

CITY OF RANCHO PALOS VERDES

**Independent Accountants' Report on
Agreed-Upon Procedures Performed
with Respect to City Employee Compensation**

For the Calendar year ended December 31, 2017



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES PERFORMED
WITH RESPECT TO CITY EMPLOYEE COMPENSATION**

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

We have performed the procedures enumerated below, which were agreed to by the City of Rancho Palos Verdes, California (City) solely to assist you with respect to your evaluation of selected provisions of City employee compensation for the calendar year ended December 31, 2017. The City's management is responsible for the execution of the provisions related to the employment of City personnel. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. Trace applicable information on the City employee compensation worksheet prepared by the City to applicable W-2 filings.

Result: We traced the gross pay information on the worksheet prepared by the City to the Munis report. We obtained a reconciliation of the gross pay information on the worksheet to the W-2 filing. We traced reconciling items to the Munis report. We traced the reconciled amount to the W-2 filing. No exceptions were found.

2. Select a sample of twenty (20) employees from the following:
 - a. Five (5) management personnel – selected haphazardly
 - b. Five (5) part-time personnel including one (1) City Council member – selected haphazardly
 - c. Ten (10) full-time non-management personnel - selected haphazardly

For the selected sample, trace the following to City personnel records, contracts (if applicable), policies, and other supporting documentation:

- a. Payroll
 - i. Annual salary
 - ii. Overtime
 - iii. Auto allowance
 - iv. Bonus
 - v. Vacation buyout
 - vi. Health insurance in-lieu

- b. City paid benefit costs
 - vii. Pension benefits – For the purposes of this procedure, each Tier 1 employee is allocated a portion of the annual payment to the plan based on the published contribution rates of the Tier.
 - viii. Insurance – including but not limited to medical, vision, and dental. These amounts are reflected on the schedule on a pay period basis but are invoiced on a monthly basis and include rate changes during the year. These amounts are reflected on the schedule on a pay period basis using the City’s Health Premium Rates and Contributions Levels (Composite Rates) rather than individual rates for each level of coverage offered for each medical plan. As such, the procedure for these payments will be to reconcile the amounts per the schedule to the City’s Health Premium Rates and Contributions Levels (Composite Rates).
 - ix. Medicare
 - x. Retirement health savings account contribution
 - xi. Deferred compensation

- c. Benefits – Earned hours only
 - xii. Wellness
 - xiii. Administrative leave
 - xiv. Sick leave
 - xv. Holidays
 - xvi. Vacation
 - xvii. Compensatory time

Result: We selected a sample of 20 City employees incorporating five management personnel, five part-time personnel including one City Council member, and ten full-time non-management personnel. We traced and reconciled applicable provisions as listed above to City personnel records, contracts, policies, and other supporting documentation. No exceptions were found.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the provisions of City employee compensation for the calendar year ended December 31, 2017. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than those specified parties.



Rancho Cucamonga, California
April 23, 2018