use of money and property	720	720	869	149
Other revenues	206,000	267,710	230,313	(37,397)
 TOTAL REVENUES	 230,720	 292,430	 254,529	 (37,901)
EXPENDITURES:				
Public Works	169,100	208,298	181,598	26,700
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 61,620	 84,132	 72,931	 (11,201)
OTHER FINANCING SOURCES (USES):				
Transfers out	(62,000)	(63,292)	(41,292)	22,000
 NET CHANGE IN FUND BALANCE	 (380)	 20,840	 31,639	 10,799
FUND BALANCE - BEGINNING OF YEAR	366,159	366,159	366,159	-
FUND BALANCE - END OF YEAR	\$ 365,779	\$ 386,999	\$ 397,798	\$ 10,799

CITY OF RANCHO PALOS VERDES

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

AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 38,612	\$ (11,388)
Use of money and property	270	270	277	7
TOTAL REVENUES	50,270	50,270	38,889	(11,381)
EXPENDITURES:				
Public Works	50,000	50,000	50,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	270	270	(11,111)	(11,381)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(54,910)	(54,910)	-
NET CHANGE IN FUND BALANCE	270	(54,640)	(66,021)	(11,381)
FUND BALANCE - BEGINNING OF YEAR	152,298	152,298	152,298	-
FUND BALANCE - END OF YEAR	<u>\$ 152,568</u>	<u>\$ 97,658</u>	<u>\$ 86,277</u>	<u>\$ (11,381)</u>

CITY OF RANCHO PALOS VERDES

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ 591,517	\$ 591,517	\$ 593,536	\$ 2,019
Use of money and property	100	100	4,078	3,978
TOTAL REVENUES	591,617	591,617	597,614	5,997
OTHER FINANCING SOURCES (USES):				
Transfers out	(592,000)	(1,898,927)	(872,184)	1,026,743
NET CHANGE IN FUND BALANCE	(383)	(1,307,310)	(274,570)	1,032,740
FUND BALANCE - BEGINNING OF YEAR	1,592,363	1,592,363	1,592,363	-
FUND BALANCE - END OF YEAR	<u>\$ 1,591,980</u>	<u>\$ 285,053</u>	<u>\$ 1,317,793</u>	<u>\$ 1,032,740</u>

CITY OF RANCHO PALOS VERDES

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

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ 713,123	\$ 713,123	\$ 714,750	\$ 1,627
Use of money and property	590	590	737	147
TOTAL REVENUES	713,713	713,713	715,487	1,774
EXPENDITURES:				
Public Works	578,340	593,424	584,953	8,471
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	135,373	120,289	130,534	10,245
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(412,000)	-	412,000
NET CHANGE IN FUND BALANCE	135,373	(291,711)	130,534	422,245
FUND BALANCE - BEGINNING OF YEAR	310,991	310,991	310,991	-
FUND BALANCE - END OF YEAR	\$ 446,364	\$ 19,280	\$ 441,525	\$ 422,245

CITY OF RANCHO PALOS VERDES

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

PUBLIC SAFETY GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	-	170	170
TOTAL REVENUES	100,000	100,000	100,170	170
OTHER FINANCING SOURCES (USES):				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	-	-	170	170
FUND BALANCE - BEGINNING OF YEAR	20,400	20,400	20,400	-
FUND BALANCE - END OF YEAR	<u>\$ 20,400</u>	<u>\$ 20,400</u>	<u>\$ 20,570</u>	<u>\$ 170</u>

CITY OF RANCHO PALOS VERDES

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 443,637	\$ 443,637	\$ 442,452	\$ (1,185)
Use of money and property	580	580	2,156	1,576
TOTAL REVENUES	444,217	444,217	444,608	391
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(605,000)	-	605,000
NET CHANGE IN FUND BALANCE	444,217	(160,783)	444,608	605,391
FUND BALANCE - BEGINNING OF YEAR	805,649	805,649	805,649	-
FUND BALANCE - END OF YEAR	<u>\$ 1,249,866</u>	<u>\$ 644,866</u>	<u>\$ 1,250,257</u>	<u>\$ 605,391</u>

CITY OF RANCHO PALOS VERDES

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

MEASURE A SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 170,516	\$ 170,516	\$ 217,441	\$ 46,925
Use of money and property	-	-	5	5
TOTAL REVENUES	170,516	170,516	217,446	46,930
OTHER FINANCING SOURCES (USES):				
Transfers out	(105,000)	(105,000)	(67,441)	37,559
NET CHANGE IN FUND BALANCE	65,516	65,516	150,005	84,489
FUND BALANCE - BEGINNING OF YEAR	(197,638)	(197,638)	(197,638)	-
FUND BALANCE - END OF YEAR	<u>\$ (132,122)</u>	<u>\$ (132,122)</u>	<u>\$ (47,633)</u>	<u>\$ 84,489</u>

CITY OF RANCHO PALOS VERDES

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

ABALONE COVE SEWER ASSESSMENT DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 54,000	\$ 54,000	\$ 55,708	\$ 1,708
Use of money and property	80	80	92	12
TOTAL REVENUES	54,080	54,080	55,800	1,720
EXPENDITURES:				
Public Works	105,600	105,600	84,171	21,429
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(51,520)	(51,520)	(28,371)	23,149
OTHER FINANCING SOURCES (USES):				
Transfers in	50,700	50,700	50,700	-
NET CHANGE IN FUND BALANCE	(820)	(820)	22,329	23,149
FUND BALANCE - BEGINNING OF YEAR	35,906	35,906	35,906	-
FUND BALANCE - END OF YEAR	\$ 35,086	\$ 35,086	\$ 58,235	\$ 23,149

CITY OF RANCHO PALOS VERDES

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

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

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 480	\$ 480	\$ 271	\$ (209)
TOTAL REVENUES	480	480	271	(209)
EXPENDITURES:				
Public Works	-	20,000	20,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	480	(19,520)	(19,729)	(209)
FUND BALANCE - BEGINNING OF YEAR	138,890	138,890	138,890	-
FUND BALANCE - END OF YEAR	<u>\$ 139,370</u>	<u>\$ 119,370</u>	<u>\$ 119,161</u>	<u>\$ (209)</u>

