



CALIFORNIA  
CITY OF RANCHO PALOS VERDES



COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30TH, 2018

Photo and Design by  
Karen Okstad



**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2018**

**Prepared by:**  
**Finance Department**



## **INTRODUCTORY SECTION**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Table of Contents	i
Letter of Transmittal	v
Directory of Officials	xiii
Organizational Chart	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xv
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	15
Statement of Activities	16
<b>Fund Financial Statements</b>	
Government Funds	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	22
Proprietary Funds	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
<b>Notes to the Financial Statements</b>	29
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of the Net Pension Liability	61
Schedule of Pension Contributions	62

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

**Supplementary Information**

**Non-Major Governmental Funds**

Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	

**Special Revenue Funds**

Gas Tax Fund	78
1972 Act Fund	79
El Prado Fund	80
1911 Act Fund	81
Beautification Fund	82
Waste Reduction Fund	83
Air Quality Management Fund	84
Proposition C Fund	85
Proposition A Fund	86
Public Safety Grants Fund	87
Measure R Fund	88
Measure A Fund	89
Measure M Fund	90
Abalone Cove Sewer Assessment Fund	91
Dr. Allen and Charlotte Ginsburg Cultural Arts Building Fund	92
Donor Restricted Contributions Fund	93
Joint Powers Improvement Authority - Portuguese Bend Fund	94
Community Development Block Grant Fund	95
Federal Grants	96
Quimby Fund	97
Environmental Excise Tax Fund	98
Bikeways	99

**Capital Projects Fund**

Low-Moderate Income Housing Capital Projects Fund	100
Affordable Housing In-Lieu Capital Projects Fund	101

**Permanent Funds**

Habitat Restoration Fund	102
Subregion One Maintenance Fund	103
Joint Powers Improvement Authority - Abalone Cove Fund	104

**Capital Improvement Major Capital Projects Fund**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	105
---	-----

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**  
**Table of Contents**

---

**FINANCIAL SECTION (Unaudited)**

Financial Trends	
Net Position by Component	107
Changes in Net Position	109
Governmental Activities Tax Revenue by Source	112
Fund Balances of Governmental Funds - Before GASB 54	113
Fund Balances of Governmental Funds - After GASB 54	114
Changes in Fund Balances of Governmental Funds	115
General Governmental Tax Revenues by Source	117
Revenue Capacity	
Assessed Value of Taxable Property	118
Assessed Value and Estimated Actual Value of Taxable Property	119
Property Tax Rates - Direct and Overlapping Governments	120
Principal Property Tax Payers	122
Property Tax Levies and Collections	123
Debt Capacity	
Direct and Overlapping Governmental Activities Debt	124
Legal Debt Margin Information	125
Demographic and Economic Information	
Demographic and Economic Statistics	127
Principal Sales Tax Producers	129
Principal Employers	130
Operating Information	
Full-time Equivalent City Government Employees by Function	131
Operating Indicators by Function	132
Capital Asset Statistics by Function	134

**(THIS PAGE INTENTIONALLY LEFT BLANK)**



# RANCHO PALOS VERDES

December 31, 2018

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

The Comprehensive Annual Financial Report (CAFR) of the City of Rancho Palos Verdes for the fiscal year ended June 30, 2018, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

## **GOVERNMENTAL STRUCTURE**

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

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

## **MAJOR INITIATIVES**

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

### **Administration**

- Participated in the 2020 Census Local Update of Census Addresses Program (LUCA) – Updated the U.S. Census Bureau's residential address list for the 2020 Census using GIS. The City received an incentive of \$7,500.00 from LUCA participation.
- Story Maps – Created new Story Maps for Capital Improvement Program (CIP) and Preserve Parking presentations.
- Interactive Public Services GIS Portal – Updated public services maps for street sweeping and crime reporting under "City Services – GIS Maps and Services" on the [rpvca.gov](http://rpvca.gov) website.
- Electronic Data Collection and Field Inspection Applications – Continuing creation of GIS enabled apps for iPads to electronically collect data associated to asset mapping for City properties and the right of way, as well as CIP project scope and inspection management.

- Palos Verdes Nature Preserve Data Collection – Collaborating with Recreation & Parks to collect GIS data in the Preserve. GIS data such as signs, trail markers, fences, trash bin, etc. Once completed, these data will be imported into Cityworks, assets management system, that is being used by Public Works.
- NCCP and General Plan Land Use – Using GIS to update maps and figures in both documents as request by Community Development.
- TRAKiT Implementation – IT/GIS successfully implemented TRAKiT, a system containing permitting, planning, code enforcement and business license modules for the City. The easy-to-navigate modules are tightly linked through a GIS-centric database.
- Created or updated approximately 60 layers for the City’s GIS viewers or apps
- Coyote Application – Created a coyote application for the entire Peninsula region with GIS mapping capability to report incidents involving coyotes.
- Adopted multi-year Memorandum of Understanding with Rancho Palos Verdes Employees Association (RPVEA MOU FY 2017-20)
- Adopted Employee-Employer Resolution

### **Public Safety**

- Theft from unlocked vehicles decreased by 29% in 2017 from 2016 rates.
- Worked with three neighborhoods to implement new HOA Security Cameras at their entrances, utilizing the City’s grant process.
- Implemented three rounds of the Ring Doorbell Camera Incentive Program resulting in over 1,400 residences purchasing discounted products to protect their homes.
- Initiated purchase of tax-defaulted property in the Eastview area and received City Council authorization to further expand ALPR Cameras in the Eastview area.
- Installed new signage at RPV’s popular locations to deter vehicle thefts from locked and unlocked vehicles.
- Rolled out “Connected Neighbors. Safer Neighborhoods” Campaign to increase awareness about Ring “Neighbors” application.
- Completed annual RPV staff EOC training and exercise, Great Shakeout exercises; co-sponsored Peninsula Emergency Preparedness Expo.
- Updated Public Safety Strategic Plan.

### **Community Development**

- Launched new permit tracking system, TRAKiT, improving the efficiency in processing applications and communicating with internal and external customers.
- Approved the filing of the City’s NCCP/HCP for the federal register.
- Approved the City’s Emissions Reduction Action Plan.
- Began implementing the Council’s recently adopted Wireless Telecommunication Ordinance.
- Enforced the City’s short-term rental prohibition.
- Implemented the Peacock Trapping Program (112 birds trapped and relocated in 2017/2018).
- Implemented the Coyote Management Plan.

- Conducted public workshops in collaboration with the Cities of Palos Verdes Estates and Rolling Hills Estates on the Coyote Wildlife Watch program administered by the California Department of Fish and Wildlife.
- Launched a Coyote tracking website application.
- Participated on the LAX Community Noise Roundtable resulting in a noticeable drop in aircraft flights over the Peninsula.
- Coordinated with the Public Works Department in processing City Tree Review permits.
- Codified a compliance review process for Conditional Use Permit.
- Provided in-house Building and Safety Plan Check services.

### **Public Works**

- Implemented CitiWorks Work Order System.
- Implemented parking controls and permit parking programs near Del Cerro Park and the entrance to the Nature Preserve.
- Resurfaced over 6 Million SF of residential roadways, resulting in 85% of roadways in “Good” to “Very Good” condition.
- Completed the Hawthorne Blvd Traffic Signal Synchronization Project.
- Repaired and lined over 1,000 linear feet of storm drain lines Citywide.
- Completed PVIC Sunset Room Acoustical improvements.
- Completed work on the Storm Drain Point Repair Projects.
- Completed ADA Improvements at City Hall Bus Stop.
- Completed ADA Improvements at Hesse Park.
- Completed the installation of Guardrails along PVDE.
- Completed the first phase of the Coastal Bluff Fence Replacement Program.

### **Recreation and Parks**

- Installed trail counters at multiple popular trailheads to establish accurate count of trail users for the first time.
- Conceptual Master Plan for Ladera Linda approved by Council. Continued to implement final design and construction plans.
- Completed Lower Hesse Park and Eastview Park Improvement Projects.
- Continued to implement new exhibits project at Point Vicente Interpretive Center.
- Continued hosting annual Citywide events including: Whale a Day, 4<sup>th</sup> of July, Movies in the Park, and Breakfast with Santa.
- Provided new Citywide events such as Fourth of July Dog Parade at Eastview Park
- Completed 30 significant maintenance and improvement projects in Palos Verdes Nature Preserve.
- Expanded REACH-added therapeutic recreation programs and activities designed for younger participants.

## **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.

### **Adopted 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, 2018. The City also had a favorable revenue variance of \$0.6 million which resulted a net change in fund balance by \$1.2 million. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices, savings from the vacant positions, and the continued careful management of resources during FY 2017-18.

### **Significant Financial Events**

There were no changes to financial policies that resulted in a significant impact on the June 30, 2018 financial statements.

## **Long-term Financial Planning**

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

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

## **OTHER INFORMATION**

### **Independent Audit**

The City requires an annual audit by independent certified public accountants. The accounting firm of White Nelson Diehl Evans LLP conducted this year's audit. The auditors' report on the government-wide financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

### **Single Audit**

As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$750,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and the Uniform Guidance. For the year ended June 30, 2018, the City expended over \$750,000 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, 2017. This was the 24<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

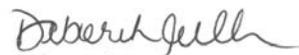
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

The preparation of this report would have not been possible without the dedication of the entire staff of the Finance Department. I would also like to acknowledge the assistance of the City's auditors, White Nelson Diehl Evans LLP and the contributions of all the departments by providing data necessary to prepare the City's FY 2017-18 CAFR.

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

Respectfully submitted,



Deborah Cullen  
Director of Finance

**(THIS PAGE INTENTIONALLY LEFT BLANK)**



RANCHO PALOS VERDES

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FY 2017-2018

---

### CITY OFFICIALS

Brian Campbell  
Mayor

Jerry V. Duhovic  
Mayor Pro Tem

Susan M. Brooks  
Councilwoman

Ken Dyda  
Councilman

Anthony M. Misetich  
Councilman

---

### CITY STAFF

Doug Willmore  
City Manager

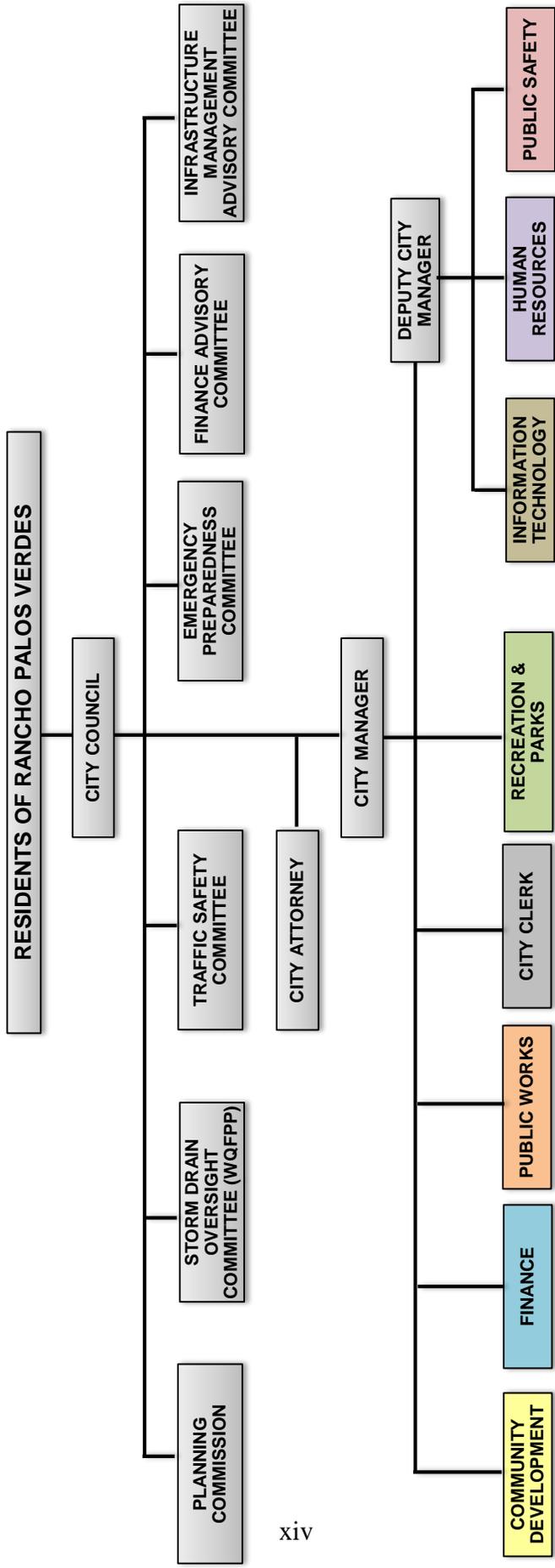
Gabriella Yap  
Deputy City Manager

Deborah Cullen  
Director of Finance

Cory Linder  
Director of Recreation & Parks

Ara Mihranian  
Director of Community Development

Elias Sassoon  
Director of Public Works





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Rancho Palos Verdes  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

## **FINANCIAL SECTION**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

## **INDEPENDENT AUDITORS' REPORT**

City Council Members  
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 (the City), as of and for the year ended June 30, 2018, 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 basic financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the City'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 of Rancho Palos Verdes, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, and the schedule of pension contributions, identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 the 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 statements and individual fund schedules, statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules, as listed in the table of contents, 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 statements and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 31, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*White Nelson Nick Evans LLP*

Irvine, California  
December 31, 2018

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

# CITY OF RANCHO PALOS VERDES

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the City of Rancho Palos Verdes offers readers of the City of Rancho Palos Verdes' Financial Statements this narrative overview and analysis of the City's financial activities for the Fiscal Year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages v-xi of this report.

#### **Financial Highlights**

The assets and deferred outflows of resources of the City of Rancho Palos Verdes exceed its liabilities and deferred inflows of resources at the close of the Fiscal Year ended June 30, 2018, by \$221.7 million (*Net Position*). Of this amount, \$44.0 million (*Unrestricted Net Position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining amount is invested in capital assets or is otherwise restricted, and therefore not available to meet the City's obligations.

At the fiscal year ended June 30, 2018, the City's Total Net Position decreased by \$0.6 million. The primary factors for the increase are discussed below.

As of June 30, 2018, the City's Governmental Funds reported combined ending Fund Balances of \$59.3 million, a decrease of \$0.5 million in comparison to the prior year. The decrease is attributable to the maintenance and capital projects that were completed by the end of the year.

As of June 30, 2018, unassigned fund balance for the General Fund was \$16.4 million or 60% of General Fund expenditures. The \$16.1 million of this amount constitutes the City Council's General Fund Reserve (rainy day fund). Due to the City Council's reserve policy, the unassigned fund balance has historically been maintained at or above the policy threshold level of 50% of annually budgeted General Fund expenditures.

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

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

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

#### Government-Wide Financial Statements

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

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

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

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

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

The Government-Wide Financial Statements can be found on pages 15-17 of this report.

#### Fund Financial Statements

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

## CITY OF RANCHO PALOS VERDES

### MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018

#### **Governmental Funds**

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

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

The City of Rancho Palos Verdes maintained 29 individual Governmental Funds during the Fiscal Year ended June 30, 2018. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Capital Improvements Fund, all of which are considered to be major funds. Data from the other 29 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic Governmental Fund Financial Statements can be found on pages 18-23 of this report.

#### **Proprietary Funds**

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

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018**

governmental function, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. These statements can be found on pages 24-26 of this report. The Proprietary Fund Financial Statements provide separate information for the Enterprise Fund and the Internal Service Funds.

#### **Fiduciary Fund**

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

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found on pages 29-60 of this report.

#### **Other information**

The combining statements referred to earlier in connection with Other Governmental Funds and Internal Service Funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 63-105 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$221.7 million at June 30, 2018. By far, the largest portion of the City's Net Position of \$160.4 million or 72% reflects its net investment in Capital Assets (e.g. Land, Infrastructure, Buildings, and Equipment). The City uses these Capital Assets to provide services to its citizens; consequently, these assets are not available for future spending.

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**City of Rancho Palos Verdes Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 74,878,019	\$ 75,078,443	\$ 1,031,929	\$ 4,771,793	\$ 75,909,948	\$ 79,850,236
Capital assets	125,420,414	123,437,427	34,996,398	31,310,541	160,416,812	154,747,968
<b>Total assets</b>	<b>200,298,433</b>	<b>198,515,870</b>	<b>36,028,327</b>	<b>36,082,334</b>	<b>236,326,760</b>	<b>234,598,204</b>
<b>Deferred outflows of resources</b>	<b>3,243,597</b>	<b>2,804,770</b>	-	-	<b>3,243,597</b>	<b>2,804,770</b>
Long-term liabilities outstanding	11,202,942	9,746,985	-	-	11,202,942	9,746,985
Other liabilities	5,111,936	4,850,570	1,159,540	171,734	6,271,476	5,022,304
<b>Total liabilities</b>	<b>16,314,878</b>	<b>14,597,555</b>	<b>1,159,540</b>	<b>171,734</b>	<b>17,474,418</b>	<b>14,769,289</b>
<b>Deferred inflows of resources</b>	<b>338,809</b>	<b>280,832</b>	-	-	<b>338,809</b>	<b>280,832</b>
Net Investment in capital assets	125,420,414	123,437,427	34,996,398	31,310,541	160,416,812	154,747,968
Restricted	17,300,320	19,386,775	-	-	17,300,320	19,386,775
Unrestricted	44,167,609	43,618,051	(127,611)	4,600,059	44,039,998	48,218,110
<b>Total net position</b>	<b>\$ 186,888,343</b>	<b>\$ 186,442,253</b>	<b>\$ 34,868,787</b>	<b>\$ 35,910,600</b>	<b>\$ 221,757,130</b>	<b>\$ 222,352,853</b>

A portion of the City’s Net Position of \$17.3 million or 8%, represents resources subject to external restrictions. The remaining balance of Unrestricted Net Position of \$44.0 million or 20 % may be used to meet the government’s ongoing obligations to its citizens and creditors.