CITY OF RANCHO PALOS VERDES

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

DONOR RESTRICTED CONTRIBUTIONS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	1,220	1,220	1,774	554
Other revenue	-	-	25,500	25,500
TOTAL REVENUES	1,220	1,220	27,274	26,054
EXPENDITURES:				
Public Works	-	5,042	5,041	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,220	(3,822)	22,233	26,055
FUND BALANCE - BEGINNING OF YEAR	843,448	843,448	843,448	-
FUND BALANCE - END OF YEAR	<u>\$ 844,668</u>	<u>\$ 839,626</u>	<u>\$ 865,681</u>	<u>\$ 26,055</u>

CITY OF RANCHO PALOS VERDES

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

JOINT POWERS IMPROVEMENT AUTHORITY PORTUGUESE BEND SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 820	\$ 820	\$ -	\$ (820)
EXPENDITURES:				
Public Works	119,100	119,100	73,556	45,544
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(118,280)	(118,280)	(73,556)	45,544
OTHER FINANCING SOURCES (USES):				
Transfers in	70,000	70,000	70,000	-
NET CHANGE IN FUND BALANCE	(48,280)	(48,280)	(3,556)	45,544
FUND BALANCE - BEGINNING OF YEAR	366,012	366,012	366,012	-
FUND BALANCE - END OF YEAR	\$ 317,732	\$ 317,732	\$ 362,456	\$ 45,544

CITY OF RANCHO PALOS VERDES

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Revenue from other agencies	\$ 146,918	\$ 146,918	\$ 60,299	\$ (86,619)
EXPENDITURES:				
Public Works	146,918	143,513	128,970	14,543
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	3,405	(68,671)	(72,076)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 3,405	\$ (68,671)	\$ (72,076)

CITY OF RANCHO PALOS VERDES

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

QUIMBY ACT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	-	-	81	81
Other revenues	1,400,000	1,400,000	57,275	(1,342,725)
TOTAL REVENUES	1,400,000	1,400,000	57,356	(1,342,644)
EXPENDITURES:				
Public Works	-	29,000	29,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,400,000	1,371,000	28,356	(1,342,644)
OTHER FINANCING SOURCES (USES):				
Transfers out	(993,000)	(993,000)	-	993,000
NET CHANGE IN FUND BALANCE	407,000	378,000	28,356	(349,644)
FUND BALANCE - BEGINNING OF YEAR	29,505	29,505	29,505	-
FUND BALANCE - END OF YEAR	\$ 436,505	\$ 407,505	\$ 57,861	\$ (349,644)

CITY OF RANCHO PALOS VERDES

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

ENVIRONMENTAL EXCISE TAX SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	910	910	929	19
Other revenues	240,760	240,760	14,404	(226,356)
TOTAL REVENUES	241,670	241,670	15,333	(226,337)
EXPENDITURES:				
Public Works	-	51,000	51,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	241,670	190,670	(35,667)	(226,337)
OTHER FINANCING SOURCES (USES):				
Transfers out	(300,000)	(350,000)	-	350,000
NET CHANGE IN FUND BALANCE	(58,330)	(159,330)	(35,667)	123,663
FUND BALANCE - BEGINNING OF YEAR	448,851	448,851	448,851	-
FUND BALANCE - END OF YEAR	\$ 390,521	\$ 289,521	\$ 413,184	\$ 123,663

CITY OF RANCHO PALOS VERDES

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

BIKEWAYS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 26,586	\$ 26,586	\$ 34,133	\$ 7,547
Use of money and property		-	142	142
TOTAL REVENUES	26,586	26,586	34,275	7,689
OTHER FINANCING SOURCES (USES):				
Transfers out	(26,586)	(95,257)	(95,257)	-
NET CHANGE IN FUND BALANCE	-	(68,671)	(60,982)	7,689
FUND BALANCE - BEGINNING OF YEAR	61,054	61,054	61,054	-
FUND BALANCE - END OF YEAR	\$ 61,054	\$ (7,617)	\$ 72	\$ 7,689

CITY OF RANCHO PALOS VERDES

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

LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	-	-	14	14
Other revenues	-	-	11,095	11,095
TOTAL REVENUES	-	-	11,109	11,109
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	11,109	11,109
FUND BALANCE - BEGINNING OF YEAR	12,411	12,411	12,411	-
FUND BALANCE - END OF YEAR	\$ 12,411	\$ 12,411	\$ 23,520	\$ 11,109

CITY OF RANCHO PALOS VERDES

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

AFFORDABLE HOUSING IN-LIEU CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	1,510	1,510	1,064	(446)
Other revenues	-	-	2,774	2,774
TOTAL REVENUES	1,510	1,510	3,838	2,328
EXPENDITURES:				
Community development	3,800	6,098	6,098	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,290)	(4,588)	(2,260)	2,328
FUND BALANCE - BEGINNING OF YEAR	502,188	502,188	502,188	-
FUND BALANCE - END OF YEAR	<u>\$ 499,898</u>	<u>\$ 497,600</u>	<u>\$ 499,928</u>	<u>\$ 2,328</u>

CITY OF RANCHO PALOS VERDES

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

HABITAT RESTORATION PERMANENT FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ 10	\$ 10
Use of money and property	540	540	820	280
Other revenues	-	-	1,211,610	
TOTAL REVENUES	540	540	1,212,440	290
EXPENDITURES:				
Public Works	158,620	158,620	133,620	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(158,080)	(158,080)	1,078,820	25,290
OTHER FINANCING SOURCES (USES):				
Transfers in	150,000	150,000	150,000	-
NET CHANGE IN FUND BALANCE	(8,080)	(8,080)	1,228,820	25,290
FUND BALANCE - BEGINNING OF YEAR	214,641	214,641	214,641	-
FUND BALANCE - END OF YEAR	<u>\$ 206,561</u>	<u>\$ 206,561</u>	<u>\$ 1,443,461</u>	<u>\$ 25,290</u>