Total current and other assets decreased by \$3.9 million in comparison to the previous year. This is mainly due to the completion of the storm drain projects in the Water Quality Flood Protection Fund. Capital assets increased by \$5.6 million mainly due to the City’s roadway capital projects.

**Governmental Activities**

Governmental Activities increased the City’s Net Position by \$0.4 million primarily due to the higher revenues received when compared to the prior year.

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

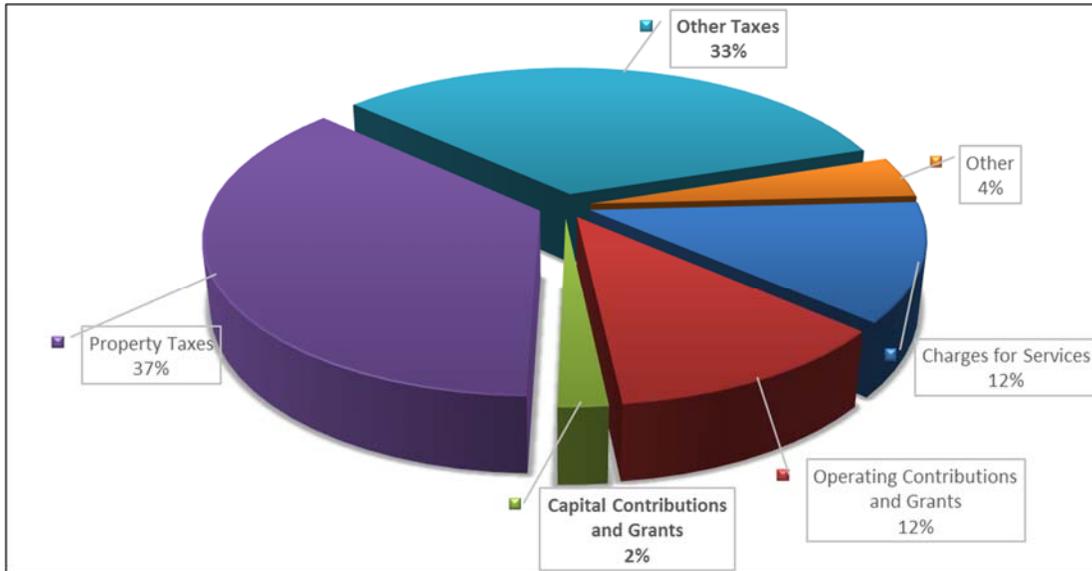
**City of Rancho Palos Verdes Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 4,626,968	\$ 4,269,353	\$ -	\$ 11,464	\$ 4,626,968	\$ 4,280,817
Operating contributions and grants	4,481,324	4,195,757	-	-	4,481,324	4,195,757
Capital contributions and grants	769,248	818,209	-	-	769,248	818,209
General revenues:						
Property taxes	13,761,647	13,301,886	-	-	13,761,647	13,301,886
Other taxes	12,504,276	11,823,625	-	-	12,504,276	11,823,625
Other	1,600,966	1,719,817	28,934	38,246	1,629,900	1,758,063
<b>Total revenues</b>	<b>37,744,429</b>	<b>36,128,647</b>	<b>28,934</b>	<b>49,710</b>	<b>37,773,363</b>	<b>36,178,357</b>
Administration	\$ 7,258,049	\$ 6,745,869	-	-	7,258,049	6,745,869
Public safety	7,338,918	6,534,248	-	-	7,338,918	6,534,248
Public works	16,072,939	10,637,865	-	-	16,072,939	10,637,865
Community development	2,735,948	2,663,556	-	-	2,735,948	2,663,556
Parks and recreation	2,726,331	2,433,822	-	-	2,726,331	2,433,822
Non-departmental	1,166,154	2,400,364	-	-	1,166,154	2,400,364
Water Quality Flood Protection	-	-	1,070,747	1,399,913	1,070,747	1,399,913
<b>Total expenses</b>	<b>37,298,339</b>	<b>31,415,724</b>	<b>1,070,747</b>	<b>1,399,913</b>	<b>38,369,086</b>	<b>32,815,637</b>
<b>(Decrease) / Increase in net position</b>	<b>446,090</b>	<b>4,712,923</b>	<b>(1,041,813)</b>	<b>(1,350,203)</b>	<b>(595,723)</b>	<b>3,362,720</b>
<b>(Decrease) / Increase in net position</b>	<b>446,090</b>	<b>4,712,923</b>	<b>(1,041,813)</b>	<b>(1,350,203)</b>	<b>(595,723)</b>	<b>3,362,720</b>
Net position - beginning of fiscal year	186,442,253	181,729,330	35,910,600	37,260,803	222,352,853	218,990,133
<b>Net position - end of fiscal year</b>	<b>\$ 186,888,343</b>	<b>\$ 186,442,253</b>	<b>\$ 34,868,787</b>	<b>\$ 35,910,600</b>	<b>\$ 221,757,130</b>	<b>\$ 222,352,853</b>

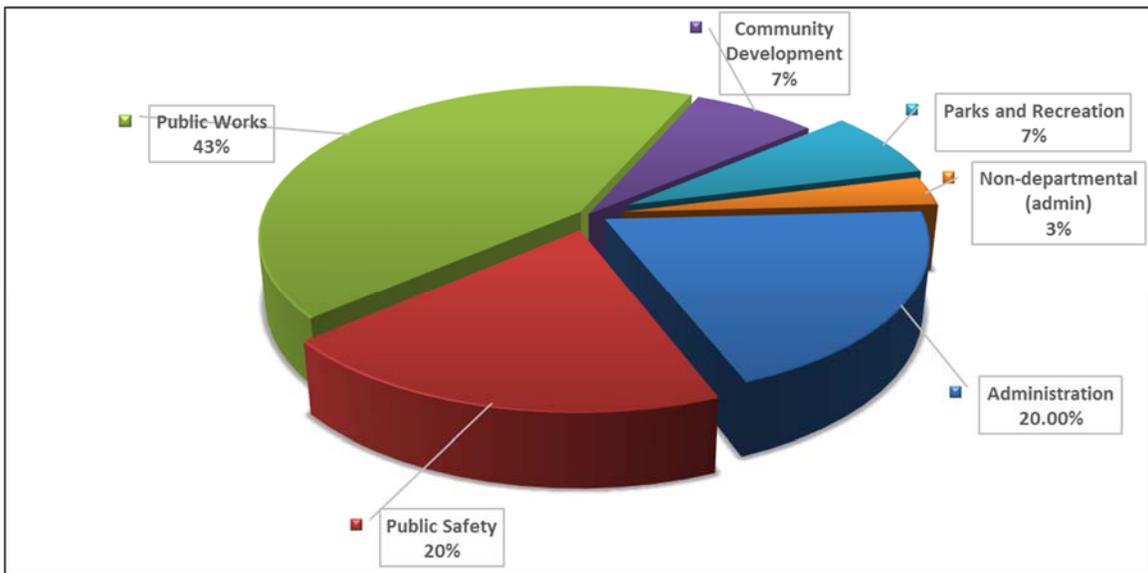
**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**Sources of Revenue - Governmental Activities**



**Expenses by Function – Governmental Activities**



## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018**

#### **Business-Type Activities**

Business-type activities decreased the City's net position by \$1.0 million due to expenditures related to storm drain projects in the Water Quality Flood Protection Fund.

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

As of the end of the current fiscal year, the City's Governmental Funds reported combined ending Fund Balances of \$59.3 million, a decrease of \$0.5 million in comparison to the prior year. Approximately \$57.4 million or 97% of the combined ending Fund Balances constitutes spendable fund balance. The remainder of the combined ending Fund Balances are either non-spendable due to legal restrictions or non-spendable in the form of prepaid items and inventory. Additional information on the non-spendable items can be found in Note # 7 on pages 47-48 of this report.

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$16.4 million, while total Fund Balance reached to \$18.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both Unassigned Fund Balance and Total Fund Balance to total fund uses (expenditures and transfers out). Unassigned Fund Balance represents 60% of total General Fund uses, while total Fund Balance represents 56% of the same amount.

The fund balance of the City's General Fund increased by \$1.2 million. The increased amount is primarily attributable to the tax revenues and investment income received when compared to the prior year results.

The CIP Fund Balance ended the year at \$24.4 million, a decrease of \$2.6 million in comparison to the previous year. The majority of the decrease is due to the expenditures from the completed capital improvement projects.

#### **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. The Net Position of the Enterprise Fund at the end of the fiscal year is \$34.8 million, a decrease to the Net Position by \$1.0 million. The decreased amount is due to the payments made for the completed storm drain projects.

The Net Position of the Internal Service Funds at the end of the fiscal year amounted to \$3.1 million, a decrease to the Net Position by \$.04 million. The decreased amount is due to the payments made for the City's new permitting system and financial software.

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018**

#### **General Fund Budgetary Highlights**

The difference between original budgeted operating expenditures and the final amended budget was an increase of \$1.8 million and is briefly summarized as follows:

- An increase of \$760,000 in Professional and Technical Services from the City Council approved projects. A portion of the increase in the amount of \$250,000 is from continuing appropriations from the prior fiscal year.
- An increase of \$1 million in Supplies and Equipment comprised primarily of purchase orders carried forward from the previous fiscal year. One of major increases in the amount \$740,000 is attributed to ALPR (Automatic License Plate Readers) and Homeowners Association grants.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in Capital Assets for its Governmental activities as of June 30, 2018, amounts to \$125.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current fiscal year, the City's investment in governmental capital assets increased by \$1.9 million or 2%.

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

- Depreciation of \$6.2 million was recorded for the City's Capital Assets.
- A total of \$8.2 million of construction in progress was added for various projects.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2018 is \$35 million.

**CITY OF RANCHO PALOS VERDES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital assets not being depreciated						
Land	\$ 42,087,575	\$ 42,087,575	\$ 1,428,243	\$ 1,428,243	\$ 43,515,818	\$ 43,515,818
Construction in progress	1,646,826	3,346,800	4,432,416	774,418	6,079,242	4,121,218
<b>Total capital assets not being depreciated</b>	<b>43,734,401</b>	<b>45,434,375</b>	<b>5,860,659</b>	<b>2,202,661</b>	<b>49,595,060</b>	<b>47,637,036</b>
Capital assets being depreciated, net						
Buildings	6,743,360	6,886,427	-	-	6,743,360	6,886,427
Vehicles	145,398	112,788	-	-	145,398	112,788
Computer equipment	182,326	273,510	-	-	182,326	273,510
Furniture, fixtures and equipment	298,841	364,382	-	-	298,841	364,382
Infrastructure						
Roadway system	55,395,146	51,348,663	-	-	55,395,146	51,348,663
Sewer system	5,391,539	5,845,585	-	-	5,391,539	5,845,585
Storm drain system	8,939,039	8,693,616	29,135,739	29,107,880	38,074,778	37,801,496
Park system	4,590,364	4,478,081	-	-	4,590,364	4,478,081
<b>Total capital assets being depreciated, net</b>	<b>81,686,013</b>	<b>78,003,052</b>	<b>29,135,739</b>	<b>29,107,880</b>	<b>110,821,752</b>	<b>107,110,932</b>
<b>Capital Assets, net</b>	<b>\$ 125,420,414</b>	<b>\$ 123,437,427</b>	<b>\$ 34,996,398</b>	<b>\$ 31,310,541</b>	<b>\$ 160,416,812</b>	<b>\$ 154,747,968</b>

Additional information on the City's Capital Assets can be found in Note #4 on pages 42-43 of this report.

**Long-term debt.** At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$442,682 for Employee Compensated Absences.

**City of Rancho Palos Verdes Outstanding Debt**

	Governmental Activities	
	2018	2017
Employee compensated absences	\$ 424,249	\$ 442,682
<b>Total</b>	<b>\$ 424,249</b>	<b>\$ 442,682</b>

At the fiscal year ended June 30, 2018, the City's total debt decreased by \$18 thousand or 4%.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,749,390,000.

## **CITY OF RANCHO PALOS VERDES**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2018**

#### **ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND RATES**

- Property tax revenue accounts for about 34.5% of Government-Wide revenues. Local property values remain strong, and the City's property assessments grew by 5.73% for FY 2017-18.
- The Consumer Price Index for Los Angeles County increased by 4.0% for the 12 months ended June 2018. The City's original FY 2018-19 General Fund expenditure budget increased by 7.1% when compared to the original FY 2017-18 budget. The majority of revenue in excess of budgeted expenditures (about \$3.5 million) has been programmed for capital improvement projects.

#### **REQUESTS FOR INFORMATION**

This Financial Report is designed to provide a general overview of the financial position of the City of Rancho Palos Verdes for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Finance Department at 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275 or [finance@rpvca.gov](mailto:finance@rpvca.gov).

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

## **BASIC FINANCIAL STATEMENTS**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

CITY OF RANCHO PALOS VERDES

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-type Activity	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 63,069,957	\$ 1,029,409	\$ 64,099,366
Receivables:			
Taxes	2,028,014	-	2,028,014
Interest	133,419	2,520	135,939
Notes	8,125,837	-	8,125,837
Other	607,393	-	607,393
Inventory	25,454	-	25,454
Prepaid costs	887,945	-	887,945
<b>TOTAL CURRENT ASSETS</b>	<b>74,878,019</b>	<b>1,031,929</b>	<b>75,909,948</b>
<b>NONCURRENT ASSETS:</b>			
Receivable from Successor Agency	10,612,857	-	10,612,857
Allowance for Successor Agency receivable	(10,612,857)	-	(10,612,857)
Capital assets, not being depreciated:			
Land	42,087,575	1,428,243	43,515,818
Construction in progress	1,646,826	4,432,416	6,079,242
Capital assets, being depreciated, net:			
Property and equipment	626,565	-	626,565
Buildings and improvements	6,743,360	-	6,743,360
Infrastructure	74,316,088	29,135,739	103,451,827
<b>TOTAL NONCURRENT ASSETS</b>	<b>125,420,414</b>	<b>34,996,398</b>	<b>160,416,812</b>
<b>TOTAL ASSETS</b>	<b>200,298,433</b>	<b>36,028,327</b>	<b>236,326,760</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	3,243,597	-	3,243,597
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	3,945,628	1,025,045	4,970,673
Retentions payable	216,320	134,495	350,815
Unearned revenue	9,835	-	9,835
Deposits payable	594,157	-	594,157
Current portion of noncurrent liabilities	345,996	-	345,996
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,111,936</b>	<b>1,159,540</b>	<b>6,271,476</b>
<b>NONCURRENT LIABILITIES:</b>			
Due beyond one year	78,253	-	78,253
Net pension liability	11,124,689	-	11,124,689
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>11,202,942</b>	<b>-</b>	<b>11,202,942</b>
<b>TOTAL LIABILITIES</b>	<b>16,314,878</b>	<b>1,159,540</b>	<b>17,474,418</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	338,809	-	338,809
<b>NET POSITION</b>			
Net invested in capital assets	125,420,414	34,996,398	160,416,812
Restricted for:			
Expendable	15,411,507	-	15,411,507
Nonexpendable	1,888,813	-	1,888,813
Unrestricted	44,167,609	(127,611)	44,039,998
<b>TOTAL NET POSITION</b>	<b>\$ 186,888,343</b>	<b>\$ 34,868,787</b>	<b>\$ 221,757,130</b>

See accompanying notes to basic financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2018**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Administration	\$ 7,258,049	\$ 1,031,675	\$ 17,121	\$ -
Public safety	7,338,918	123,970	139,416	-
Public works	16,072,939	658,822	4,324,787	769,248
Parks and recreation	2,726,331	729,409	-	-
Community development	2,735,948	2,083,092	-	-
Non-departmental	1,166,154	-	-	-
Total governmental activities	<u>37,298,339</u>	<u>4,626,968</u>	<u>4,481,324</u>	<u>769,248</u>
<b>Business-type Activity:</b>				
Water Protection Flood Control	<u>1,070,747</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 38,369,086</u>	<u>\$ -</u>	<u>\$ 4,481,324</u>	<u>\$ 769,248</u>

General revenues:

- Taxes:
  - Property taxes
  - Transient occupancy tax
  - Franchise tax
  - Utility user tax
  - Other taxes
- Intergovernmental revenue - sales tax
- Investment income
- Unrestricted grants, contributions and other revenues

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to basic financial statements.

Net Revenue (Expense) and  
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (6,209,253)	\$ -	\$ (6,209,253)
(7,075,532)	-	(7,075,532)
(10,320,082)	-	(10,320,082)
(1,996,922)	-	(1,996,922)
(652,856)	-	(652,856)
(1,166,154)	-	(1,166,154)
(27,420,799)	-	(27,420,799)
-	(1,070,747)	(1,070,747)
(27,420,799)	(1,070,747)	(28,491,546)
13,761,647	-	13,761,647
5,615,044	-	5,615,044
2,128,727	-	2,128,727
1,837,690	-	1,837,690
402,732	-	402,732
2,520,083	-	2,520,083
838,328	28,934	867,262
762,638	-	762,638
27,866,889	28,934	27,895,823
446,090	(1,041,813)	(595,723)
186,442,253	35,910,600	222,352,853
<u>\$ 186,888,343</u>	<u>\$ 34,868,787</u>	<u>\$ 221,757,130</u>

**CITY OF RANCHO PALOS VERDES**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2018**

	General	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 18,239,105	\$ 24,840,674	\$ 17,440,869	\$ 60,520,648
Receivables:				
Taxes	2,002,409	-	25,605	2,028,014
Interest	40,884	49,009	38,458	128,351
Other	115,920	20,112	471,361	607,393
Due from other funds	80,771	-	-	80,771
Inventory	25,454	-	-	25,454
Prepaid items	887,945	-	-	887,945
Receivable from Successor Agency	10,612,857	-	-	10,612,857
Allowance for Successor Agency Receivable	(10,612,857)	-	-	(10,612,857)
<b>TOTAL ASSETS</b>	<b><u>\$ 21,392,488</u></b>	<b><u>\$ 24,909,795</u></b>	<b><u>\$ 17,976,293</u></b>	<b><u>\$ 64,278,576</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 2,681,972	297,162	963,380	\$ 3,942,514
Due to other funds	-	-	80,771	80,771
Retentions payable	9,162	207,158	-	216,320
Unearned revenue	-	-	9,835	9,835
Deposits payable	594,157	-	-	594,157
<b>TOTAL LIABILITIES</b>	<b><u>3,285,291</u></b>	<b><u>504,320</u></b>	<b><u>1,053,986</u></b>	<b><u>4,843,597</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	28,237	-	85,112	113,349
<b>FUND BALANCES (DEFICIT):</b>				
<b>Non-Spendable</b>				
Endowment principal	-	-	750,000	750,000
Reimbursement settlement agreement	-	-	-	-
Prepaid items	887,945	-	1,000,000	1,887,945
Inventory	25,454	-	-	25,454
Habitat restoration	-	-	138,813	138,813
Restricted	-	1,438,421	13,973,086	15,411,507
Committed	715,164	-	-	715,164
Assigned	-	22,967,054	975,296	23,942,350
Unassigned	16,450,397	-	-	16,450,397
<b>TOTAL FUND BALANCES</b>	<b><u>18,078,960</u></b>	<b><u>24,405,475</u></b>	<b><u>16,837,195</u></b>	<b><u>59,321,630</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b><u>\$ 21,392,488</u></b>	<b><u>\$ 24,909,795</u></b>	<b><u>\$ 17,976,293</u></b>	<b><u>\$ 64,278,576</u></b>

See accompanying notes to basic financial statements.

CITY OF RANCHO PALOS VERDES

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

June 30, 2018

Fund balances - total governmental funds	\$ 59,321,630
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.	124,799,199
Receivables not available to pay for current period expenditures are reported as unavailable revenue in the financial statements.	113,349
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	8,125,837
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(424,249)
The pension liability and related amounts are not due and payable in the current period and, therefore, are not reported in the governmental funds. Deferred outflows of resources and deferred inflows of resources related pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:	
Net pension liability	(11,124,689)
Deferred outflows of resources related to pensions	3,243,597
Deferred inflows of resources related to pensions	(338,809)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position.	<u>3,172,478</u>
Net position of governmental activities	<u>\$ 186,888,343</u>

See accompanying notes to basic financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2018

	General	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 25,532,519	\$ -	\$ 733,389	\$ 26,265,908
Licenses and permits	3,094,984	-	-	3,094,984
Revenue from other agencies	81,604	-	5,263,193	5,344,797
Charges for services	892,803	-	219,802	1,112,605
Fines and forfeitures	143,753	-	-	143,753
Use of money and property	206,893	303,782	203,096	713,771
Other revenues	500,063	-	538,214	1,038,277
TOTAL REVENUES	30,452,619	303,782	6,957,694	37,714,095
EXPENDITURES:				
Current:				
Administration	5,867,271	-	-	5,867,271
Public safety	7,398,815	-	-	7,398,815
Public works	4,954,053	-	6,113,638	11,067,691
Parks and recreation	2,493,321	-	-	2,493,321
Community development	2,735,948	-	-	2,735,948
Non-departmental	1,166,154	-	-	1,166,154
Capital outlay	-	7,503,608	-	7,503,608
TOTAL EXPENDITURES	24,615,562	7,503,608	6,113,638	38,232,808
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,837,057	(7,199,826)	844,056	(518,713)
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	4,526,000	287,500	5,043,500
Transfers out	(4,813,500)	-	(230,000)	(5,043,500)
TOTAL OTHER FINANCING SOURCES (USES)	(4,583,500)	4,526,000	57,500	-
NET CHANGE IN FUND BALANCES	1,253,557	(2,673,826)	901,556	(518,713)
FUND BALANCES - BEGINNING OF YEAR	16,825,403	27,079,301	15,935,639	59,840,343
FUND BALANCES - END OF YEAR	\$ 18,078,960	\$ 24,405,475	\$ 16,837,195	\$ 59,321,630

See accompanying notes to basic financial statements.

**CITY OF RANCHO PALOS VERDES**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2018**

Net change in fund balances - total governmental funds	\$ (518,713)
Amounts reported for governmental activities in the Statement of Activities are different because:	
<p>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:</p>	
Cost of assets capitalized	8,110,585
Depreciation expense	(5,998,133)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(104,506)
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.	104,921
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.	18,433
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows relate to pensions. This amount represents the net change in pension related amounts.	(1,118,442)
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.	<u>(48,055)</u>
Change in net position of governmental activities	<u><u>\$ 446,090</u></u>

See accompanying notes to basic 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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 25,420,600	\$ 25,720,600	\$ 25,532,519	\$ (188,081)
Licenses and permits	3,135,500	3,135,500	3,094,984	(40,516)
Revenue from other agencies	-	-	81,604	81,604
Charges for services	255,200	305,200	892,803	587,603
Fines and forfeitures	113,000	113,000	143,753	30,753
Use of money and property	83,300	83,300	206,893	123,593
Other revenues	653,000	423,000	500,063	77,063
<b>TOTAL REVENUES</b>	<b>29,660,600</b>	<b>29,780,600</b>	<b>30,452,619</b>	<b>672,019</b>
<b>EXPENDITURES:</b>				
<b>Administration</b>				
City council	128,600	128,598	107,304	21,294
City manager	840,100	871,463	872,496	(1,033)
Legal services	925,000	925,000	1,184,796	(259,796)
Community outreach	87,500	87,605	74,464	13,141
City clerk	679,600	679,600	595,565	84,035
RPV TV	229,000	263,095	203,700	59,395
Personnel	392,700	438,700	373,705	64,995
Finance	1,410,600	1,418,884	1,349,977	68,907
Information technology - Data	1,134,700	1,156,650	1,012,125	144,525
Information technology - Voice	95,000	103,000	93,139	9,861
<b>Total Administration</b>	<b>5,922,800</b>	<b>6,072,595</b>	<b>5,867,271</b>	<b>205,324</b>
<b>Public safety</b>				
Sheriff	6,135,200	6,135,200	6,108,698	26,502
Special programs	825,500	1,848,491	1,028,470	820,021
Animal control	136,000	136,000	115,847	20,153
Emergency preparedness	189,300	189,300	145,800	43,500
<b>Total Public Safety</b>	<b>7,286,000</b>	<b>8,308,991</b>	<b>7,398,815</b>	<b>910,176</b>
<b>Public Works</b>				
Public works administration	2,723,100	2,852,029	2,157,495	694,534
Traffic management	406,000	561,076	526,400	34,676
Storm water quality	586,100	683,116	310,929	372,187
Building maintenance	651,800	668,100	597,136	70,964
Park/Trail/Open Space maintenance	748,100	748,100	935,466	(187,366)
Street landscape Maintenance	-	-	425,073	(425,073)
Sewer maintenance	69,000	69,000	1,554	67,446
<b>Total Public Works</b>	<b>5,184,100</b>	<b>5,581,421</b>	<b>4,954,053</b>	<b>627,368</b>

(Continued)

See accompanying notes to basic financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)

GENERAL FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
Parks and Recreation				
Recreation administration	1,193,000	1,214,291	1,042,368	171,923
Recreation facilities	750,300	757,125	680,026	77,099
Special events	236,700	236,700	193,923	42,777
PVIC	425,300	425,300	471,655	(46,355)
REACH	66,700	63,500	64,371	(871)
Support services	26,000	26,000	40,978	(14,978)
Total Parks and Recreation	2,698,000	2,722,916	2,493,321	229,595
Community Development				
Planning services	1,609,900	1,627,867	1,235,352	392,515
Building & safety	969,100	991,211	791,008	200,203
Code enforcement	321,000	321,000	183,129	137,871
View restoration/preservation	357,000	357,000	394,011	(37,011)
NCCP	-	75,000	16,870	58,130
Geology	150,000	150,000	115,578	34,422
Total Community Development	3,407,000	3,522,078	2,735,948	786,130
Non-departmental	1,106,400	1,214,510	1,166,154	48,356
TOTAL EXPENDITURES	25,604,300	27,422,511	24,615,562	2,806,949
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	4,056,300	2,358,089	5,837,057	(2,134,930)
OTHER FINANCING SOURCES (USES):				
Transfers in	230,000	230,000	230,000	-
Transfers out	(4,813,500)	(4,813,500)	(4,813,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,583,500)	(4,583,500)	(4,583,500)	-
NET CHANGE IN FUND BALANCE	(527,200)	(2,225,411)	1,253,557	(2,134,930)
FUND BALANCE - BEGINNING OF YEAR	16,825,403	16,825,403	16,825,403	-
FUND BALANCE - END OF YEAR	\$ 16,298,203	\$ 14,599,992	\$ 18,078,960	\$ (2,134,930)

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**June 30, 2018**

	<u>Business-type Activity- Water Quality Flood Protection Enterprise Fund</u>	<u>Equipment Replacement Internal Service Funds</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ 1,029,409	\$ 2,549,309
Receivables:		
Interest	<u>2,520</u>	<u>5,068</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,031,929</u>	<u>2,554,377</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets, not being depreciated:		
Land	1,428,243	-
Construction in progress	4,432,416	-
Capital assets, being depreciated:		
Property and equipment	11,813	2,409,311
Infrastructure	32,494,609	-
Accumulated depreciation	<u>(3,370,683)</u>	<u>(1,788,096)</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>34,996,398</u>	<u>621,215</u>
<b>TOTAL ASSETS</b>	<u>36,028,327</u>	<u>3,175,592</u>
<b>LIABILITIES</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	1,025,045	3,114
Retentions payable	<u>134,495</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,159,540</u>	<u>3,114</u>
<b>NET POSITION</b>		
Invested in capital assets	34,996,398	621,215
Unrestricted	<u>(127,611)</u>	<u>2,551,263</u>
<b>TOTAL NET POSITION</b>	<u>\$ 34,868,787</u>	<u>\$ 3,172,478</u>

See accompanying notes to basic financial statements.

**CITY OF RANCHO PALOS VERDES**

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

**For the year ended June 30, 2018**

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Equipment Replacement Internal Service Funds
OPERATING REVENUES:		
Charges for services	<u>\$ -</u>	<u>\$ 410,877</u>
OPERATING EXPENSES:		
Materials and supplies	-	249,409
Maintenance	404,573	-
Depreciation	<u>666,174</u>	<u>239,442</u>
TOTAL OPERATING EXPENSES	<u>1,070,747</u>	<u>488,851</u>
OPERATING LOSS	<u>(1,070,747)</u>	<u>(77,974)</u>
NONOPERATING REVENUES:		
Investment income	<u>28,934</u>	<u>29,919</u>
CHANGE IN NET POSITION	(1,041,813)	(48,055)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>35,910,600</u>	<u>3,220,533</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 34,868,787</u></u>	<u><u>\$ 3,172,478</u></u>

See accompanying notes to basic financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the year ended June 30, 2018**

	Business-type Activity Water Quality Flood Protection Enterprise Fund	Equipment Replacement Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ 410,877
Payments to suppliers	(441,812)	(334,685)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(441,812)</u>	<u>76,192</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	<u>(3,326,986)</u>	<u>(109,977)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	<u>32,493</u>	<u>29,919</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,736,305)	(3,866)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,765,714</u>	<u>2,553,175</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,029,409</u>	<u>\$ 2,549,309</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (1,070,747)	\$ (77,974)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	666,174	239,442
Changes in operating assets and liabilities:		
Decrease in accounts payable and accrued liabilities	(119,315)	(85,276)
Increase in retentions payable	82,076	-
NET PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (441,812)</u>	<u>\$ 76,192</u>
SCHEDULE OF NON-CASH FINANCING ACTIVITIES:		
Capital asset additions included in accounts payable	<u>\$ 1,025,045</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND**

**June 30, 2018**

	<u>Successor Agency Private-Purpose Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 412,779
Interest receivable	842
Prepaid costs	<u>356,125</u>
<b>TOTAL ASSETS</b>	<u>769,746</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Current portion of noncurrent liabilities	<u>402,118</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>402,118</u>
<b>NONCURRENT LIABILITIES:</b>	
Due beyond one year	<u>14,255,739</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	14,255,739
<b>TOTAL LIABILITIES</b>	<u>14,657,857</u>
<b>NET POSITON (DEFICIT) HELD IN TRUST</b>	<u>\$ (13,888,111)</u>

See accompanying notes to basic financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the year ended June 30, 2018

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 457,250
Use of money and property	5,208
TOTAL ADDITIONS	<u>462,458</u>
DEDUCTIONS:	
Administration	41,045
Debt interest and fiscal charges	322,032
TOTAL DEDUCTIONS	<u>363,077</u>
CHANGE IN NET POSITION	<u>99,381</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(13,987,492)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (13,888,111)</u>

See accompanying notes to basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

# CITY OF RANCHO PALOS VERDES, CALIFORNIA

## Notes to Basic Financial Statements

June 30, 2018

---

### *I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

#### A. Reporting Entity

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

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

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

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

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

- The members of the City Council also act as members of the Authority Board.
- 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A. Reporting Entity (Continued)

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

**Governmental Fund Types**

General Fund - Used to account for all financial resources except those that are required to be accounted for in another fund. The financial resources accounted for in the General Fund may be used to fund any City program.

Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.

Capital Projects Funds - Used to account for financial resources used for the construction of specific capital projects.

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

**Proprietary Fund Types**

Enterprise Fund - Used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services; which are supported primarily by user charges.

Internal Service Funds - Used to centralize the accounting for purchases of equipment, furniture and vehicles on behalf of all City departments, and the accumulation of funds for replacement of certain buildings on behalf of the City.

***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

B. Description of Funds (Continued)

**Fiduciary Fund Type**

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

C. Basis of Accounting/Measurement Focus

**Government-Wide Financial Statements**

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

**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 reports the following major governmental funds.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basis of Accounting/Measurement Focus (Continued)

**Governmental Fund Financial Statements (Continued)**

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, current liabilities and deferred inflows are reported on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end, taxpayer-assessed taxes such as sales taxes, and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for interest on general long-term debt that has not yet matured, which is recognized when due.

**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 noncurrent) 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 an internal service fund to finance and account for goods and services provided by one City department to other City departments, including the purchase and maintenance of equipment. The City’s internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City’s governmental activities, the financial statements of the internal service fund is 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.).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Basis of Accounting/Measurement Focus (Continued)

**Proprietary Fund Financial Statements (Continued)**

The City reports the following major enterprise fund.

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

**Fiduciary Fund Financial Statements**

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

The City reports the following fiduciary fund.

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

D. Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level. Throughout the year, the City Council made several budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, and Permanent funds.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the 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, 2018, based on calculations by City Management, the proceeds of taxes in the amount of \$26.3 million did not exceed appropriation limit of \$28.9 million.

***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**E. Capital Assets**

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

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

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

**F. Employee Compensated Absences**

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

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

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

**G. Investments**

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

***I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

H. Cash and Investments

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

I. Claims and Judgments

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

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

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 \$887,945 of prepaid items as of June 30, 2018.

K. Estimates

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

L. Use of Restricted Resources

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

M. Deferred Inflows and Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability.

***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

M. Deferred Inflows and Outflows (Continued)

- Deferred outflows related to pensions for the changes in proportion and differences between employer contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the net difference between projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for the changes in proportion and differences between employer contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

N. Current Accounting Pronouncements

GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017. This accounting pronouncement did not impact the City.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This accounting pronouncement did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017. This accounting pronouncement did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. This accounting pronouncement did not impact the City.

O. Future Accounting Pronouncements

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2018, 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	<u>\$ 64,099,366</u>	<u>\$ 412,779</u>	<u>\$ 64,512,145</u>

Cash and investments as of June 30, 2018 consist of the following:

Petty Cash	\$ 3,000
Deposits with Financial Institutions	5,143,684
Certificates of Deposit	17,950,000
Money Market Funds	662,360
Negotiable Certificates of Deposit	4,104,565
Local Agency Investment Fund (LAIF)	<u>36,648,536</u>
	<u>\$ 64,512,145</u>

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

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

Authorized Investment Type	Maximum Maturity	Maximum Amount or Percent of Portfolio	Maximum in One Issuer
U.S. Treasury Obligations	3 years	None	None
Certificates of Deposit	5 years	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	15%	None
Money Market Mutual Funds	N/A	15%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65 million per acct.
Money Market Savings/Demand Deposits	N/A	15%	\$5 million

**2. CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk**

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

Investment Type	Remaining Maturity				Total
	0-6 months	6-12 months	12-36 months	36-60 months	
Certificates of Deposit	\$ -	\$ 1,500,000	\$ 8,450,000	\$ 8,000,000	\$ 17,950,000
Money Market Funds	662,360	-	-	-	662,360
Negotiable Certificates of Deposit	-	-	4,104,565	-	4,104,565
Local Agency Investment Fund (LAIF)	36,648,536	-	-	-	36,648,536
Total	<u>\$ 37,310,896</u>	<u>\$ 1,500,000</u>	<u>\$ 12,554,565</u>	<u>\$ 8,000,000</u>	<u>\$ 59,365,461</u>

**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 certificates of deposit, negotiable certificates of deposit, and LAIF are not rated. The money market funds are rated AAA.

**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.

**Custodial Credit Risk**

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

**2. CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (Continued)**

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

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

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

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

**Fair Value Classifications**

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

The fair value of the City's investments in negotiable certificates of deposits is based on Level 2 inputs. The City's investments in money market funds and LAIF are not subject to the fair value hierarchy.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**3. INTERFUND TRANSACTIONS**

**Interfund Receivable/Payable**

At June 30, 2018, \$80,771 was owed to the General Fund to temporarily cover grant expenditures in the nonmajor Bikeways Special Revenue Fund, until reimbursement is received from the granting agency.