CITY OF RANCHO PALOS VERDES

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

SUBREGION ONE MAINTENANCE PERMANENT FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,300	\$ 2,300	\$ 1,695	\$ (605)
EXPENDITURES:				
Public Works	71,000	71,000	32,428	38,572
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(68,700)	(68,700)	(30,733)	(39,177)
OTHER FINANCING SOURCES (USES):				
Transfers in	61,000	61,000	61,000	-
NET CHANGE IN FUND BALANCE	(7,700)	(7,700)	30,267	(39,177)
FUND BALANCE - BEGINNING OF YEAR	791,701	791,701	791,701	-
FUND BALANCE - END OF YEAR	<u>\$ 784,001</u>	<u>\$ 784,001</u>	<u>\$ 821,968</u>	<u>\$ (39,177)</u>

CITY OF RANCHO PALOS VERDES

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

JOINT POWERS IMPROVEMENT AUTHORITY ABALONE COVE PERMANENT FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,300	\$ 3,300	\$ 4	\$ (3,296)
EXPENDITURES:				
Public Works	53,300	71,935	46,999	24,936
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(68,635)	(46,995)	(28,232)
OTHER FINANCING SOURCES (USES):				
Transfers in	20,000	20,000	20,000	-
NET CHANGE IN FUND BALANCE	(30,000)	(48,635)	(26,995)	(28,232)
FUND BALANCE - BEGINNING OF YEAR	1,108,543	1,108,543	1,108,543	-
FUND BALANCE - END OF YEAR	<u>\$ 1,078,543</u>	<u>\$ 1,059,908</u>	<u>\$ 1,081,548</u>	<u>\$ (28,232)</u>



RPV's newest docent graduating class

CITY OF RANCHO PALOS VERDES

JUNE 30, 2014

INTERNAL SERVICE FUND DESCRIPTIONS

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

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

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

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

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2014

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
ASSETS				
CURRENT ASSETS:				
Cash and investments	\$ 2,965,915	\$ 53,550	\$ 942,184	\$ 3,961,649
Receivables:				
Interest	1,365	-	425	1,790
Other	801	2,686	-	3,487
Prepaid items	15,767	100,343	-	116,110
TOTAL CURRENT ASSETS	2,983,848	156,579	942,609	4,083,036
NONCURRENT ASSETS:				
Capital assets				
Property and equipment	1,376,156	-	-	1,376,156
Accumulated depreciation	(1,163,969)	-	-	(1,163,969)
TOTAL NONCURRENT ASSETS	212,187	-	-	212,187
TOTAL ASSETS	\$ 3,196,035	\$ 156,579	\$ 942,609	\$ 4,295,223
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	67,950	7,232	-	75,182
TOTAL LIABILITIES	67,950	7,232	-	75,182
NET POSITION				
Net investment in capital assets	212,187	-	-	212,187
Unrestricted	2,915,898	149,347	942,609	4,007,854
TOTAL NET POSITION	\$ 3,128,085	\$ 149,347	\$ 942,609	\$ 4,220,041

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
OPERATING REVENUES:				
Charges for services	\$ 731,300	\$ 1,993,425	\$ -	\$ 2,724,725
OPERATING EXPENSES:				
Personnel services	-	1,955,449	-	1,955,449
Materials and supplies	164,474	-	-	164,474
Maintenance	229,716	-	-	229,716
Depreciation	121,825	-	-	121,825
TOTAL OPERATING EXPENSES	516,015	1,955,449	-	2,471,464
OPERATING INCOME (LOSS)	215,285	37,976	-	253,261
NON-OPERATING REVENUES:				
Other revenues	14,655	-	-	14,655
Investment income	5,712	-	2,004	7,716
TOTAL NON-OPERATING REVENUES	20,367	-	2,004	22,371
INCOME (LOSS) BEFORE TRANSFERS	235,652	37,976	2,004	275,632
TRANSFER IN (OUT)	54,910	-	-	54,910
CHANGE IN NET POSITION	290,562	37,976	2,004	330,542
NET POSITION - BEGINNING OF YEAR	2,837,523	111,371	940,605	3,889,499
NET POSITION - END OF YEAR	\$ 3,128,085	\$ 149,347	\$ 942,609	\$ 4,220,041

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2014

	Equipment Replacement	Employee Benefits	Building Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 731,300	\$ 1,993,425	\$ -	\$ 2,724,725
Payments to suppliers	(337,866)	-	(4,678)	(342,544)
Payments to employees	-	(1,954,810)	-	(1,954,810)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	393,434	38,615	(4,678)	427,371
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(69,682)			(69,682)
Transfer from other funds	54,910			54,910
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	(14,772)	-	-	(14,772)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	5,872	58	2,109	8,039
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	369,762	38,673	(2,569)	405,866
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,581,381	14,877	944,753	3,541,011
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,951,143</u>	<u>\$ 53,550</u>	<u>\$ 942,184</u>	<u>\$ 3,946,877</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 215,285	\$ 37,976	\$ -	\$ 253,261
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation	121,825	-	-	121,825
Changes in operating assets and liabilities:				
Decrease (increase) in other receivables	(801)	1,204		403
Decrease (increase) in prepaid items	37,790	54,176	-	91,966
Increase (decrease) in accrued liabilities	19,335	(54,741)	(4,678)	(40,084)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 393,434</u>	<u>\$ 38,615</u>	<u>\$ (4,678)</u>	<u>\$ 427,371</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	121
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	128
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future. The City does not have general bond indebtedness or debt issued with pledged revenue.</i>	133
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	135
Operating Information <i>These schedules contain services and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	138

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities										
Net investment in capital assets	\$ 94,023	\$ 109,991	\$ 109,746	\$ 109,376	\$ 107,867	\$ 115,331	\$ 115,145	\$ 114,488	\$ 113,284	\$ 114,427
Restricted	12,075	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835	11,792
Unrestricted	15,659	16,024	17,823	30,471	31,277	31,855	39,066	67,112	46,687	46,679
Total governmental activities net position	<u>\$ 121,757</u>	<u>\$ 138,432</u>	<u>\$ 139,732</u>	<u>\$ 140,847</u>	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>	<u>\$ 183,351</u>	<u>\$ 161,806</u>	<u>\$ 172,898</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ 1,311	\$ 2,158	\$ 5,599	\$ 12,477	\$ 12,458	\$ 12,753	\$ 13,356	\$ 18,319	\$ 29,557
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,000	2,799	5,258	7,740	2,108	2,825	3,365	3,532	9,727	5,317
Total business-type activities net position	<u>\$ 2,000</u>	<u>\$ 4,110</u>	<u>\$ 7,416</u>	<u>\$ 13,339</u>	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>	<u>\$ 16,888</u>	<u>\$ 28,046</u>	<u>\$ 34,874</u>
Primary government										
Net investment in capital assets	\$ 94,023	\$ 111,302	\$ 111,904	\$ 114,975	\$ 120,344	\$ 127,789	\$ 127,898	\$ 127,845	\$ 131,603	\$ 143,984
Restricted	12,075	12,417	12,163	1,000	1,000	1,000	1,750	1,750	1,835	11,792
Unrestricted	17,659	18,823	23,081	38,211	33,385	34,680	42,431	70,644	56,414	51,996
Total primary government net position	<u>\$ 123,757</u>	<u>\$ 142,542</u>	<u>\$ 147,148</u>	<u>\$ 154,186</u>	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>	<u>\$ 200,238</u>	<u>\$ 189,852</u>	<u>\$ 207,772</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
Administration	\$ 4,055	\$ 4,350	\$ 4,953	\$ 4,724	\$ 6,357	\$ 7,824	\$ 5,997	\$ 5,906	\$ 5,534	\$ 7,530
Public safety	3,079	3,437	3,751	4,044	4,233	4,242	4,335	4,178	4,348	4,429
Public works	9,488	9,290	9,969	9,026	10,555	13,633	10,389	11,202	10,874	9,377
Community development	2,223	2,060	2,631	2,441	2,697	2,550	2,622	2,432	2,526	1,927
Parks and recreation	1,065	1,659	1,439	1,396	1,605	1,826	1,391	1,490	1,696	1,369
Non-departmental	-	-	-	-	-	320	-	-	-	35
Interest on long-term debt	272	270	271	270	268	265	260	109	-	-
Total governmental activities expenses	20,182	21,066	23,014	21,901	25,715	30,660	24,994	25,318	24,978	24,667
Business-type activities:										
Water Quality Flood Protection	-	47	271	301	437	580	489	560	594	659
Total primary government expenses	\$ 20,182	\$ 21,113	\$ 23,285	\$ 22,202	\$ 26,152	\$ 31,240	\$ 25,483	\$ 25,878	\$ 25,572	\$ 25,326
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$ 62	\$ 35	\$ 29	\$ 538	\$ 555	\$ 681	\$ 654	\$ 747	\$ 779	\$ 120
Public safety	163	224	332	316	267	229	261	194	150	42
Public works	131	37	185	1,002	422	1,356	622	684	543	169
Community development	1,188	1,319	1,599	1,760	1,643	1,764	1,714	1,644	1,854	1,772
Parks and recreation	41	45	51	483	483	896	457	503	476	18
Operating grants and contributions	2,728	3,894	4,200	3,570	2,963	6,633	3,689	3,628	4,133	2,506
Capital grants and contributions	4,524	17,299	317	1,472	642	7,179	5	139	139	2,912
Total governmental activities program revenues	8,837	22,853	6,713	9,141	6,975	18,738	7,402	7,538	8,074	7,539
Business-type activities:										
Charges for services:										
Water Quality Flood Protection	-	-	1,188	1,222	1,578	1,264	1,312	1,319	1,313	1,361
Operating grants and contributions	-	-	-	-	-	-	-	-	2,137	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	6,115
Total business-type activities program revenues	-	-	1,188	1,222	1,578	1,264	1,312	1,319	3,450	7,476
Total primary government program revenues	\$ 8,837	\$ 22,853	\$ 7,901	\$ 10,363	\$ 8,553	\$ 20,002	\$ 8,714	\$ 8,857	\$ 11,524	\$ 15,015
Net (expense)/revenue										
Governmental activities	\$ (11,345)	\$ 1,787	\$ (16,301)	\$ (12,760)	\$ (18,740)	\$ (11,922)	\$ (17,592)	\$ (17,780)	\$ (16,904)	\$ (17,128)
Business-type activities	-	(47)	917	921	1,141	684	823	759	2,856	6,817
Total primary government net expense	\$ (11,345)	\$ 1,740	\$ (15,384)	\$ (11,839)	\$ (17,599)	\$ (11,238)	\$ (16,769)	\$ (17,022)	\$ (14,048)	\$ (10,311)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 5,840	\$ 9,621	\$ 10,235	\$ 10,935	\$ 11,462	\$ 11,431	\$ 11,854	\$ 11,480	\$ 11,284	\$ 11,991
Transient occupancy tax	28	31	32	26	85	1,955	2,640	3,349	3,790	4,250
Sales taxes	1,276	1,214	1,381	1,056	1,053	1,246	1,548	1,449	1,588	1,642
Franchise taxes	1,307	1,454	1,512	1,599	1,709	1,711	1,825	1,881	1,907	1,998
Utility user taxes	1,901	2,191	2,271	2,329	2,267	2,395	2,407	2,333	2,481	2,510
Other taxes	4,545	727	331	794	605	712	814	674	778	1,589
Investment income	594	997	1,615	1,555	631	207	318	604	184	94
Other	1,255	762	2,101	300	225	307	271	52	929	4,146
Transfers	(2,000)	(2,109)	(2,017)	(4,719)	-	-	-	-	(8,293)	-
Extraordinary item	-	-	-	-	-	-	-	23,348	(19,289)	-
Total governmental activities	<u>14,746</u>	<u>14,888</u>	<u>17,461</u>	<u>13,875</u>	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>	<u>45,170</u>	<u>(4,641)</u>	<u>28,220</u>
Business-type activities:										
Investment income	-	48	51	283	105	14	13	11	10	11
User Fees	-	-	-	-	-	-	-	-	-	-
Other	-	-	320	-	-	-	-	-	-	-
Transfers	2,000	2,109	2,017	4,719	-	-	-	-	8,293	-
Total business-type activities	<u>2,000</u>	<u>2,157</u>	<u>2,388</u>	<u>5,002</u>	<u>105</u>	<u>14</u>	<u>13</u>	<u>11</u>	<u>8,303</u>	<u>11</u>
Total primary government	<u>\$ 16,746</u>	<u>\$ 17,045</u>	<u>\$ 19,849</u>	<u>\$ 18,877</u>	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>	<u>\$ 45,181</u>	<u>\$ 3,662</u>	<u>\$ 28,231</u>
Change in Net Position										
Governmental activities	\$ 3,401	\$ 16,675	\$ 1,160	\$ 1,115	\$ (703)	\$ 8,042	\$ 4,085	\$ 27,390	\$ (21,545)	\$ 11,092
Business-type activities	2,000	2,110	3,305	5,923	1,246	698	836	770	11,159	6,828
Total primary government net expense	<u>\$ 5,401</u>	<u>\$ 18,785</u>	<u>\$ 4,465</u>	<u>\$ 7,038</u>	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>	<u>\$ 28,159</u>	<u>\$ (10,386)</u>	<u>\$ 17,920</u>