**Interfund Transfers**

Interfund transfers for the year ended June 30, 2018, consisted of the following:

Transfer To	Transfer From		Totals
	General Fund	Other Governmental Funds	
General Fund	\$ -	\$ 230,000	\$ 230,000
Capital Improvement Projects	4,526,000	-	4,526,000
Other Governmental Funds	287,500	-	287,500
Totals	<u>\$ 4,813,500</u>	<u>\$ 230,000</u>	<u>\$ 5,043,500</u>

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

The General Fund transferred a total of \$4,813,500. Of this amount, \$4,526,000 was transferred to the Capital Improvement Projects (CIP) Fund as a CIP Reserve for future infrastructure projects, as required by the City Council’s Reserve Policy. The amount of \$246,000 was transferred to the Improvement Authority Abalone Cove for \$38,000 and Abalone Cove Sewer District for \$208,000 to fund the City’s sewer system maintenance contribution. The remaining balance of \$41,500 was transferred to the Sub-region One Maintenance for future projects. The General Fund received \$230,000 during the year. Of this amount, \$140,000 was transferred from the Public Safety Grants Fund to supplement the special community resource policing team for the deputy cost within the Sherriff program of the public safety section of the budget and another \$90,000 was transferred from the Measure A Maintenance Fund to fund Parks, Trails, and Open Space Maintenance within the General Fund for fuel modification in the Open Space areas.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2018**

**4. CAPITAL ASSETS AND DEPRECIATION**

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, 2018.

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 42,087,575	\$ -	\$ -	\$ 42,087,575
Construction in progress	3,346,800	8,157,791	(9,857,765)	1,646,826
Total capital assets not being depreciated	<u>45,434,375</u>	<u>8,157,791</u>	<u>(9,857,765)</u>	<u>43,734,401</u>
Capital assets being depreciated:				
Building and improvements	13,442,873	104,336	-	13,547,209
Vehicles	433,572	77,988	-	511,560
Computer equipment	994,501	-	(5,350)	989,151
Furniture, fixtures and equipment	876,611	31,989	-	908,600
Infrastructure		-	-	-
Roadway system	108,073,786	8,830,933	-	116,904,719
Sewer system	25,965,995	-	-	25,965,995
Storm drain system	13,148,416	511,906	-	13,660,322
Parks system	6,371,095	363,384	-	6,734,479
Total capital assets being depreciated	<u>169,306,849</u>	<u>9,920,536</u>	<u>(5,350)</u>	<u>179,222,035</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,556,446)	(247,403)	-	(6,803,849)
Vehicles	(320,784)	(45,378)	-	(366,162)
Computer equipment	(720,991)	(91,184)	5,350	(806,825)
Furniture, fixtures and equipment	(512,229)	(97,530)	-	(609,759)
Infrastructure		-	-	-
Roadway system	(56,725,123)	(4,784,450)	-	(61,509,573)
Sewer system	(20,120,410)	(454,046)	-	(20,574,456)
Storm drain system	(4,454,800)	(266,483)	-	(4,721,283)
Parks system	(1,893,014)	(251,101)	-	(2,144,115)
Total accumulated depreciation	<u>(91,303,797)</u>	<u>(6,237,575)</u>	<u>5,350</u>	<u>(97,536,022)</u>
Total capital assets being depreciated, net	<u>78,003,052</u>	<u>3,682,961</u>	<u>-</u>	<u>81,686,013</u>
Governmental activities capital assets, net	<u>\$ 123,437,427</u>	<u>\$ 11,840,752</u>	<u>\$ (9,857,765)</u>	<u>\$ 125,420,414</u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

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

Administration (depreciation of buildings)	\$ 247,403
Public Works (depreciation of roadways, sewers, and storm drains)	5,499,629
Parks and recreation (depreciation of parks system)	251,101
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	<u>239,442</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 6,237,575</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,428,243	\$ -	\$ -	\$ 1,428,243
Construction in progress	<u>774,418</u>	<u>4,352,031</u>	<u>(694,033)</u>	<u>4,432,416</u>
Total capital assets not being depreciated	<u>2,202,661</u>	<u>4,352,031</u>	<u>(694,033)</u>	<u>5,860,659</u>
Capital assets being depreciated:				
Equipment	11,813	-	-	11,813
Storm drain system	<u>31,800,576</u>	<u>694,033</u>	<u>-</u>	<u>32,494,609</u>
Total capital assets being depreciated	<u>31,812,389</u>	<u>694,033</u>	<u>-</u>	<u>32,506,422</u>
Less accumulated depreciation for:				
Equipment	(11,813)	-	-	(11,813)
Storm drain system	<u>(2,692,696)</u>	<u>(666,174)</u>	<u>-</u>	<u>(3,358,870)</u>
Total accumulated depreciation	<u>(2,704,509)</u>	<u>(666,174)</u>	<u>-</u>	<u>(3,370,683)</u>
Total capital assets being depreciated, net	<u>29,107,880</u>	<u>27,859</u>	<u>-</u>	<u>29,135,739</u>
Business-type activities capital assets, net	<u><u>\$ 31,310,541</u></u>	<u><u>\$ 4,379,890</u></u>	<u><u>\$ (694,033)</u></u>	<u><u>\$ 34,996,398</u></u>

Depreciation expense of \$666,174 is included in the Water Quality Flood Protection enterprise fund.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**5. NOTES RECEIVABLE**

	Notes Receivable
Affordable Housing	\$ 7,779,371
Community Development Block Grant	346,466
Subtotal	8,125,837
Receivable from Successor Agency	10,612,857
Allowance from Successor Agency receivable	(10,612,857)
Total Notes Receivable	<u>\$ 8,125,837</u>

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

**Affordable Housing**

In March 2009, the former Redevelopment Agency (RDA) entered into a Disposition and Development Agreement (DDA) with AMCAL Mirandela Fund LP (AMCAL). Under the DDA, the former RDA provided financial assistance to AMCAL in an amount up to \$6,790,000 to develop a thirty-four unit senior housing project. The loan accrues simple interest at a rate of 3% per annum on the amounts disbursed. The note is due December 22, 2065. The balance of note receivable from AMCAL including accrued unpaid interest of \$1,509,084 at June 30, 2018 was \$7,779,371.

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. Due to the nature of this loan, the outstanding balance has been offset in full by an allowance for uncollectability.

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, 2018 is \$346,466.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**6. LONG-TERM LIABILITIES**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amount Due in One Year
Employee Compensated Absences	\$ 442,682	\$ 342,596	\$ (361,029)	\$ 424,249	\$ 345,996

**Employee Compensated Absences**

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$345,996 is estimated to be the amount that will be used and/or paid out during the fiscal year ended June 30, 2019.

**7. CLASSIFICATIONS OF NET POSITION AND FUND BALANCE**

**Government-Wide Financial Statements**

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

*Net Investment in Capital Assets*

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

*Restricted Net Position*

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

*Unrestricted Net Position*

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

**Fund Financial Statements**

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

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

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

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

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**7. CLASSIFICATIONS OF NET POSITION AND FUND BALANCE (CONTINUED)**

**Fund Financial Statements (Continued)**

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, 2018:

	General Fund	Capital Improvement Fund	Other Governmental Funds
Nonspendable:			
In Form (inventory and prepaid)	913,399	\$ -	\$ -
Legally	-	-	1,750,000
Habitat Restoration	-	-	138,813
Restricted:			
Public Works	-	1,438,421	13,973,086
Committed:			
Public Works	129,954	-	-
City Administration	14,963	-	-
Public Safety	539,934	-	-
Community Development	28,913	-	-
Recreation and Parks	1,400	-	-
Assigned:			
Public Works	-	21,673,517	-
Community Development	-	-	975,296
Continued Appropriations	-	1,293,537	-
Unassigned:			
Unrestricted Fund Balance	16,150,397	-	-
Continued Appropriations	300,000	-	-
	<u>16,150,397</u>	<u>-</u>	<u>-</u>
Governmental Fund Balance Totals	<u>\$ 18,078,960</u>	<u>\$ 24,405,475</u>	<u>\$ 16,837,195</u>

**Non-Spendable Fund Balance**

General Fund assets include \$25,454 of inventory held for resale at the Point Vicente Interpretive Center gift shop, and \$887,945 of prepayments for expenditures related to the fiscal year ended June 30, 2019.

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.

**7. CLASSIFICATIONS OF NET POSITION AND FUND BALANCE (CONTINUED)**

**Non-Spendable Fund Balance (Continued)**

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 \$138,813 represents 11 years of annual \$10,000 contributions plus interest earnings.

**Restricted Fund Balance**

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

The \$1,438,421 balance of the Capital Improvement Fund is restricted for ongoing improvements for streets, building, parks, trails and open space, and Portuguese Bend's dewatering wells project.

The \$378,754 balance of the Beautification Fund has been restricted for beautification projects within the City's right-of-way, as well as the promotion of recycling and beautification programs.

**Committed Fund Balance**

The \$715,164 balance of the General Fund is committed for ongoing projects approved by the City Council. These projects can only be redesignated to other projects by City Council.

**Assigned Fund Balance**

The \$22,967,054 balance of the Capital Improvement Projects Fund has been assigned for the planning, design and construction of infrastructure projects.

Balances totaling \$975,296 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 \$16,150,397 at June 30, 2018.

City Council approved to carry forward \$300,000 of FY 2017-18 General Fund appropriations to FY 2018-19.

**7. CLASSIFICATIONS OF NET POSITION AND FUND BALANCE (CONTINUED)**

**Statement of Net Position**

The Net Position of the City’s governmental activities at June 30, 2018 includes restricted amounts totaling \$17,300,320. The restrictions are itemized in the following table, and are noted above, in the discussion of governmental fund balances.

Improvement Authority non-spendable balance	\$ 1,000,000
Subregion One maintenance non-spendable endowment	750,000
Natural Communities Conservation Plan non-spendable endowment	138,813
Capital Improvement Fund	1,438,421
Other Governmental Funds restricted balances	<u>13,973,086</u>
 Total Restricted portion of Net Position	 <u><u>\$ 17,300,320</u></u>

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS**

**Pension Plan Description**

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

**Benefits Provided**

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

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

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Benefits Provided (Continued)**

The Plan's provisions and benefits in effect at June 30, 2018, are summarized in the following table.

Hire Date	Miscellaneous		
	Classic Tier 1	Classic Tier 2	New Members
	Prior to January 1, 2013	Prior to October 2, 2012	On or after January 1, 2013
Formula	2.5% at 55	2.0% at 60	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of annual salary	2.50%	2.00%	2.00%
Required employee contribution rates	8%	7%	6.25%
Required employer contributions rates;			
Normal cost rate	10.110%	7.200%	6.533%
Payment of unfunded liability	\$ 495,784	\$ 198	\$ 526

**Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Miscellaneous Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the City were \$999,670 for the year ended June 30, 2018.

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

The City reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as of June 30, 2018, in the amount of \$11,124,689.

The City's net pension liability for the Miscellaneous Plan is measured as the proportionate share of the net pension liability of the collective cost-sharing plan. The City's net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2016 and 2017 measurement dates was as follows:

Proportion - June 30, 2016	0.11120%
Proportion - June 30, 2017	<u>0.11218%</u>
Change - Increase ( Decrease)	<u><u>-0.00098%</u></u>

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2018, the City recognized pension expense of \$2,103,644. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 990,670	\$ -
Changes in proportion and differences between employer contributions and employer's proportionate share of contributions	188,106	(18,067)
Net difference between projected and actual earnings on pension plan investments	378,359	-
Differences between expected and actual experience	13,483	(193,176)
Change of assumptions	<u>1,672,979</u>	<u>(127,566)</u>
Total	<u>\$ 3,243,597</u>	<u>\$ (338,809)</u>

The amount of \$990,670 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2019	\$ 584,024
2020	969,412
2021	585,319
2022	<u>(224,637)</u>
	<u>\$ 1,914,118</u>

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Actuarial Assumptions**

The total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

**Change of Assumptions**

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Discount Rate (Continued)**

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Discount Rate (Continued)**

Asset Class	Target Allocation	(1) Real Return Years 1-10	(2) Rate Return Years 11+
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	0.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(1) An expected inflation of 2.5% used for this period.

(2) An expected inflation of 3.0% used for this period.

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

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

Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
\$ 16,639,305	\$ 11,124,689	\$ 6,557,385

**Pension Plan Fiduciary Net Position**

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

**8. PENSION AND RETIREMENT HEALTH SAVINGS PLANS (CONTINUED)**

**Retirement Health Savings Plan**

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

The City has no obligation to make contributions to the Plan, but as part of the annual budget process the City may elect to make contributions to the Plan. Employees are required to contribute 1% of their gross wages to their account, which is owned by the employee. During the fiscal year ended June 30, 2018, the City contributed a total of \$82,081 to employee accounts.

The Plan assets are not an asset of the City. Therefore, only the City's expense to make contributions to the Plan has been recorded in the General Fund in the City's financial statements.

**9. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE**

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of Rancho Palos Verdes is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-Insurance Programs of the CJPIA**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

**9. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)**

**General Liability**

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million excess of \$2 million layer, (b) \$3 million excess of \$2 million layer, and (c) \$2.5 million annual aggregate deductible in the \$5 million excess of \$5 million layer.

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

**Workers' Compensation**

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

For 2017-18, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

**Purchased Insurance**

*Pollution Legal Liability Insurance*

The City of Rancho Palos Verdes participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rancho Palos Verdes. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

**9. LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE (CONTINUED)**

*Property Insurance*

The City of Rancho Palos Verdes participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rancho Palos Verdes property is currently insured according to a schedule of covered property submitted by the City of Rancho Palos Verdes to the Authority. City of Rancho Palos Verdes property currently has all-risk property insurance protection in the amount of \$15,901,320. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Earthquake and Flood Insurance*

The City of Rancho Palos Verdes purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rancho Palos Verdes property currently has earthquake protection in the amount of \$15,623,540. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Crime Insurance*

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

*Special Event Tenant User Liability Insurance*

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

*Adequacy of Protection*

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

**10. CONTINGENCIES AND COMMITMENTS**

**Litigation**

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. Generally, unfavorable results of these claims and legal actions are funded through the City's participation in California Joint Powers Insurance Authority (CJPIA, see Note 9) and, as such, the City believes that the ultimate liability for these legal actions and claims will not have a material adverse effect on the City's financial statements. The City is also a defendant in legal actions for which the potential losses would not be covered through participation in CJPIA.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**

**Notes to Basic Financial Statements**

**June 30, 2018**

---

**11. PROPERTY TAXES**

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

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

**12. UNAVAILABLE REVENUES**

The unavailable revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2018 are presented in the following table.

Revenue Measurable but Not Available (beyond 60 days):	
General Fund	\$ 28,237
Other Governmental Funds	<u>85,112</u>
Total Unavailable Revenues	<u>\$ 113,349</u>

**13. OTHER REQUIRED FUND DISCLOSURES**

The following budget program had expenditures in excess of the budget for the year ended June 30, 2018, as follows:

<u>Program</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
City Manager	\$ 871,463	\$ 872,496	\$ 1,033
Legal Services	925,000	1,184,796	259,796
Park/Trail/Open Space maintenance	748,100	935,466	187,366
Street landscape Maintenance	-	425,073	425,073
Point Vicente Interpretive Center	425,300	471,655	46,355
REACH	63,500	64,371	871
Support services	26,000	40,978	14,978
View restoration/preservation	357,000	394,011	37,011
Proposition A Special Revenue Fund:			
Public works	957,678	1,126,777	169,099
CDBG Special Revenue Fund:			
Public works	148,355	194,556	46,201

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**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.

**Non-Liquid Assets**

Prior to redevelopment dissolution, the County of Los Angeles pursuant to a Memorandum of Understanding dated November 1, 1997 (discussed below) impounded property tax increment allocated to the former redevelopment agency for payment of debt owed to the County. The balance of the impounded tax increment not yet applied to debt at June 30, 2018 is \$356,125.

**Debt Summary**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due in One Year
Due to City:					
Portuguese Bend	\$ 7,066,888	\$ 120,059	\$ (47,078)	\$ 7,139,869	\$ 98,975
Abalone Cove	3,431,939	67,530	(26,481)	3,472,988	48,143
Due to County:					
Tax Increment Bond	4,275,000	-	(230,000)	4,045,000	255,000
<b>Totals</b>	<b>\$ 14,773,827</b>	<b>\$ 187,589</b>	<b>\$ (303,559)</b>	<b>\$ 14,657,857</b>	<b>\$ 402,118</b>

**Consolidated Loan from City**

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

On September 22, 2015, Governor Brown signed legislation that became effective immediately. The legislation requires accrued interest on city loans to be recalculated using a simple interest rate of 3%. Previously, accrued interest on the City’s loan was calculated using historical Local Agency Investment Fund (LAIF) rates. At June 30, 2018, using the simple interest rate of 3%, the loan balance is \$10,612,857.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

---

**14. SUCCESSOR AGENCY (CONTINUED)**

**Consolidated Loan from City (Continued)**

	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
Portuguese Bend	\$ 4,001,966	\$ 3,137,903	\$ 7,139,869
Abalone Cove	2,250,978	1,222,010	3,472,988
Allowance from Successor Agency Receivable	<u>(6,252,944)</u>	<u>(4,359,913)</u>	<u>(10,612,857)</u>
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Due to the uncertainty of Redevelopment Property Tax Trust Fund revenue available for future loan repayments, the City's loan receivable of \$10,612,857 has been completely offset with an allowance for uncollectable amounts on the City's financial statements.