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

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Franchise Tax	Utility Users Tax	Other Taxes	Total
2005	5,840	28	1,276	1,307	1,901	4,545	14,897
2006	9,621 ¹	31	1,214	1,454	2,191	727 ¹	15,238
2007	10,235	32	1,381	1,512	2,271	331	15,762
2008	10,935	26	1,056	1,599	2,329	794	16,739
2009	11,462	85	1,053	1,709	2,267	605	17,181
2010	11,431	1,955	1,246	1,711	2,395	712	19,450
2011	11,854	2,640	1,548	1,825	2,407	814	21,088
2012	11,480	3,349	1,449	1,881	2,333	674	21,166
2013	11,284	3,790	1,588	1,907	2,481	778	21,828
2014	11,991	4,250	1,642	1,998	2,510	1,589	23,980

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

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

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund			
Non-Spendable	\$ 7,493	\$ 138	\$ 144
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	12,464	14,370	15,474
Total General Fund	<u>\$ 19,957</u>	<u>\$ 14,508</u>	<u>\$ 15,618</u>
 All other Governmental Funds			
Non-Spendable			
Special Revenue Funds	\$ 3,066	\$ -	\$ -
Debt Service Fund	-	-	-
Capital Projects Funds	-	-	-
Permanent Fund	1,750	1,835	1,845
Restricted			
Special Revenue Funds	8,187	7,849	8,445
Capital Projects Funds	-	-	-
Permanent Fund	226	280	1,502
Committed			
Special Revenue Funds	-	36	58
Capital Projects Funds	-	-	-
Permanent Fund	-	-	-
Assigned			
Special Revenue Funds	-	-	794
Capital Projects Funds	15,407	13,084	18,535
Permanent Fund	-	-	-
Unassigned			
Special Revenue Funds	(108)	(198)	(116)
Debt Service Fund	-	-	-
Capital Projects Funds	-	-	-
Permanent Fund	-	-	-
Total all other Governmental Funds	<u>\$ 28,528</u>	<u>\$ 22,885</u>	<u>\$ 31,063</u>

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes	\$ 13,573	\$ 15,238	\$ 16,453	\$ 17,062	\$ 17,573	\$ 19,844	\$ 21,419	\$ 21,867	\$ 22,543	\$ 23,981
Licenses and permits	1,326	1,440	1,763	1,914	1,755	1,954	1,933	1,806	2,027	1,951
Fines and forfeitures	108	171	237	260	214	179	210	159	117	128
Use of money and property	1,306	7,038	3,480	2,108	1,240	1,601	1,560	1,350	1,383	846
Charges for services	152	49	61	60	163	81	73	149	141	323
Donation	-	-	-	-	-	-	-	-	445	-
Revenues from other agencies	7,848	15,511	4,118	4,647	3,575	10,180	3,162	3,421	3,395	5,301
Other Revenues	1,038	155	201	1,563	467	4,806	229	259	741	3,068
Total Revenues	<u>25,351</u>	<u>39,602</u>	<u>26,313</u>	<u>27,614</u>	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>	<u>29,011</u>	<u>30,791</u>	<u>35,598</u>
Expenditures										
Administration	3,852	4,041	4,607	4,411	4,915	5,720	5,503	5,726	5,401	5,792
Public Safety	3,092	3,438	3,751	4,044	4,233	4,242	4,335	4,178	4,348	4,492
Public Works	6,302	5,277	6,864	5,768	7,075	6,896	7,875	7,616	7,240	7,611
Parks and Recreation	965	1,593	1,319	1,281	1,354	1,702	1,257	1,479	1,557	1,573
Community Development	2,302	2,361	2,681	2,496	2,723	2,604	2,784	2,484	2,591	2,640
Non-Departmental	-	-	-	-	-	320	-	-	-	35
Pass Through to other agencies	188	200	152	169	187	-	-	-	-	-
Capital Outlay	4,912	20,202	3,124	3,112	2,459	14,567	2,557	3,155	2,721	4,113
Debt Service										
Principal	184	200	248	316	350	419	423	464	-	-
Interest	905	1,150	1,390	1,370	1,101	886	887	498	-	-
Total Expenditures	<u>22,702</u>	<u>38,462</u>	<u>24,136</u>	<u>22,967</u>	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>	<u>25,599</u>	<u>23,857</u>	<u>26,256</u>
Excess of Revenues over (under) Expenditures	2,649	1,140	2,177	4,647	590	1,289	2,965	3,412	6,934	9,342
Other Financing Sources (uses)										
Sales of capital assets	-	-	-	-	-	-	350	-	-	-
Transfers in	6,180	4,989	4,489	3,158	5,815	4,616	8,944	8,226	7,954	10,424
Transfers out	(8,180)	(7,247)	(6,606)	(7,924)	(5,815)	(6,192)	(8,944)	(7,856)	(16,247)	(10,479)
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (uses)	<u>(2,000)</u>	<u>(2,258)</u>	<u>(2,117)</u>	<u>(4,766)</u>	<u>-</u>	<u>(1,576)</u>	<u>350</u>	<u>371</u>	<u>(8,293)</u>	<u>(55)</u>
Extraordinary Gain (Loss)	-	-	-	-	-	-	-	18,240	(6,743)	-
Net change in Fund Balances	<u>\$ 649</u>	<u>\$ (1,118)</u>	<u>\$ 60</u>	<u>\$ (119)</u>	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>	<u>\$ 22,023</u>	<u>\$ (8,102)</u>	<u>\$ 9,287</u>
Cost of Assets Capitalized	4,623	19,465	2,800	2,764	1,895	10,866	3,180	2,865	2,022	4,820
Debt Services as a percentage of Non-Capital Expenditures	6.0%	7.1%	7.7%	8.3%	6.4%	4.9%	5.8%	4.2%	0.0%	0.0%

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

Fiscal Year	Property Tax	Transient Occupancy Tax	Sales Tax	Franchise Tax	Utility Users Tax	Other Taxes	Total
2005	8,494 ¹	28	1,009	1,307	1,901	834	13,573
2006	9,576	31	995	1,299	2,191	1,146	15,238
2007	10,385	32	1,020	1,511	2,272	1,233	16,453
2008	10,898	26	1,077	1,599	2,329	1,133	17,062
2009	11,462	85	1,060	1,709	2,267	990	17,573
2010	11,431	1,955	1,158	1,711	2,395	1,194	19,844
2011	11,854	2,640	1,518	1,825	2,407	1,175	21,419
2012	11,480	3,349	1,452	1,881	2,333	1,372	21,867
2013	11,284	3,790	1,589	1,907	2,481	1,492	22,543
2014	11,991	4,250	1,642	1,998	2,510	1,590	23,981

Source: City General Ledger

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

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

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	City Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (3)	Assessed Value as a Percentage of Actual Value
2005 *	6,530,448	76,445	1,691	317,463	22,222	218,193	6,730,076	0.063728	8,956,722	1.33085	75.14%
2006 *	7,034,406	88,691	3,086	365,175	21,561	218,916	7,294,003	0.063728	9,707,224	1.33085	75.14%
2007	7,548,956	111,338	3,148	513,876	20,378	226,598	7,971,098	0.063728	10,608,336	1.33085	75.14%
2008	7,919,953	170,149	3,211	453,446	26,546	151,225	8,422,080	0.063728	11,208,525	1.33085	75.14%
2009	8,235,780	270,956	3,275	491,235	46,858	154,969	8,893,135	0.063728	11,835,429	1.33085	75.14%
2010	8,333,042	263,157	3,341	598,539	49,628	236,925	9,010,782	0.063728	9,515,593	1.05602	94.69%
2011	8,362,052	396,195	3,333	570,551	45,258	158,388	9,219,001	0.063728	9,067,313	0.98355	101.67%
2012	8,596,777	390,497	3,358	564,763	70,284	157,307	9,468,372	0.063728	10,683,820	1.12837	88.62%
2013	8,843,139	402,533	3,425	581,160	48,147	174,167	9,704,237	0.063728	11,390,239	1.17374	85.20%
2014	9,190,789	475,510	3,493	660,569	46,962	153,434	10,223,889	0.063728	13,967,877	1.36620	73.20%

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

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

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

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

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

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

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:										
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Debt Service Rates										
COUNTY	-	-	-	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	-	-	-	0.019760	0.020177	0.021642	0.022493	0.022511	0.024102	0.023109
COMMNTY COLLEGE	-	-	-	0.008794	0.022115	0.023112	0.040310	0.035296	0.048750	0.044541
PALOS VERDES LIB	-	-	-	0.006854	0.006801	0.006618	0.006719	0.006359	0.006441	0.006118
FLOOD CONTROL	-	-	-	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	-	-	-	0.004500	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500
TOTAL	-	-	-	0.039908	0.053393	0.055672	0.073222	0.067866	0.082793	0.077268
TOTAL TAX RATE	-	-	-	1.039908	1.053393	1.055672	1.073222	1.067866	1.082793	1.077268