**Tax Increment Bond and Deferred Interest Payable**

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

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

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

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

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

**14. SUCCESSOR AGENCY (CONTINUED)**

**Tax Increment Bond and Deferred Interest Payable (Continued)**

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

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

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

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

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 255,000	\$ 195,875	\$ 450,875
2020	280,000	182,500	462,500
2021	310,000	167,750	477,750
2022	345,000	151,375	496,375
2023	380,000	133,250	513,250
2024 - 2028	2,475,000	330,125	2,805,125
Totals	<u>\$ 4,045,000</u>	<u>\$ 1,160,875</u>	<u>\$ 5,205,875</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last Ten Years\***  
**As of the Fiscal Year Ended June 30, 2018**

---

	Miscellaneous			
Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.21800%	0.11120%	0.11130%	0.09183%
Plan's proportionate share of the net pension liability	\$ 11,124,689	\$ 9,625,397	\$ 7,637,567	\$ 5,714,320
Plan's covered - employee payroll	\$ 6,124,374	\$ 6,124,374	\$ 5,673,471	\$ 5,609,006
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	181.65%	157.17%	134.62%	101.88%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	76.48%
Plan's proportionate share of aggregate employer contributions	\$ 1,096,042	\$ 998,812	\$ 919,858	n/a

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF RANCHO PALOS VERDES, CALIFORNIA**  
**Schedule of Pension Contributions**  
**Last Ten Years\***  
**As of the Fiscal Year Ended June 30, 2018**

---

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 990,670	\$ 910,177	\$ 830,645	\$ 725,496
Contributions in relation to the actuarially determined contributions	(990,670)	(910,177)	(830,645)	(725,496)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 6,360,881	\$ 6,124,374	\$ 5,997,450	\$ 5,673,471
Contributions as a percentage of covered - employee payroll	15.57%	14.86%	13.85%	12.79%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013
----------------	-----------	-----------	-----------	-----------

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% @ 62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

\* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

\*\* - The valuation for June 30, 2012, 2013, 2014, and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017, and 2018 respectively) included the same actuarial assumptions.

\*\*\* - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

**SUPPLEMENTARY SCHEDULES**

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

## **Special Revenue Fund Descriptions**

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

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

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

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

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

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

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

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

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

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

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

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

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

Measure M - to account for the half-cent sales tax and continued half-cent relief tax partially distributed to cities approved by the Los Angeles County voters in November 2016 to fund transportation needs.

Abalone Cove Sewer Assessment - 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.

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

## **Special Revenue Fund Descriptions (Continued)**

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.

Federal Grants – to account for federal financial assistance programs.

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 and moderate income housing assets that were transferred to the City after electing to retain the housing assets and function of the former redevelopment agency, which was dissolved on January 31, 2012.

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

## **Permanent Fund Descriptions**

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

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

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

Joint Powers Improvement Authority - Abalone Cove - to account for monies received as part of a July 1991 Reimbursement and Settlement Agreement with the County of Los Angeles. As 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, 2018

Special Revenue Funds

	Gas Tax	1972 Act	El Prado	1911 Act	Beautification
<b>ASSETS</b>					
Cash and investments	\$ 164,353	\$ 27,992	\$ 29,870	\$ 2,127,675	\$ 458,976
Receivables:					
Taxes	-	-	100	25,505	-
Interest	-	55	61	4,432	936
Other	51,203	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 215,556</u>	<u>\$ 28,047</u>	<u>\$ 30,031</u>	<u>\$ 2,157,612</u>	<u>\$ 459,912</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	215,487	204	44	36,439	81,158
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>215,487</u>	<u>204</u>	<u>44</u>	<u>36,439</u>	<u>81,158</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	-
<b>FUND BALANCES</b>					
Non-Spendable					
Endowment principal	-	-	-	-	-
Reimbursement settlement agreement	-	-	-	-	-
Habitat restoration	-	-	-	-	-
Restricted	69	27,843	29,987	2,121,173	378,754
Assigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>69</u>	<u>27,843</u>	<u>29,987</u>	<u>2,121,173</u>	<u>378,754</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 215,556</u>	<u>\$ 28,047</u>	<u>\$ 30,031</u>	<u>\$ 2,157,612</u>	<u>\$ 459,912</u>

Special Revenue Funds (Continued)

Waste Reduction	Air Quality Management	Proposition C	Proposition A	Public Safety Grants	Measure R
\$ 449,842	\$ 75,922	\$ 851,152	\$ 1,931,645	\$ 72,284	\$ 2,482,433
-	-	-	-	-	-
912	145	1,622	4,244	195	4,978
<u>28,827</u>	<u>14,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 479,581</u>	<u>\$ 90,186</u>	<u>\$ 852,774</u>	<u>\$ 1,935,889</u>	<u>\$ 72,479</u>	<u>\$ 2,487,411</u>
22,147	-	366,525	6,643	-	-
-	-	-	-	-	-
<u>9,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>31,982</u>	<u>-</u>	<u>366,525</u>	<u>6,643</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
447,599	90,186	486,249	1,929,246	72,479	2,487,411
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>447,599</u>	<u>90,186</u>	<u>486,249</u>	<u>1,929,246</u>	<u>72,479</u>	<u>2,487,411</u>
<u>\$ 479,581</u>	<u>\$ 90,186</u>	<u>\$ 852,774</u>	<u>\$ 1,935,889</u>	<u>\$ 72,479</u>	<u>\$ 2,487,411</u>

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2018

	Special Revenue Funds (Continued)				
	Measure A	Measure M	Abalone Cove Sewer	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions
<b>ASSETS</b>					
Cash and investments	\$ 68,367	\$ 57,054	\$ 335,412	\$ 87,211	\$ 881,987
Receivables:					
Taxes	-	-	-	-	-
Interest	170	303	629	178	1,813
Other	84,058	-	564	-	-
<b>TOTAL ASSETS</b>	<b>\$ 152,595</b>	<b>\$ 57,357</b>	<b>\$ 336,605</b>	<b>\$ 87,389</b>	<b>\$ 883,800</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	-	52,601	6,806	-	308
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>52,601</b>	<b>6,806</b>	<b>-</b>	<b>308</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	84,058	-	-	-	-
<b>FUND BALANCES</b>					
Non-Spendable					
Endowment principal	-	-	-	-	-
Reimbursement settlement agreement	-	-	-	-	-
Habitat restoration	-	-	-	-	-
Restricted	68,537	4,756	329,799	87,389	883,492
Assigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>68,537</b>	<b>4,756</b>	<b>329,799</b>	<b>87,389</b>	<b>883,492</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 152,595</b>	<b>\$ 57,357</b>	<b>\$ 336,605</b>	<b>\$ 87,389</b>	<b>\$ 883,800</b>

Special Revenue Funds (Continued)

Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant (CDBG)	Federal Grants	Quimby	Environmental Excise Tax	Bikeways	Total Special Revenue Funds
\$ 152,603	\$ 18,083	\$ 860,437	\$ 1,856,840	\$ 462,249	\$ -	\$ 13,452,387
-	-	-	-	-	-	25,605
792	-	2,109	2,894	895	-	27,363
-	28,446	181,644	-	-	82,500	471,361
<u>\$ 153,395</u>	<u>\$ 46,529</u>	<u>\$ 1,044,190</u>	<u>\$ 1,859,734</u>	<u>\$ 463,144</u>	<u>\$ 82,500</u>	<u>\$ 13,976,716</u>
17,538	16,418	-	46,440	-	1,729	\$ 870,487
-	-	-	-	-	80,771	80,771
-	-	-	-	-	-	9,835
<u>17,538</u>	<u>16,418</u>	<u>-</u>	<u>46,440</u>	<u>-</u>	<u>82,500</u>	<u>961,093</u>
-	1,054	-	-	-	-	85,112
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
135,857	29,057	1,044,190	1,813,294	463,144	-	12,930,511
-	-	-	-	-	-	-
<u>135,857</u>	<u>29,057</u>	<u>1,044,190</u>	<u>1,813,294</u>	<u>463,144</u>	<u>-</u>	<u>12,930,511</u>
<u>\$ 153,395</u>	<u>\$ 46,529</u>	<u>\$ 1,044,190</u>	<u>\$ 1,859,734</u>	<u>\$ 463,144</u>	<u>\$ 82,500</u>	<u>\$ 13,976,716</u>

		Capital Projects Funds		
		Low-Moderate Income Housing	Affordable Housing In-Lieu	Total Capital Projects Funds
ASSETS				
Cash and investments		\$ 152,110	\$ 821,502	\$ 973,612
Receivables:				
Taxes		-	-	-
Interest		310	1,374	1,684
Other		-	-	-
	TOTAL ASSETS	<u>\$ 152,420</u>	<u>\$ 822,876</u>	<u>\$ 975,296</u>
LIABILITIES				
Accounts payable and accrued liabilities		-	-	-
Due to other funds		-	-	-
Deferred revenue		-	-	-
	TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		-	-	-
FUND BALANCES				
Non-Spendable				
Endowment principal		-	-	-
Reimbursement settlement agreement		-	-	-
Habitat restoration		-	-	-
Restricted		-	-	-
Assigned		152,420	822,876	975,296
	TOTAL FUND BALANCES	<u>152,420</u>	<u>822,876</u>	<u>975,296</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES		<u>\$ 152,420</u>	<u>\$ 822,876</u>	<u>\$ 975,296</u>

Permanent Funds

Habitat Restoration	Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ 1,163,670	\$ 796,021	\$ 1,055,179	\$ 3,014,870	\$ 17,440,869
-	-	-	-	25,605
2,279	1,612	5,520	9,411	38,458
-	-	-	-	471,361
<u>\$ 1,165,949</u>	<u>\$ 797,633</u>	<u>\$ 1,060,699</u>	<u>\$ 3,024,281</u>	<u>\$ 17,976,293</u>
86,885	3,451	2,557	92,893	963,380
-	-	-	-	80,771
-	-	-	-	9,835
<u>86,885</u>	<u>3,451</u>	<u>2,557</u>	<u>92,893</u>	<u>1,053,986</u>
-	-	-	-	85,112
-	750,000	-	750,000	750,000
-	-	1,000,000	1,000,000	1,000,000
138,813	-	-	138,813	138,813
940,251	44,182	58,142	1,042,575	13,973,086
-	-	-	-	975,296
<u>1,079,064</u>	<u>794,182</u>	<u>1,058,142</u>	<u>2,931,388</u>	<u>16,837,195</u>
<u>\$ 1,165,949</u>	<u>\$ 797,633</u>	<u>\$ 1,060,699</u>	<u>\$ 3,024,281</u>	<u>\$ 17,976,293</u>

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2018

	Special Revenue Funds			
	Gas Tax	1972 Act	El Prado	1911 Act
REVENUES:				
Taxes	\$ -	\$ -	\$ 2,564	\$ 659,534
Revenue from other agencies	1,050,827	-	-	-
Charges for services	-	-	-	-
Use of money and property	918	332	345	24,921
Other revenues	63,892	-	-	-
<b>TOTAL REVENUES</b>	<b>1,115,637</b>	<b>332</b>	<b>2,909</b>	<b>684,455</b>
EXPENDITURES:				
Current:				
Public works	1,364,223	-	492	614,584
<b>TOTAL EXPENDITURES</b>	<b>1,364,223</b>	<b>-</b>	<b>492</b>	<b>614,584</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(248,586)</b>	<b>332</b>	<b>2,417</b>	<b>69,871</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(248,586)</b>	<b>332</b>	<b>2,417</b>	<b>69,871</b>
FUND BALANCES - BEGINNING OF YEAR	248,655	27,511	27,570	2,051,302
FUND BALANCES - END OF YEAR	<u>\$ 69</u>	<u>\$ 27,843</u>	<u>\$ 29,987</u>	<u>\$ 2,121,173</u>

Special Revenue Funds (Continued)

Beautification	Waste Reduction	Air Quality Management	Proposition C	Proposition A	Public Safety Grants	Measure R
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,920	54,916	665,050	802,855	139,417	498,787
-	219,802	-	-	-	-	-
5,652	5,281	950	8,257	26,968	1,227	27,599
-	-	-	-	-	-	-
<u>5,652</u>	<u>236,003</u>	<u>55,866</u>	<u>673,307</u>	<u>829,823</u>	<u>140,644</u>	<u>526,386</u>
<u>106,283</u>	<u>244,656</u>	<u>49,995</u>	<u>599,924</u>	<u>1,126,777</u>	<u>-</u>	<u>-</u>
<u>106,283</u>	<u>244,656</u>	<u>49,995</u>	<u>599,924</u>	<u>1,126,777</u>	<u>-</u>	<u>-</u>
<u>(100,631)</u>	<u>(8,653)</u>	<u>5,871</u>	<u>73,383</u>	<u>(296,954)</u>	<u>140,644</u>	<u>526,386</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>
<u>(100,631)</u>	<u>(8,653)</u>	<u>5,871</u>	<u>73,383</u>	<u>(296,954)</u>	<u>644</u>	<u>526,386</u>
<u>479,385</u>	<u>456,252</u>	<u>84,315</u>	<u>412,866</u>	<u>2,226,200</u>	<u>71,835</u>	<u>1,961,025</u>
<u>\$ 378,754</u>	<u>\$ 447,599</u>	<u>\$ 90,186</u>	<u>\$ 486,249</u>	<u>\$ 1,929,246</u>	<u>\$ 72,479</u>	<u>\$ 2,487,411</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

For the year ended June 30, 2018

	Special Revenue Funds (Continued)			
	Measure A	Measure M	Abalone Cove Sewer	Dr. Allen and Charlotte Ginsburg Cultural Arts Building
REVENUES:				
Taxes	\$ -	\$ -	\$ 56,578	\$ -
Revenue from other agencies	46,848	452,015	-	-
Charges for services	-	-	-	-
Use of money and property	1,184	1,205	2,856	1,045
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>48,032</b>	<b>453,220</b>	<b>59,434</b>	<b>1,045</b>
EXPENDITURES:				
Current:				
Public works	-	448,464	118,188	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>448,464</b>	<b>118,188</b>	<b>-</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	48,032	4,756	(58,754)	1,045
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	208,000	-
Transfers out	(90,000)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(90,000)</b>	<b>-</b>	<b>208,000</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	(41,968)	4,756	149,246	1,045
FUND BALANCE - BEGINNING OF YEAR	110,505	-	180,553	86,344
FUND BALANCES - END OF YEAR	<u>\$ 68,537</u>	<u>\$ 4,756</u>	<u>\$ 329,799</u>	<u>\$ 87,389</u>

Special Revenue Funds (Continued)

Donor Restricted Contributions	Joint Powers Improvement Authority Portuguese Bend	Community Development Block Grant (CDBG)	Federal Grants	Quimby	Environmental Excise Tax	Bikeways	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 718,676
-	-	223,613	1,235,012	-	-	82,500	5,262,760
-	-	-	-	-	-	-	219,802
10,738	2,484	-	6,799	21,048	4,655	-	154,464
35,500	-	-	-	38,223	156,065	-	293,680
46,238	2,484	223,613	1,241,811	59,271	160,720	82,500	6,649,382
46,724	80,065	194,556	197,621	602,567	-	82,500	5,877,619
46,724	80,065	194,556	197,621	602,567	-	82,500	5,877,619
(486)	(77,581)	29,057	1,044,190	(543,296)	160,720	-	771,763
-	-	-	-	-	-	-	208,000
-	-	-	-	-	-	-	(230,000)
-	-	-	-	-	-	-	(22,000)
(486)	(77,581)	29,057	1,044,190	(543,296)	160,720	-	749,763
883,978	213,438	-	-	2,356,590	302,424	-	12,180,748
<u>\$ 883,492</u>	<u>\$ 135,857</u>	<u>\$ 29,057</u>	<u>\$ 1,044,190</u>	<u>\$ 1,813,294</u>	<u>\$ 463,144</u>	<u>\$ -</u>	<u>\$ 12,930,511</u>

CITY OF RANCHO PALOS VERDES

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

For the year ended June 30, 2018

	Capital Projects Funds		
	Low-Moderate Income Housing	Affordable Housing In-Lieu	Total Capital Projects Funds
REVENUES:			
Taxes	\$ 14,713	\$ -	\$ 14,713
Revenue from other agencies	-	-	-
Charges for services	-	-	-
Use of money and property	1,770	7,457	9,227
Other revenues	-	221,818	221,818
TOTAL REVENUES	16,483	229,275	245,758
EXPENDITURES:			
Current:			
Public works	-	-	-
TOTAL EXPENDITURES	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,483	229,275	245,758
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	16,483	229,275	245,758
FUND BALANCES - BEGINNING OF YEAR	135,937	593,601	729,538
FUND BALANCES - END OF YEAR	\$ 152,420	\$ 822,876	\$ 975,296

Permanent Funds

Habitat Restoration	Subregion One Maintenance	Joint Powers Improvement Authority Abalone Cove	Total Permanent Funds	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 733,389
433	-	-	433	5,263,193
-	-	-	-	219,802
13,707	9,364	16,334	39,405	203,096
-	22,716	-	22,716	538,214
14,140	32,080	16,334	62,554	6,957,694
150,633	36,228	49,158	236,019	6,113,638
150,633	36,228	49,158	236,019	6,113,638
(136,493)	(4,148)	(32,824)	(173,465)	844,056
-	41,500	38,000	79,500	287,500
-	-	-	-	(230,000)
-	41,500	38,000	79,500	57,500
(136,493)	37,352	5,176	(93,965)	901,556
1,215,557	756,830	1,052,966	3,025,353	15,935,639
<u>\$ 1,079,064</u>	<u>\$ 794,182</u>	<u>\$ 1,058,142</u>	<u>\$ 2,931,388</u>	<u>\$ 16,837,195</u>