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

Taxpayer	2013-14			2004-05		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Development LLC	455,289,981	1	4.45%			
PPC Villas RPV LLC	66,678,945	2	0.65%			
P V Victoria Apts LLC	57,091,188	3	0.56%			
VHPS LLC	42,157,818	4	0.41%			
Terraces Rancho Palos Verdes	36,843,964	5	0.36%			
Western Riviera Investors	30,636,993	6	0.30%			
Episcopal Communities Services	28,528,013	7	0.28%			
Golden Cove LLC	28,448,065	8	0.28%			
Belmont Village RPV LP	24,142,346	9	0.24%			
BVF II Madison LLC	24,000,574	10	0.23%			
Terranea Resort Spa	22,147,963	11	0.22%			
Johnson Eric C	17,068,581	12	0.17%			
Tridiamond LLC	13,953,581	13	0.14%			
American Golf Inc.	12,257,000	14	0.12%			
Briles Richard & Keanna	11,157,368	15	0.11%			
Vanderlip Investment Co	10,614,455	16	0.10%			
California Water Service Co	10,303,179	17	0.10%			
First Citizens Bank Trust Co	8,843,400	18	0.09%			
Palos Verdes Terrace LTD	7,971,684	19	0.08%			
Bruning Fred W	7,573,500	20	0.07%			
AA Homes LLC	7,571,600	21	0.07%			
Amdan Investment LLC Lessee	7,466,650	22	0.07%			
Wang Lisa	7,293,000	23	0.07%			
Raleigh Group One LLC	6,398,214	24	0.06%			
Labarba James G	6,380,873	25	0.06%			
VRPV LLC Et Al				51,123,300	1	0.76%
VH Property Corp				50,001,800	2	0.74%
P V Victoria Apts LLC				49,456,185	3	0.73%
Western Riviera Investors				25,819,543	4	0.38%
Warmington Oceanfront Assoc				25,074,066	5	0.37%
York Long Point Assoc				22,869,857	6	0.34%
RPV Associates LLC				19,097,853	7	0.28%
Belmont Village RPV LP				14,119,345	8	0.21%
Top Terraces Inc.				12,929,855	9	0.19%
Gardner Theofore R II Tr				9,385,073	10	0.14%
Braun William				6,720,000	11	0.10%
Donahue Schriber Reality Group				6,174,788	12	0.09%
Labarba James G				5,526,527	13	0.08%
Kim Goon G				5,025,229	14	0.07%
Foster Robert D & Gina D				5,008,977	15	0.07%
Chung David W				4,921,182	16	0.07%
Briles Richard & Keanna				4,864,591	17	0.07%
Bradford Edward T & Paullee G				4,713,917	18	0.07%
Knollbrook LTD				4,670,833	19	0.07%
Ganezer Max & Florence				4,658,404	20	0.07%
Hoffman John C & Paula J				4,634,862	21	0.07%
Golden Cove LLC				4,499,320	22	0.07%
Moshfeghi Mehran				4,417,765	23	0.07%
Yeong Yae Kim				4,390,558	24	0.07%
McNair David R & Mata Atua				4,318,240	25	0.06%
Total Top 25 Taxpayers	<u>\$ 950,818,935</u>		<u>9.30%</u>	<u>\$ 354,422,070</u>		<u>5.27%</u>
Total Taxable Value	<u>\$ 10,223,889,482</u>		100.00%	<u>6,730,075,647</u>		100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	4,643	4,506	97.06%	36	4,542	97.83%
2007	5,078	4,799	94.51%	10	4,809	94.70%
2008	5,351	5,316	99.35%	10	5,326	99.53%
2009	6,116	5,734	93.76%	8	5,742	93.88%
2010*	5,447	4,917	90.27%	8	4,925	90.42%
2011*	5,597	5,462	97.59%	9	5,471	97.74%
2012	5,777	5,656	97.91%	9	5,665	98.06%
2013	5,951	5,844	98.20%	7	5,851	98.32%
2014	6,287	6,193	98.50%	-	6,193	98.50%

Source: County Assessor Data and City General Ledger

* Includes 1% secured apportionment only

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

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

CITY OF RANCHO PALOS VERDES

2013-14 Assessed Valuation: \$10,298,532,099

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
Los Angeles County Flood Control District	\$17,480,000	0.92%	\$161,515
Metropolitan Water District	132,275,000	0.471	623,015
Los Angeles Community College District	3,642,560,000	1.647	59,992,963
Los Angeles Unified School District	12,240,310,000	0.193	23,623,798
Palos Verdes Unified School District	75,600,531	47.82	36,152,174
City of Rancho Palos Verdes	0	100	0
Palos Verdes Library District	3,530,000	50.297	1,775,484
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	0.904	1,027,080
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$123,356,029
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$1,835,420,030	0.90%	\$16,592,197
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	0.904	86,150
Los Angeles County Sanitation District No. 5 Authority	35,543,738	10.849	3,856,140
Los Angeles County South Bay Cities Sanitation District Authority	6,055,916	4.348	263,311
Los Angeles Unified School District Certificates of Participation	365,858,657	0.193	706,107
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$21,503,905
Less: Los Angeles County General Fund Obligations supported by landfill revenues			45,519
Los Angeles Unified School District QZABs supported by investment fund			9,750
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$21,448,636
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$144,859,934
TOTAL NET OVERLAPPING DEBT			\$144,804,665
 GROSS COMBINED TOTAL DEBT			 \$144,859,934 (2)
NET COMBINED TOTAL DEBT			\$144,804,665

(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 2013-14 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.20%
Gross Combined Total Debt	1.41%
Net Combined Total Debt	1.41%

Source: 2013-14 California Municipal Statistical Co.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 1,021,177	\$ 1,105,647	\$ 1,195,665	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617	\$ 1,382,850	\$ 1,420,256	\$ 1,455,636	\$ 1,533,583
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 1,021,177</u>	<u>\$ 1,105,647</u>	<u>\$ 1,195,665</u>	<u>\$ 1,274,916</u>	<u>\$ 1,345,594</u>	<u>\$ 1,351,617</u>	<u>\$ 1,382,850</u>	<u>\$ 1,420,256</u>	<u>\$ 1,455,636</u>	<u>\$ 1,533,583</u>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Total Taxable Value (see page 127) \$ 10,223,889

Debt Limit (15% of total taxable value) 1,533,583

Debt applicable to limit -

Legal Debt Margin \$ 1,533,583

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

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age	**Public School Enrollment	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	County Population (1)	City Population (% of County)
2004-05	43,525	2,014,946,000	46,294	43.4	11,805	5.3%	1.8%	10,077,865	0.43%
2005-06	42,991	1,990,225,000	46,294	43.4	12,052	4.7%	1.6%	10,163,097	0.42%
2006-07	43,092	2,411,687,000	55,966	43.4	12,030	4.9%	1.7%	10,233,263	0.42%
2007-08	42,964	2,549,698,580	59,345	44.4	11,976	7.2%	2.5%	10,275,914	0.42%
2008-09	42,720	2,262,493,920	52,961	43.4	12,033	7.5%	2.5%	10,301,658	0.41%
2009-10	42,642	2,250,346,266	52,773	44.9	11,900	11.6%	4.0%	10,355,053	0.41%
2010-11	41,766	2,425,936,344	58,084	44.3	11,928	11.9%	4.1%	9,858,989	0.42%
2011-12	41,897	2,561,016,971	61,127	47.6	11,840	11.1%	3.8%	9,884,632	0.42%
2012-13	42,114	2,618,143,152	62,168	47.8	11,873	11.0%	3.7%	9,958,091	0.42%
2013-14	42,358	2,564,205,491	60,537	47.6	11,700	7.6%	2.5%	10,041,797	0.42%