**CITY OF RANCHO PALOS VERDES**

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

**GAS TAX SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 1,185,800	\$ 1,185,800	\$ 1,050,827	\$ (134,973)
Use of money and property	8,100	8,100	918	(7,182)
Other revenues	67,300	67,300	63,892	(3,408)
<b>TOTAL REVENUES</b>	<b>1,261,200</b>	<b>1,261,200</b>	<b>1,115,637</b>	<b>(145,563)</b>
EXPENDITURES:				
Public works:				
Street landscape maintenance	16,000	16,000	10,000	6,000
Traffic signal maintenance	1,354,223	1,583,100	1,354,223	228,877
<b>TOTAL EXPENDITURES</b>	<b>1,370,223</b>	<b>1,599,100</b>	<b>1,364,223</b>	<b>234,877</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(109,023)</b>	<b>(337,900)</b>	<b>(248,586)</b>	<b>89,314</b>
FUND BALANCE - BEGINNING OF YEAR	248,655	248,655	248,655	-
FUND BALANCE - END OF YEAR	<u>\$ 139,632</u>	<u>\$ (89,245)</u>	<u>\$ 69</u>	<u>\$ 89,314</u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 332	\$ 332
NET CHANGE IN FUND BALANCE	-	-	332	332
FUND BALANCE - BEGINNING OF YEAR	27,511	27,511	27,511	-
FUND BALANCE - END OF YEAR	<u>\$ 27,511</u>	<u>\$ 27,511</u>	<u>\$ 27,843</u>	<u>\$ 332</u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,300	2,300	\$ 2,564	\$ 264
Use of money and property	200	200	345	145
<b>TOTAL REVENUES</b>	<b>2,500</b>	<b>2,500</b>	<b>2,909</b>	<b>409</b>
EXPENDITURES:				
Public works	800	800	492	308
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,700</b>	<b>1,700</b>	<b>2,417</b>	<b>717</b>
FUND BALANCE - BEGINNING OF YEAR	27,570	27,570	27,570	-
FUND BALANCE - END OF YEAR	<u>\$ 29,270</u>	<u>\$ 29,270</u>	<u>\$ 29,987</u>	<u>\$ 717</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 606,800	606,800	\$ 659,534	\$ 52,734
Use of money and property	11,000	11,000	24,921	13,921
TOTAL REVENUES	617,800	617,800	684,455	66,655
EXPENDITURES:				
Public works	1,487,000	1,523,910	614,584	909,326
NET CHANGE IN FUND BALANCE	(869,200)	(906,110)	69,871	975,981
FUND BALANCE - BEGINNING OF YEAR	2,051,302	2,051,302	2,051,302	-
FUND BALANCE - END OF YEAR	<u>\$ 1,182,102</u>	<u>\$ 1,145,192</u>	<u>\$ 2,121,173</u>	<u>\$ 975,981</u>

**CITY OF RANCHO PALOS VERDES**

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

**BEAUTIFICATION SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,900	\$ 2,900	\$ 5,652	\$ 2,752
EXPENDITURES:				
Public works	<u>475,000</u>	<u>494,112</u>	<u>106,283</u>	<u>387,829</u>
NET CHANGE IN FUND BALANCE	(472,100)	(491,212)	(100,631)	390,581
FUND BALANCE - BEGINNING OF YEAR	<u>479,385</u>	<u>479,385</u>	<u>479,385</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,285</u>	<u>\$ (11,827)</u>	<u>\$ 378,754</u>	<u>\$ 390,581</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 22,100	\$ 22,100	\$ 10,920	\$ (11,180)
Charges for services	185,000	185,000	219,802	34,802
Use of money and property	2,800	2,800	5,281	2,481
	<u>209,900</u>	<u>209,900</u>	<u>236,003</u>	<u>26,103</u>
TOTAL REVENUES				
EXPENDITURES:				
Public works	<u>290,700</u>	<u>290,700</u>	<u>244,656</u>	<u>46,044</u>
NET CHANGE IN FUND BALANCE	(80,800)	(80,800)	(8,653)	72,147
FUND BALANCE - BEGINNING OF YEAR	<u>456,252</u>	<u>456,252</u>	<u>456,252</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 375,452</u>	<u>\$ 375,452</u>	<u>\$ 447,599</u>	<u>\$ 72,147</u>

**CITY OF RANCHO PALOS VERDES**

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

**AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 50,000	\$ 50,000	\$ 54,916	\$ 4,916
Use of money and property	600	600	950	350
<b>TOTAL REVENUES</b>	<b>50,600</b>	<b>50,600</b>	<b>55,866</b>	<b>5,266</b>
EXPENDITURES:				
Public works	50,000	50,000	49,995	5
<b>NET CHANGE IN FUND BALANCE</b>	<b>600</b>	<b>600</b>	<b>5,871</b>	<b>5,271</b>
FUND BALANCE - BEGINNING OF YEAR	84,315	84,315	84,315	-
FUND BALANCE - END OF YEAR	<u>\$ 84,915</u>	<u>\$ 84,915</u>	<u>\$ 90,186</u>	<u>\$ 5,271</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 664,000	\$ 664,000	\$ 665,050	\$ 1,050
Use of money and property	3,000	3,000	8,257	5,257
TOTAL REVENUES	667,000	667,000	673,307	6,307
EXPENDITURES:				
Public works	600,000	600,000	599,924	76
NET CHANGE IN FUND BALANCE	67,000	67,000	73,383	6,383
FUND BALANCE - BEGINNING OF YEAR	412,866	412,866	412,866	-
FUND BALANCE - END OF YEAR	<u>\$ 479,866</u>	<u>\$ 479,866</u>	<u>\$ 486,249</u>	<u>\$ 6,383</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 800,500	\$ 800,500	\$ 802,855	\$ 2,355
Use of money and property	3,100	3,100	26,968	23,868
TOTAL REVENUES	803,600	803,600	829,823	26,223
EXPENDITURES:				
Public works	648,300	957,678	1,126,777	(169,099)
NET CHANGE IN FUND BALANCE	155,300	(154,078)	(296,954)	(142,876)
FUND BALANCE - BEGINNING OF YEAR	2,226,200	2,226,200	2,226,200	-
FUND BALANCE - END OF YEAR	\$ 2,381,500	\$ 2,072,122	\$ 1,929,246	\$ (142,876)

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 139,417	\$ 39,417
Use of money and property	300	300	1,227	927
<b>TOTAL REVENUES</b>	<b>100,300</b>	<b>100,300</b>	<b>140,644</b>	<b>40,344</b>
OTHER FINANCING USES:				
Transfers out	(140,000)	(140,000)	(140,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(39,700)</b>	<b>(39,700)</b>	<b>644</b>	<b>40,344</b>
FUND BALANCE - BEGINNING OF YEAR	71,835	71,835	71,835	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 32,135</b>	<b>\$ 32,135</b>	<b>\$ 72,479</b>	<b>\$ 40,344</b>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 498,000	\$ 498,000	\$ 498,787	\$ 787
Use of money and property	10,600	10,600	27,599	16,999
<b>TOTAL REVENUES</b>	<b>508,600</b>	<b>508,600</b>	<b>526,386</b>	<b>17,786</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>508,600</b>	<b>508,600</b>	<b>526,386</b>	<b>17,786</b>
FUND BALANCE - BEGINNING OF YEAR	1,961,025	1,961,025	1,961,025	-
FUND BALANCE - END OF YEAR	<u>\$ 2,469,625</u>	<u>\$ 2,469,625</u>	<u>\$ 2,487,411</u>	<u>\$ 17,786</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 90,000	\$ 90,000	\$ 46,848	\$ (43,152)
Use of money and property	100	100	1,184	1,084
TOTAL REVENUES	90,100	90,100	48,032	(42,068)
OTHER FINANCING USES:				
Transfers out	(90,000)	(90,000)	(90,000)	-
NET CHANGE IN FUND BALANCE	100	100	(41,968)	(42,068)
FUND BALANCE - BEGINNING OF YEAR	110,505	110,505	110,505	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 110,605</u>	<u>\$ 110,605</u>	<u>\$ 68,537</u>	<u>\$ (42,068)</u>

**CITY OF RANCHO PALOS VERDES**

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

**MEASURE M SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 536,200	\$ 536,200	\$ 452,015	\$ (84,185)
Use of money and property	4,600	100	1,205	1,105
TOTAL REVENUES	540,800	536,300	453,220	(83,080)
EXPENDITURES:				
Public works	536,200	536,200	448,464	87,736
NET CHANGE IN FUND BALANCE	4,600	100	4,756	4,656
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 4,600</u>	<u>\$ 100</u>	<u>\$ 4,756</u>	<u>\$ 4,656</u>

**CITY OF RANCHO PALOS VERDES**

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

**ABALONE COVE SEWER ASSESSMENT SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 55,100	\$ 55,100	\$ 56,578	\$ 1,478
Use of money and property	500	500	2,856	2,356
TOTAL REVENUES	55,600	55,600	59,434	3,834
EXPENDITURES:				
Public works	250,500	252,625	118,188	134,437
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(194,900)	(197,025)	(58,754)	138,271
OTHER FINANCING SOURCES:				
Transfers in	208,000	208,000	208,000	-
NET CHANGE IN FUND BALANCE	13,100	10,975	149,246	138,271
FUND BALANCE - BEGINNING OF YEAR	180,553	180,553	180,553	-
FUND BALANCE - END OF YEAR	<u>\$ 193,653</u>	<u>\$ 191,528</u>	<u>\$ 329,799</u>	<u>\$ 138,271</u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 1,045	\$ 545
NET CHANGE IN FUND BALANCE	500	500	1,045	545
FUND BALANCE - BEGINNING OF YEAR	86,344	86,344	86,344	-
FUND BALANCE - END OF YEAR	<u>\$ 86,844</u>	<u>\$ 86,844</u>	<u>\$ 87,389</u>	<u>\$ 545</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10,738	\$ 10,738
Other revenue	7,500	7,500	35,500	28,000
TOTAL REVENUES	7,500	7,500	46,238	38,738
EXPENDITURES:				
Public works	305,000	311,968	46,724	265,244
NET CHANGE IN FUND BALANCE	(297,500)	(304,468)	(486)	(226,506)
FUND BALANCE - BEGINNING OF YEAR	883,978	883,978	883,978	-
FUND BALANCE - END OF YEAR	<u>\$ 586,478</u>	<u>\$ 579,510</u>	<u>\$ 883,492</u>	<u>\$ (226,506)</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,100	\$ 1,100	\$ 2,484	\$ 1,384
EXPENDITURES:				
Public works	114,900	155,720	80,065	75,655
NET CHANGE IN FUND BALANCE	(113,800)	(154,620)	(77,581)	77,039
FUND BALANCE - BEGINNING OF YEAR	213,438	213,438	213,438	-
FUND BALANCE - END OF YEAR	<u>\$ 99,638</u>	<u>\$ 58,818</u>	<u>\$ 135,857</u>	<u>\$ 77,039</u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 139,300	\$ 139,300	\$ 223,613	\$ 84,313
EXPENDITURES:				
Public works	<u>139,300</u>	<u>148,355</u>	<u>194,556</u>	<u>(46,201)</u>
NET CHANGE IN FUND BALANCE	-	(9,055)	29,057	38,112
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ (9,055)</u></u>	<u><u>\$ 29,057</u></u>	<u><u>\$ 38,112</u></u>

**CITY OF RANCHO PALOS VERDES**

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

**FEDERAL GRANTS SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 1,131,300	\$ 1,131,300	\$ 1,235,012	\$ 103,712
Use of money and property	-	-	6,799	6,799
TOTAL REVENUES	1,131,300	1,131,300	1,241,811	110,511
EXPENDITURES:				
Public works	1,131,300	1,169,137	197,621	971,516
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(37,837)	1,044,190	1,082,027
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ (37,837)	\$ 1,044,190	\$ 1,082,027

**CITY OF RANCHO PALOS VERDES**

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

**QUIMBY SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 14,400	\$ 14,400	\$ 21,048	\$ 6,648
Other revenues	51,000	51,000	38,223	(12,777)
TOTAL REVENUES	65,400	65,400	59,271	(6,129)
EXPENDITURES:				
Public works	650,000	1,713,116	602,567	1,110,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(584,600)	(1,647,716)	(543,296)	1,104,420
FUND BALANCE - BEGINNING OF YEAR	2,356,590	2,356,590	2,356,590	-
FUND BALANCE - END OF YEAR	<u>\$ 1,771,990</u>	<u>\$ 708,874</u>	<u>\$ 1,813,294</u>	<u>\$ 1,104,420</u>

**CITY OF RANCHO PALOS VERDES**

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

**ENVIRONMENTAL EXCISE TAX SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 4,655	\$ 3,155
Other revenues	113,000	113,000	156,065	43,065
TOTAL REVENUES	<u>114,500</u>	<u>114,500</u>	<u>160,720</u>	<u>46,220</u>
NET CHANGE IN FUND BALANCE	114,500	114,500	160,720	46,220
FUND BALANCE - BEGINNING OF YEAR	<u>302,424</u>	<u>302,424</u>	<u>302,424</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 416,924</u>	<u>\$ 416,924</u>	<u>\$ 463,144</u>	<u>\$ 46,220</u>

**CITY OF RANCHO PALOS VERDES**

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

**BIKEWAYS SPECIAL REVENUE FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 82,500	\$ 82,500	\$ 82,500	\$ -
TOTAL REVENUES	82,500	82,500	82,500	-
EXPENDITURES:				
Public works	82,500	82,500	82,500	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF RANCHO PALOS VERDES**

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

**LOW-MODERATE INCOME CAPITAL PROJECTS FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 44,700	\$ 44,700	\$ 14,713	\$ (29,987)
Use of money and property	600	600	1,770	-
NET CHANGE IN FUND BALANCE	45,300	45,300	16,483	(29,987)
FUND BALANCE - BEGINNING OF YEAR	135,937	135,937	135,937	-
FUND BALANCE - END OF YEAR	<u>\$ 181,237</u>	<u>\$ 181,237</u>	<u>\$ 152,420</u>	<u>\$ (29,987)</u>

**CITY OF RANCHO PALOS VERDES**

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

**AFFORDABLE HOUSING IN-LIEU CAPITAL PROJECTS FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,500	\$ 3,500	\$ 7,457	\$ 3,957
Other revenues	-	-	221,818	221,818
NET CHANGE IN FUND BALANCE	3,500	3,500	229,275	225,775
FUND BALANCE - BEGINNING OF YEAR	593,601	593,601	593,601	-
FUND BALANCE - END OF YEAR	<u>\$ 597,101</u>	<u>\$ 597,101</u>	<u>\$ 822,876</u>	<u>\$ 225,775</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ -	\$ 433	\$ 433
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>13,707</u>	<u>8,707</u>
TOTAL REVENUES	5,000	5,000	14,140	9,140
EXPENDITURES:				
Public works	<u>174,300</u>	<u>174,300</u>	<u>150,633</u>	<u>23,667</u>
NET CHANGE IN FUND BALANCE	(169,300)	(169,300)	(136,493)	32,807
FUND BALANCE - BEGINNING OF YEAR	<u>1,215,557</u>	<u>1,215,557</u>	<u>1,215,557</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,046,257</u>	<u>\$ 1,046,257</u>	<u>\$ 1,079,064</u>	<u>\$ 32,807</u>

**CITY OF RANCHO PALOS VERDES**

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

**SUBREGION ONE PERMANENT FUND**

**For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,800	\$ 4,800	\$ 9,364	\$ 4,564
Other revenue	-	-	22,716	22,716
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	4,800	4,800	32,080	27,280
EXPENDITURES:				
Public works	44,800	44,800	36,228	8,572
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,000)	(40,000)	(4,148)	18,708
OTHER FINANCING SOURCES:				
Transfers in	41,500	41,500	41,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	1,500	1,500	37,352	18,708
FUND BALANCE - BEGINNING OF YEAR	756,830	756,830	756,830	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE - END OF YEAR	<u>\$ 758,330</u>	<u>\$ 758,330</u>	<u>\$ 794,182</u>	<u>\$ 18,708</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,400	\$ 3,400	\$ 16,334	\$ 12,934
EXPENDITURES:				
Public works	<u>74,600</u>	<u>92,100</u>	<u>49,158</u>	<u>42,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,200)	(88,700)	(32,824)	(30,008)
OTHER FINANCING SOURCES:				
Transfers in	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(33,200)	(50,700)	5,176	(30,008)
FUND BALANCE - BEGINNING OF YEAR	<u>1,052,966</u>	<u>1,052,966</u>	<u>1,052,966</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,019,766</u></u>	<u><u>\$ 1,002,266</u></u>	<u><u>\$ 1,058,142</u></u>	<u><u>\$ (30,008)</u></u>

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 286,200	\$ 286,200	\$ -	\$ (286,200)
Use of money and property	172,400	172,400	303,782	131,382
<b>TOTAL REVENUES</b>	<b>458,600</b>	<b>458,600</b>	<b>303,782</b>	<b>(154,818)</b>
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	155,000	271,070	75,044	196,026
Street improvements	5,022,300	7,585,944	6,836,730	749,214
Parks/Trails/Open Space improvements	-	396,061	425,485	(29,424)
Sewer improvements	-	175,000	-	175,000
Landslide improvements	100,000	192,587	157,349	35,238
Building improvements	387,100	237,300	9,000	228,300
<b>TOTAL EXPENDITURES</b>	<b>5,664,400</b>	<b>8,857,962</b>	<b>7,503,608</b>	<b>1,354,354</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,205,800)</b>	<b>(8,399,362)</b>	<b>(7,199,826)</b>	<b>1,199,536</b>
OTHER FINANCING SOURCES:				
Transfers in	4,526,000	4,526,000	4,526,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(679,800)</b>	<b>(3,873,362)</b>	<b>(2,673,826)</b>	<b>1,199,536</b>
FUND BALANCE - BEGINNING OF YEAR	27,079,301	27,079,301	27,079,301	-
FUND BALANCE - END OF YEAR	<u>\$ 26,399,501</u>	<u>\$ 23,205,939</u>	<u>\$ 24,405,475</u>	<u>\$ 1,199,536</u>

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

**STATISTICAL SECTION  
(UNAUDITED)**

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net investment in capital assets	\$ 107,867	\$ 115,331	\$ 115,145	\$ 114,488	\$ 113,284
Restricted	1,000	1,000	1,750	1,750	1,835
Unrestricted	31,277	31,855	39,066	67,112	46,687
Total governmental activities net position	<u>\$ 140,144</u>	<u>\$ 148,186</u>	<u>\$ 155,961</u>	<u>\$ 183,351</u>	<u>\$ 161,806</u>
Business-type activities					
Net investment in capital assets	\$ 12,477	\$ 12,458	\$ 12,753	\$ 13,356	\$ 18,319
Restricted	-	-	-	-	-
Unrestricted	2,108	2,825	3,365	3,532	9,727
Total business-type activities net position	<u>\$ 14,585</u>	<u>\$ 15,283</u>	<u>\$ 16,118</u>	<u>\$ 16,888</u>	<u>\$ 28,046</u>
Primary government					
Net investment in capital assets	\$ 120,344	\$ 127,789	\$ 127,898	\$ 127,845	\$ 131,603
Restricted	1,000	1,000	1,750	1,750	1,835
Unrestricted	33,385	34,680	42,431	70,644	56,414
Total primary government net position	<u>\$ 154,729</u>	<u>\$ 163,469</u>	<u>\$ 172,079</u>	<u>\$ 200,238</u>	<u>\$ 189,852</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net investment in capital assets	\$ 114,427	\$ 119,450	\$ 118,399	\$ 123,437	\$ 125,420
Restricted	11,792	11,647	21,120	19,387	17,300
Unrestricted	46,679	42,208	42,210	43,618	44,168
Total governmental activities net position	<u>\$ 172,898</u>	<u>\$ 173,305</u>	<u>\$ 181,729</u>	<u>\$ 186,442</u>	<u>\$ 186,888</u>
Business-type activities					
Net investment in capital assets	\$ 29,557	\$ 31,168	\$ 31,663	\$ 31,311	\$ 34,996
Restricted	-	-	-	-	-
Unrestricted	5,317	5,334	5,598	4,600	(128)
Total business-type activities net position	<u>\$ 34,874</u>	<u>\$ 36,502</u>	<u>\$ 37,261</u>	<u>\$ 35,911</u>	<u>\$ 34,868</u>
Primary government					
Net investment in capital assets	\$ 143,984	\$ 150,618	\$ 150,062	\$ 154,748	\$ 160,416
Restricted	11,792	11,647	21,120	19,387	17,300
Unrestricted	51,996	47,542	47,808	48,218	44,040
Total primary government net position	<u>\$ 207,772</u>	<u>\$ 209,807</u>	<u>\$ 218,990</u>	<u>\$ 222,353</u>	<u>\$ 221,756</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Expenses</b>					
Governmental activities:					
Administration	\$ 6,357	\$ 7,824	\$ 5,997	\$ 5,906	\$ 5,534
Public safety	4,233	4,242	4,335	4,178	4,348
Public works	10,555	13,633	10,389	11,202	10,874
Community development	2,697	2,550	2,622	2,432	2,526
Parks and recreation	1,605	1,826	1,391	1,490	1,696
Non-departmental	-	320	-	-	-
Interest on long-term debt	268	265	260	109	-
Total governmental activities expenses	<u>25,715</u>	<u>30,660</u>	<u>24,994</u>	<u>25,318</u>	<u>24,978</u>
Business-type activities:					
Water Quality Flood Protection	437	580	489	560	594
Total primary government expenses	<u>\$ 26,152</u>	<u>\$ 31,240</u>	<u>\$ 25,483</u>	<u>\$ 25,878</u>	<u>\$ 25,572</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Administration	\$ 555	\$ 681	\$ 654	\$ 747	\$ 779
Public safety	267	229	261	194	150
Public works	422	1,356	622	684	543
Community development	1,643	1,764	1,714	1,644	1,854
Parks and recreation	483	896	457	503	476
Non-departmental	-	-	-	-	-
Operating grants and contributions	2,963	6,633	3,689	3,628	4,133
Capital grants and contributions	642	7,179	5	139	139
Total governmental activities program revenues	<u>6,975</u>	<u>18,738</u>	<u>7,402</u>	<u>7,538</u>	<u>8,074</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,578	1,264	1,312	1,319	1,313
Operating grants and contributions	-	-	-	-	2,137
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>1,578</u>	<u>1,264</u>	<u>1,312</u>	<u>1,319</u>	<u>3,450</u>
Total primary government program revenues	<u>\$ 8,553</u>	<u>\$ 20,002</u>	<u>\$ 8,714</u>	<u>\$ 8,857</u>	<u>\$ 11,524</u>
Net (expense)/revenue					
Governmental activities	\$ (18,740)	\$ (11,922)	\$ (17,592)	\$ (17,780)	\$ (16,904)
Business-type activities	1,141	684	823	759	2,856
Total primary government net expense	<u>\$ (17,599)</u>	<u>\$ (11,238)</u>	<u>\$ (16,769)</u>	<u>\$ (17,022)</u>	<u>\$ (14,048)</u>

**General Revenues and Other Changes in Net Position**

Governmental activities:					
Taxes					
Property taxes	\$ 11,462	\$ 11,431	\$ 11,854	\$ 11,480	\$ 11,284
Transient occupancy tax	85	1,955	2,640	3,349	3,790
Sales taxes	1,053	1,246	1,548	1,449	1,588
Franchise taxes	1,709	1,711	1,825	1,881	1,907
Utility user taxes	2,267	2,395	2,407	2,333	2,481
Other taxes	605	712	814	674	778
Investment income	631	207	318	604	184
Other	225	307	271	52	929
Transfers	-	-	-	-	(8,293)
Extraordinary item	-	-	-	23,348	(19,289)
Total governmental activities	<u>18,037</u>	<u>19,964</u>	<u>21,677</u>	<u>45,170</u>	<u>(4,641)</u>
Business-type activities:					
Investment income	105	14	13	11	10
User Fees	-	-	-	-	-
Other	-	-	-	-	-
Transfers	-	-	-	-	8,293
Total business-type activities	<u>105</u>	<u>14</u>	<u>13</u>	<u>11</u>	<u>8,303</u>
Total primary government	<u>\$ 18,142</u>	<u>\$ 19,978</u>	<u>\$ 21,690</u>	<u>\$ 45,181</u>	<u>\$ 3,662</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Change in Net Position</b>					
Governmental activities	\$ (703)	\$ 8,042	\$ 4,085	\$ 27,390	\$ (21,545)
Business-type activities	1,246	698	836	770	11,159
Total primary government net expense	<u>\$ 543</u>	<u>\$ 8,740</u>	<u>\$ 4,921</u>	<u>\$ 28,159</u>	<u>\$ (10,386)</u>

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>					
Governmental activities:					
Administration	\$ 7,530	\$ 7,127	\$ 8,062	\$ 6,746	\$ 7,258
Public safety	4,429	4,670	5,215	6,534	7,339
Public works	9,377	10,692	9,610	10,638	16,073
Community development	1,927	2,072	1,971	2,664	2,726
Parks and recreation	1,369	1,669	2,052	2,434	2,736
Non-departmental	35	191	134	2,400	1,166
Interest on long-term debt	-	-	-	-	-
Total governmental activities expenses	<u>24,667</u>	<u>26,421</u>	<u>27,044</u>	<u>31,416</u>	<u>37,298</u>
Business-type activities:					
Water Quality Flood Protection	659	1,423	646	1,400	1,071
Total primary government expenses	<u>\$ 25,326</u>	<u>\$ 27,844</u>	<u>\$ 27,690</u>	<u>\$ 32,816</u>	<u>\$ 38,369</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Administration	\$ 120	\$ 108	\$ 318	\$ 1,081	\$ 1,032
Public safety	42	43	179	140	124
Public works	169	432	159	274	659
Community development	1,772	2,058	958	2,066	729
Parks and recreation	18	144	781	708	2,083
Non-departmental	-	-	96	-	-
Operating grants and contributions	2,506	2,274	2,332	4,196	4,481
Capital grants and contributions	2,912	1,230	1,111	818	769
Total governmental activities program revenues	<u>7,539</u>	<u>6,289</u>	<u>5,934</u>	<u>9,283</u>	<u>9,877</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection	1,361	1,369	1,385	11	-
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	6,115	1,213	-	-	-
Total business-type activities program revenues	<u>7,476</u>	<u>2,582</u>	<u>1,385</u>	<u>11</u>	<u>-</u>
Total primary government program revenues	<u>\$ 15,015</u>	<u>\$ 8,871</u>	<u>\$ 7,319</u>	<u>\$ 9,294</u>	<u>\$ 9,877</u>
Net (expense)/revenue					
Governmental activities	\$ (17,128)	\$ (20,132)	\$ (21,110)	\$ (22,133)	\$ (27,421)
Business-type activities	6,817	1,159	738	(1,389)	(1,071)
Total primary government net expense	<u>\$ (10,311)</u>	<u>\$ (18,973)</u>	<u>\$ (20,372)</u>	<u>\$ (23,522)</u>	<u>\$ (28,492)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 11,991	\$ 12,452	\$ 13,764	\$ 13,302	\$ 13,762
Transient occupancy tax	4,250	4,812	5,197	5,601	5,615
Sales taxes	1,642	1,758	2,104	2,463	2,129
Franchise taxes	1,998	2,045	2,045	1,985	1,838
Utility user taxes	2,510	1,973	1,866	1,775	403
Other taxes	1,589	1,564	1,179	365	2,520
Investment income	94	122	214	434	838
Other	4,146	3,231	2,608	920	763
Transfers	-	(458)	-	-	-
Extraordinary item	-	-	-	-	-
Total governmental activities	<u>28,220</u>	<u>27,499</u>	<u>28,977</u>	<u>26,845</u>	<u>27,868</u>
Business-type activities:					
Investment income	11	10	21	35	29
User Fees	-	-	-	-	-
Other	-	-	-	-	-
Transfers	-	458	-	3	-
Total business-type activities	<u>11</u>	<u>468</u>	<u>21</u>	<u>38</u>	<u>29</u>
Total primary government	<u>\$ 28,231</u>	<u>\$ 27,967</u>	<u>\$ 28,998</u>	<u>\$ 26,883</u>	<u>\$ 27,897</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 11,092	\$ 7,367	\$ 7,868	\$ 4,713	\$ 447
Business-type activities	6,828	1,627	759	(1,351)	(1,042)
Total primary government net expense	<u>\$ 17,920</u>	<u>\$ 8,994</u>	<u>\$ 8,627</u>	<u>\$ 3,362</u>	<u>\$ (595)</u>

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2009	11,462	85	1,053	1,709	2,267	605	17,181
2010	11,431	1,955	1,246	1,711	2,395	712	19,450
2011	11,854	2,640	1,548	1,825	2,407	814	21,088
2012	11,480	3,349	1,449	1,881	2,333	674	21,166
2013	11,284	3,790	1,588	1,907	2,481	778	21,828
2014	11,991	4,250	1,642	1,998	2,510	1,589	23,980
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155
2017	13,302	5,601	2,463	1,985	1,775	365	25,491
2018	13,028	5,615	2,520	2,129	1,838	1,290	26,420

**Source**  
City General Ledger

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

	<u>2009</u>	<u>2010</u>
General Fund		
Reserved	\$ 6,314	\$ 7,166
Designated	1,333	1,462
Unreserved, Undesignated	10,440	10,745
Total General Fund	<u>\$ 18,087</u>	<u>\$ 19,373</u>
All other Governmental Funds		
Reserved	\$ 3,672	\$ 6,361
Designated		
Special Revenue Funds	411	85
Capital Projects Funds	6,442	7,494
Permanent Fund	-	-
Debt Service Fund	-	-
Unreserved, Undesignated, reported in:		
Special Revenue Funds	7,910	6,058
Capital Projects Funds	3,373	1,240
Permanent Fund	362	333
Debt Service Fund	(16,823)	(17,797)
Total all other Governmental Funds	<u>\$ 5,347</u>	<u>\$ 3,774</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund								
Non-Spendable	\$ 7,515	\$ 7,493	\$ 138	\$ 144	\$ 598	\$ 564	\$ 190	\$ 913
Restricted			-	-	-	-	-	-
Committed			-	-	-	802	964	715
Assigned			-	-	-	-	-	-
Unassigned	11,385	12,464	14,370	15,474	16,055	13,702	15,671	16,450
Total General Fund	\$ 18,900	\$ 19,957	\$ 14,508	\$ 15,618	\$ 16,653	\$ 15,068	\$ 16,825	\$ 18,078
All other Governmental Funds								
Non-Spendable								
Special Revenue Funds	\$ 4,818	\$ 3,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	573		-	-	-	-	-	-
Capital Projects Funds			-	-	-	-	-	-
Permanent Fund	1,750	1,750	1,835	1,845	1,855	1,866	1,877	1,889
Restricted								
Special Revenue Funds	7,952	8,187	7,849	8,445	8,362	9,757	11,702	12,825
Capital Projects Funds	313		-	-	-	3,000	4,660	1,438
Permanent Fund	319	226	280	1,502	1,492	1,312	1,148	1,148
Committed								
Special Revenue Funds			36	58	55	353	-	-
Capital Projects Funds			-	-	-	3,467	-	-
Permanent Fund			-	-	-	-	-	-
Assigned								
Special Revenue Funds			-	794	572	476	479	-
Capital Projects Funds	11,650	15,407	13,084	18,535	21,078	23,902	23,149	23,942
Permanent Fund			-	-	-	-	-	-
Unassigned								
Special Revenue Funds	(126)	(108)	(198)	(116)	(59)	-	-	-
Debt Service Fund	(19,687)		-	-	-	-	-	-
Capital Projects Funds			-	-	-	-	-	-
Permanent Fund			-	-	-	-	-	-
Total all other Governmental Funds	\$ 7,562	\$ 28,528	\$ 22,885	\$ 31,063	\$ 33,355	\$ 44,133	\$ 43,015	\$ 41,242

**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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Revenues</b>					
Taxes	\$ 17,573	\$ 19,844	\$ 21,419	\$ 21,867	\$ 22,543
Licenses and permits	1,755	1,954	1,933	1,806	2,027
Fines and forfeitures	214	179	210	159	117
Use of money and property	1,240	1,601	1,560	1,350	1,383
Charges for services	163	81	73	149	141
Donation	-	-	-	-	445
Revenues from other agencies	3,575	10,180	3,162	3,421	3,395
Other Revenues	467	4,806	229	259	741
Total Revenues	<u>24,987</u>	<u>38,645</u>	<u>28,586</u>	<u>29,011</u>	<u>30,791</u>
<b>Expenditures</b>					
Administration	4,915	5,720	5,503	5,726	5,401
Public Safety	4,233	4,242	4,335	4,178	4,348
Public Works	7,075	6,896	7,875	7,616	7,240
Parks and Recreation	1,354	1,702	1,257	1,479	1,557
Community Development	2,723	2,604	2,784	2,484	2,591
Non-Departmental	-	320	-	-	-
Pass Through to other agencies	187	-	-	-	-
Capital Outlay	2,459	14,567	2,557	3,155	2,721
Debt Service					
Principal	350	419	423	464	-
Interest	1,101	886	887	498	-
Total Expenditures	<u>24,397</u>	<u>37,356</u>	<u>25,621</u>	<u>25,599</u>	<u>23,857</u>
Excess of Revenues over (under) Expenditures	590	1,289	2,965	3,412	6,934
<b>Other Financing Sources (uses)</b>					
Sales of capital assets	-	-	350	-	-
Transfers in	5,815	4,616	8,944	8,226	7,954
Transfers out	(5,815)	(6,192)	(8,944)	(7,856)	(16,247)
Bond Proceeds	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>(1,576)</u>	<u>350</u>	<u>371</u>	<u>(8,293)</u>
Extraordinary Gain (Loss)	-	-	-	18,240	(6,743)
Net change in Fund Balances	<u>\$ 590</u>	<u>\$ (287)</u>	<u>\$ 3,315</u>	<u>\$ 22,023</u>	<u>\$ (8,102)</u>
Cost of Assets Capitalized	1,895	10,866	3,180	2,865	2,022
Debt Services as a percentage of Non-Capital Expenditures	6.4%	4.9%	5.8%	4.2%	0.0%

**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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues</b>					
Taxes	\$ 23,981	\$ 24,603	\$ 25,725	\$ 25,491	\$ 26,266
Licenses and permits	1,951	2,515	2,383	3,044	3,095
Fines and forfeitures	128	135	180	153	144
Use of money and property	846	653	750	415	714
Charges for services	323	427	558	1,072	1,113
Donation	-	-	-	-	-
Revenues from other agencies	5,301	3,794	3,443	5,117	5,345
Other Revenues	3,068	2,377	1,668	732	1,038
Total Revenues	<u>35,598</u>	<u>34,504</u>	<u>34,707</u>	<u>36,024</u>	<u>37,715</u>
<b>Expenditures</b>					
Administration	5,792	5,135	6,183	5,445	5,867
Public Safety	4,492	4,761	5,215	6,534	7,399
Public Works	7,611	8,042	7,961	9,084	11,068
Parks and Recreation	1,573	1,819	2,042	2,175	2,493
Community Development	2,640	2,870	2,619	2,664	2,736
Non-Departmental	35	190	238	2,400	1,167
Pass Through to other agencies	-	-	-	-	-
Capital Outlay	4,113	8,697	1,344	7,106	7,504
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>26,256</u>	<u>31,514</u>	<u>25,602</u>	<u>35,408</u>	<u>38,234</u>
Excess of Revenues over (under) Expenditures	9,342	2,990	9,105	616	(519)
<b>Other Financing Sources (uses)</b>					
Sales of capital assets	-	-	-	-	-
Transfers in	10,424	13,525	11,784	4,577	5,044
Transfers out	(10,479)	(13,188)	(11,784)	(4,577)	(5,044)
Bond Proceeds	-	-	-	-	-
Advances to the Redevelopment Agency	-	-	-	-	-
Total Other Financing Sources (uses)	<u>(55)</u>	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary Gain (Loss)	-	-	-	-	-
Net change in Fund Balances	<u>\$ 9,287</u>	<u>\$ 3,327</u>	<u>\$ 9,105</u>	<u>\$ 616</u>	<u>\$ (519)</u>
Cost of Assets Capitalized	4,820	8,490	2,398	8,228	8,228
Debt Services as a percentage of Non-Capital Expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Transient Occupancy Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2009	11,462	85	1,060	1,709	2,267	990	17,573
2010	11,431	1,955	1,158	1,711	2,395	1,194	19,844
2011	11,854	2,640	1,518	1,825	2,407	1,175	21,419
2012	11,480	3,349	1,452	1,881	2,333	1,372	21,867
2013	11,284	3,790	1,589	1,907	2,481	1,492	22,543
2014	11,991	4,250	1,642	1,998	2,510	1,590	23,981
2015	12,452	4,812	1,758	2,044	1,973	1,564	24,603
2016	13,764	5,197	2,104	2,045	1,866	1,179	26,155
2017	13,302	5,601	2,463	1,985	1,775	365	25,491
2018	13,028	5,615	2,520	2,129	1,838	1,290	26,420

**Source**  
City General Ledger

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

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>
2009	8,235,780	270,956	3,275	491,235	46,858
2010	8,333,042	263,157	3,341	598,539	49,628
2011	8,362,052	396,195	3,333	570,551	45,258
2012	8,596,777	390,497	3,358	564,763	70,284
2013	8,843,139	402,533	3,425	581,160	48,147
2014	9,190,789	475,510	3,493	660,569	46,962
2015	9,492,704	486,378	3,509	679,241	45,906
2016	10,094,704	501,636	3,580	695,738	44,300
2017	10,770,321	531,536	3,634	506,899	24,986
2018	11,302,341	541,829	3,707	521,883	26,829

**Source**

2010-2013 & 2006-07 County Assessor data, Avenu Insights & Analytics  
 2008-2009 data is provided from previously published CAFR's  
 Unitary value of \$840,000 is excluded.