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**

2013-14		2004-05	
Taxpayer	Business Type	Taxpayer	Business Type
7-Eleven Food Stores	Food Markets	Admiral Risty Restaurant	Restaurants
Admiral Risty Restaurant	Restaurants	America's Tire	Auto Parts/Repair
America's Tire	Auto Parts/Repair	Ampak Enterprises	Light Industry
Asaka Japanese Cuisine	Restaurants	California Do It Center	Bldg.Matls-Retail
Carl's Jr. Restaurant	Restaurants	Carl's Jr. Restaurant	Restaurants
Centinela Feed & Pet Supplies Inc	Miscellaneous Retail	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Coco's Restaurants	Restaurants
Coco's Restaurants	Restaurants	El Pollo Loco	Restaurants
El Pollo Loco	Restaurants	Fedex Office	Miscellaneous Retail
Good Night Mattress	Furniture/Appliance	Good Night Mattress	Furniture/Appliance
Green Hills Memorial Park	Miscellaneous Other	Green Hills Memorial Park	Miscellaneous Other
Green Hills Mortuary	Miscellaneous Other	Green Hills Mortuary	Miscellaneous Other
Hughes Markets	Food Markets	Hughes Markets	Food Markets
IHOP Restaurants	Restaurants	Los Verdes Country Club	Restaurants
Jack In The Box Restaurants	Restaurants	Marie Callender Restaurant	Restaurants
Los Verdes Country Club	Restaurants	Mobil Service Stations	Service Stations
Marie Callender Restaurant	Restaurants	New York Food & Catering	Restaurants
Marshalls	Apparel Stores	O'Reilly Auto Parts	Auto Parts/Repair
Mobil Service Stations	Service Stations	Pacific Crown Service Station	Service Stations
O'Reilly Auto Parts	Auto Parts/Repair	Rolling Hills Plastics	Light Industry
Smart & Final	Food Markets	Smart & Final	Food Markets
Swank Audio Visuals	Electronic Equipment	Snap On Tools	Miscellaneous Other
Terranea Resort	Restaurants	The Brixey Corporation	Office Equipment
Trader Joe's	Food Markets	Trader Joe's	Food Markets
Trump National Golf Club	Miscellaneous Retail	Trump National Golf Club	Miscellaneous Retail

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

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

Employer	2014			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District	1,970	1	9.04%			
Terranea Resort Hotel	730	2	3.35%			
Trump National (1)	260	3	1.19%			
Marymount College	220	4	1.01%			
Keller Williams Realty	163	5	0.75%			
Canterbury	115	6	0.53%			
Belmontcorp LTD	111	7	0.51%			
Trader Joe's	88	8	0.40%			
Ralphs	83	9	0.38%			
Green Hills Memorial Park	80	10	0.37%			
Palos Verdes Peninsula Unified School District				1970	1	9.75%
Terranea Resort Hotel				730	2	3.61%
Trump National				300	3	1.49%
Marymount College				195	4	0.97%
Ralphs				115	5	0.57%
Keller Williams Realty				112	6	0.55%
Belmontcorp Ltd				94	7	0.47%
Green Hills Memorial Park				85	8	0.42%
American Golf Corp				70	9	0.35%
Trader Joe's				54	10	0.27%
Subtotal of Principal Employers	3,820		17.52%	3,725		18.44%
Total City Employment (2)	21,800			20,200		

Source: MuniServices, LLC

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

(1) Includes full time and part time employees.

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

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

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	45	47	50	55	58	53	54	52	53	54
Recreation Part-Time	10	10	10	10	11	16.5	18	16.5	16	22
Total	55	57	60	65	69	69.5	72	68.5	69	76

Source: City Budget documents and Payroll records

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration										
Employee Resignations	4	4	4	8	4	9	5	8	7	14
Workers Compensation Claims	3	4	2	4	2	5	3	3	3	1
Liability Claims	18	31	14	16	13	13	14	11	14	9
Budget Adjustments	36	48	32	26	18	21	17	11	24	15
Business Licenses Issued	1,909	1,801	1,837	1,709	1,819	1,629	1,891	1,294	1,868	1,997
Web Site Page Views	224,777	1.3 mil	1.6 mil	701,004	3.8 mil	2.9 mil	2.8mil	3.0mil	3.1mil	3.3mil
Public Safety										
Part I Crime Rates (per 10,000 population)	101	120	139	123	102	110	143	131	149	107
Public Works										
Solid Waste Diversion Rates (1)	59%	55%	56%	4.7lbs/person/day	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	2.87lbs/person/day	2.84lbs/person/day
Pavement Rating	89	82	82	DNA	85	85	85	85	84	82
Parks and Recreation										
Park Events	780	937	770	692	825	690	580	582	765	631
Class Meetings at Parks	2,893	2,856	2,647	2,772	2,708	2,398	2,313	1,587	1,202	1,233
Docent Led Nature Hikes	65	62	98	91	105	103	105	104	121	109
Community Development										
Building Permits Processed	1,233	1,382	1,244	1,692	1,404	1,243	1,432	1,221	1,403	1,492
Plan Checks	208	163	164	247	226	154	161	161	268	264
Municipal Code Violations Closed	180	159	162	216	339	138	371	321	312	392

Source: City Departments

DNA: Data Not Available

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function										
Administration										
Computer Workstations	81	81	85	91	92	101	92	88	93	98
Public Safety (1)										
Public Works										
Street Miles	143	143	143	143	143	143	143	144	141	141
Traffic Signals	15	15	15	16	16	16	16	18	15	15
Parks and Recreation										
Parks	15	16	16	16	16	15	15	15	15	16
Community Development										
Vehicles Used for Inspections	3	3	3	5	5	5	5	5	5	4

Source: City Capital Asset Records

DNA: Data Not Available

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