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

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

<b>Fiscal Year End</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>City Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Factor of Taxable Assessed Value (3)</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2009	154,969	8,893,135	0.063728	\$ 11,835,429	1.33085	75.14%
2010	236,925	9,010,782	0.063728	\$ 9,515,593	1.05602	94.69%
2011	158,388	9,219,001	0.063728	\$ 9,067,313	0.98355	101.67%
2012	157,307	9,468,372	0.063728	\$ 10,683,820	1.12837	88.62%
2013	174,167	9,704,237	0.063728	\$ 11,390,239	1.17374	85.20%
2014	153,434	10,223,889	0.063728	\$ 13,967,877	1.36620	73.20%
2015	151,709	10,556,029	0.063728	\$ 13,571,675	1.28568	77.78%
2016	155,138	11,184,820	0.063728	\$ 15,366,477	1.37387	72.79%
2017	174,779	11,662,598	0.063728	\$ 17,011,415	1.45863	68.56%
2018	180,953	12,215,635	0.063728	\$ 15,669,728	1.28276	77.96%

**Source**

2010-2013 & 2006-07 County Assessor data, Avenu Insights & Analytics  
2008-2009 data is provided from previously published CAFR's  
Unitary value of \$840,000 is excluded.

(1) City Direct Tax Rate is represented by TRA 001-224.

(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.

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

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

**Source**

2010-2015 County Assessor data, Avenu Insights & Analytics  
2007-2009 data is provided from previously published CAFR's  
City has no separate debt service rate, direct rate is 100% operating.  
TRA 149 is represented for this report.

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

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
CITY DIRECT RATE	0.063728	0.063728	0.063728	0.063728	0.063728
All other direct rates:					
LA COUNTY GENERAL	0.441223	0.441223	0.441223	0.441223	0.441223
LA COUNTY ACCUM CAP OUTLAY	0.000110	0.000110	0.000110	0.000110	0.000110
CONSOL. FIRE PRO.DIST OF LA CO.	0.169715	0.169715	0.169715	0.169715	0.169715
LA CO. FIRE-FFW	0.006910	0.006910	0.006910	0.006910	0.006910
LA CO.FL.CON.DR.IMP.DIST.MAINT.	0.002597	0.002597	0.002597	0.002597	0.002597
LA CO FLOOD CONTROL MAINT	0.014699	0.014699	0.014699	0.014699	0.014699
PALOS VERDES LIBRARY DIST MAINT	0.043470	0.043470	0.043470	0.043470	0.043470
LA CO WEST VECTOR CONTROL DIST.	0.000319	0.000319	0.000319	0.000319	0.000319
CO SANITATION DIST NO 5 OPERAT	0.017499	0.017499	0.017499	0.017499	0.017499
WTR REPLENISHMENT DIST OF SO CAL	0.000181	0.000181	0.000181	0.000181	0.000181
ERAF	0.000000	0.000000	0.000000	0.000000	0.000000
EDUCATIONAL AUG FD IMPOUND	0.000000	0.000000	0.000000	0.000000	0.000000
COUNTY SCHOOL SERVICES	0.001369	0.001369	0.001369	0.001369	0.001369
CHILDREN'S INSTIL TUITION FUND	0.002717	0.002717	0.002717	0.002717	0.002717
LA CITY COMM COLLEGE DIST	0.029214	0.029214	0.029214	0.029214	0.029214
LA COMM COLL CHILDREN'S CTR FD	0.000302	0.000302	0.000302	0.000302	0.000302
PALOS VERDES PENINSULA USD	0.196986	0.196986	0.196986	0.196986	0.196986
CO.SCH.SERV.FD-LOS ANGELES	0.008085	0.008085	0.008085	0.008085	0.008085
DEV.CTR.HDCPD MINOR-LA UNIF.	0.000876	0.000876	0.000876	0.000876	0.000876
TOTAL	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Debt Service Rates					
COUNTY	0.000000	0.000000	0.000000	0.000000	0.000000
PALOS VERDES PEN USD	0.023109	0.023289	0.023433	0.023197	0.023093
COMMNTY COLLEGE	0.044541	0.040174	0.035755	0.035956	0.045990
PALOS VERDES LIB	0.006118	0.005854	0.005630	0.000000	0.000000
FLOOD CONTROL	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.003500	0.003500	0.003500	0.003500	0.003500
TOTAL	<u>0.077268</u>	<u>0.072817</u>	<u>0.068318</u>	<u>0.062653</u>	<u>0.072583</u>
TOTAL TAX RATE	<u><u>1.077268</u></u>	<u><u>1.072817</u></u>	<u><u>1.068318</u></u>	<u><u>1.062653</u></u>	<u><u>1.072583</u></u>

**Source**

2010-2015 County Assessor data, Avenu Insights & Analytics  
2007-2009 data is provided from previously published CAFR's  
City has no separate debt service rate, direct rate is 100% operating.  
TRA 149 is represented for this report.

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

Taxpayer	2017-18			2008-09		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Dev LLC	471,401,026	1	3.86%	141,050,712	1	1.59%
Gs Palos Verdes LLC	70,780,638	2	0.58%			
P V Victoria Apts LLC	52,068,939	3	0.43%	45,897,696	4	0.52%
Terraces Subsidiary LLC	43,396,563	4	0.36%			
6507 6510 Vista Catalina Apts	40,948,530	5	0.34%			
Western Riviera Investors	32,518,723	6	0.27%	27,939,408	6	0.31%
Vhps LLC	30,269,306	7	0.25%	59,570,132	3	0.67%
Golden Cove LLC	30,184,550	8	0.25%	25,499,992	7	0.29%
Belmont Village Rpv Lp	25,464,974	9	0.21%	21,848,400	9	0.25%
Ocean View Drive Inc.	19,482,377	10	0.16%			
Johnson Eric C	17,596,666	11	0.14%			
Wlp Westmont Plaza LLC	15,632,431	12	0.13%			
California Water Service Co	13,771,287	13	0.11%	7,758,412	16	0.09%
American Golf Inc.	13,005,172	14	0.11%	10,254,558	13	0.12%
Glenmont Cal Coast Rpv LLC	12,843,932	15	0.11%			
Wang Lisa	12,022,166	16	0.10%			
Taylor Morrison Of California	11,934,976	17	0.10%			
Kopcho Richard S	11,118,000	18	0.09%			
Victoria Apts	8,632,586	19	0.07%	7,629,651	17	0.09%
Thornecrest LLC	8,620,953	20	0.07%			
Palos Verdes Terrace Ltd.	8,457,313	21	0.07%	7,473,834	18	0.08%
Li Xin	8,300,000	22	0.07%			
Mulligan Michael Gina	8,241,452	23	0.07%			
Xcx Bear LLC	8,061,794	24	0.07%			
Bruning Fred W	8,035,789	25	0.07%			
Ppc Villas Rpv LLC				88,138,400	2	0.99%
Terraces Rancho Palos Verdes L				34,541,279	5	0.39%
Cox Com Inc. Orange				24,179,886	8	0.27%
Johnson Eric C Co Tr				19,042,339	10	0.21%
Tridiamond LLC				13,081,509	11	0.15%
Ruffin Phillip G				11,730,000	12	0.13%
Amdan Investment LLC Lessee				9,470,000	14	0.11%
3200 Pv Drive West LLC				8,545,811	15	0.10%
Desi Family Limited Partnershi				6,600,000	19	0.07%
500 Silver Spur Road LLC				6,277,021	20	0.07%
Labarba James G Co Tr				5,982,085	21	0.07%
Myers Woodrow A Jr Tr				5,943,648	22	0.07%
Ae Mission Group LLC				5,916,000	23	0.07%
Imbach Scott A & Diane Y Trs				5,803,113	24	0.07%
Oceans 25 Rpv LLC				5,769,180	25	0.06%
<b>Total Top 25 Taxpayers</b>	<b>\$ 982,790,143</b>		<b>8.05%</b>	<b>\$ 605,943,066</b>		<b>6.81%</b>
<b>Total Taxable Value</b>	<b>\$ 12,215,635,343</b>		<b>100.00%</b>	<b>\$ 8,893,109,966</b>		<b>100.00%</b>

**Source**

Los Angeles County Assessor data, Avenu Insights & Analytics

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2009	6,116	5,734	93.75%	8	5,742	93.88%
2010*	5,447	4,917	90.27%	8	4,925	90.42%
2011*	5,597	5,462	97.59%	0	5,462	97.59%
2012	5,777	5,656	97.91%	0	5,656	97.91%
2013	5,951	5,844	98.20%	0	5,844	98.20%
2014	6,287	6,193	98.50%	0	6,193	98.50%
2015	6,487	6,396	98.60%	0	6,396	98.60%
2016	6,813	6,716	98.58%	0	6,716	98.58%
2017	7,093	7,009	98.82%	0	7,009	98.82%
2018	7,481	7,389	98.77%	0	7,389	98.77%

**Source**

County Assessor General Ledger, Avenu Insights & Analytics

\* Includes 1% secured apportionment only

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

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

CITY OF RANCHO PALOS VERDES

2017-18 Assessed Valuation: \$12,286,239,082

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>Total Debt 6/30/2018</b>	<b>% Applicable (1)</b>	<b>City's Share of Debt 6/30/18</b>
Metropolitan Water District	\$60,600,000	0.448%	\$271,488
Los Angeles Community College District	4,165,830,000	1.547%	64,445,390
Los Angeles Unified School District	10,604,150,000	0.182%	19,299,553
Palos Verdes Unified School District	62,104,101	47.037%	29,211,906
City of Rancho Palos Verdes	0	100.000%	0
Los Angeles County Regional Park and Open Space Assessment District	26,575,000	0.862%	229,077
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$113,457,414</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$1,921,992,404	0.862%	\$16,567,575
Los Angeles County Superintendent of Schools Certificates of Participation	6,500,306	0.862%	56,033
Los Angeles County Sanitation District No. 5 Authority	18,807,503	10.436%	1,962,751
Los Angeles County South Bay Cities Sanitation District Authority	3,205,696	4.137%	132,620
Los Angeles Unified School District Certificates of Participation	195,975,000	0.182%	356,675
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>			<b>\$19,075,654</b>
Less: Los Angeles Unified School District QZABs supported by investment fund			13,468
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<b>\$19,062,186</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$132,533,068</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$132,519,600</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$132,533,068</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$132,519,600</b>

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt</b>	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt	0.92%
Gross Combined Total Debt	1.08%
Net Combined Total Debt	1.08%

**Source**

2017-18 Avenu Insights & Analytics

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

	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>
Debt Limit	\$ 1,345,594	\$	1,351,617	\$	1,382,850	\$	1,420,256	\$	1,455,636
Total Net Debt applicable to limit	-		-		-		-		-
Legal Debt Margin	\$ 1,345,594	\$	1,351,617	\$	1,382,850	\$	1,420,256	\$	1,455,636
ble to the limit as a percentage of Debt Limi	0%		0%		0%		0%		0%

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

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Debt Limit	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723	\$ 1,749,390	\$ 1,832,345
Total Net Debt applicable to limit	-	-	-	-	-
Legal Debt Margin	\$ 1,533,583	\$ 1,583,404	\$ 1,677,723	\$ 1,749,390	\$ 1,832,345
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%
Total Taxable Value					\$ 12,215,635
Debt Limit (15% of total taxable value)					1,832,345
Debt applicable to limit					-
Legal Debt Margin					\$ 1,832,345

Cities have a maximum G.O. debt limit of 15% of the assessed valuation of all property within their boundaries.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age</b>	<b>**Public School Enrollment</b>
2008-09	42,720	2,262,493,920	52,961	43.4	12,033
2009-10	42,642	2,250,346,266	52,773	44.9	11,900
2010-11	41,766	2,425,936,344	58,084	44.3	11,928
2011-12	41,897	2,561,016,971	61,127	47.6	11,840
2012-13	42,114	2,618,143,152	62,168	47.8	11,873
2013-14	42,358	2,564,205,491	60,537	47.6	11,700
2014-15	42,564	2,593,892,724	60,941	48.9	11,632
2015-16	43,041	2,461,988,241	57,201	49.6	11,499
2016-17	42,884	2,569,293,654	59,913	49.5	11,428
2017-18	42,723	2,722,513,349	63,725	49.3	11,346

**Source**

Avenu Insights & Analytics

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.

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

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

<b>Fiscal Year</b>	<b>County Unemployment Rate (%) (3)</b>	<b>City Unemployment Rate (%) (3)</b>	<b>County Population (1)</b>	<b>City Population (% of County)</b>
2008-09	7.5%	2.5%	10,301,658	0.41%
2009-10	11.6%	4.0%	10,355,053	0.41%
2010-11	11.9%	4.1%	9,858,989	0.42%
2011-12	11.1%	3.8%	9,884,632	0.42%
2012-13	11.0%	3.7%	9,958,091	0.42%
2013-14	7.6%	2.5%	10,041,797	0.42%
2014-15	7.1%	3.4%	10,136,559	0.42%
2015-16	6.7%	3.2%	10,241,335	0.42%
2016-17	5.2%	2.5%	10,241,278	0.42%
2017-18	4.1%	0.9%	10,283,729	0.42%

**Source**

Avenu Insights & Analytics

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.

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

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

**2017-18**

**2008-09**

**Taxpayer**

A JOHNSON'S STATIONARY-SUPPLY COMPANY  
ANDREASSEN ENTERPRISES  
AUTOMOBILE CLUB OF SOUTHERN CALIFORNIA  
BASKIN-ROBBINS ICE CREAM STORE  
BUSINESS PRINTING INTERNATIONAL  
CHARLIE GENERAL STORE  
CRESTWOOD  
DESIGN II  
DU PERON INTERIORS  
HIROSHI NAMIKAWA  
HOPKINS PATTERN  
J P MODELS & P J MARINE  
JANICE WEISSMAN  
KATHERINE E.BONANNO  
LEAGUE WOMEN VOTERS  
LILA SHAMES  
NATIONAL MEDIA  
NSW MICRO-SYSTEMS  
PACIFIC SALES KTCHN/BATH CTRS  
PERFECTION  
RON RINKER CUSTOM CLOTHING  
STEPHEN E.MIRICH  
SUNNY INTERIORS  
TC TEL  
THE POPCORN MAN

**Business Type**

MISCELLANEOUS RETAIL  
MISCELLANEOUS OTHER  
MISCELLANEOUS RETAIL  
FOOD MARKETS  
LIGHT INDUSTRY  
MISCELLANEOUS OTHER  
HEALTH & GOVERNMENT  
MISCELLANEOUS RETAIL  
MISCELLANEOUS RETAIL  
MISC. VEHICLE SALES  
MISCELLANEOUS OTHER  
MISCELLANEOUS OTHER  
MISCELLANEOUS OTHER  
MISCELLANEOUS OTHER  
LIGHT INDUSTRY  
LIGHT INDUSTRY  
OFFICE EQUIPMENT  
FURNITURE/APPLIANCE  
MISCELLANEOUS OTHER  
APPAREL STORES  
MISCELLANEOUS OTHER  
FURNITURE/APPLIANCE  
OFFICE EQUIPMENT  
FOOD PROCESSING EQP

**Taxpayer**

7-ELEVEN FOOD STORES  
ADMIRAL RISTY RESTAURANT  
AMERICA'S TIRE  
ASAKA JAPANESE CUISINE  
CALIFORNIA TURF SUPPORT  
CARL'S JR. RESTAURANTS  
CENTINELA FEED & PET SUPPLIES  
CHEVRON SERVICE STATIONS  
COCO'S RESTAURANTS  
EL POLLO LOCO  
GOOD NIGHT MATTRESS  
GREEN HILLS MORTUARY & MEMORIA  
IHOP RESTAURANTS  
JACK IN THE BOX RESTAURANTS  
LOS VERDES COUNTRY CLUB  
MARSHALL'S STORES  
MOBIL SERVICE STATIONS  
O'REILLY AUTO PARTS  
RALPH'S GROCERY COMPANY  
ROLLING HILLS PLASTICS  
SMART & FINAL  
SNAP ON TOOLS  
TRADER JOE'S  
TRUMP NATIONAL GOLF CLUB  
WATERFRONT EQUIPMENT TECH

**Business Type**

FOOD MARKETS  
RESTAURANTS  
AUTO PARTS/REPAIR  
RESTAURANTS  
LIGHT INDUSTRY  
RESTAURANTS  
MISCELLANEOUS RETAIL  
SERVICE STATIONS  
RESTAURANTS  
RESTAURANTS  
FURNITURE/APPLIANCE  
MISCELLANEOUS OTHER  
RESTAURANTS  
RESTAURANTS  
RESTAURANTS  
APPAREL STORES  
SERVICE STATIONS  
AUTO PARTS/REPAIR  
FOOD MARKETS  
LIGHT INDUSTRY  
FOOD MARKETS  
MISCELLANEOUS OTHER  
FOOD MARKETS  
MISCELLANEOUS RETAIL  
HEAVY INDUSTRY

**Source**

Avenu Insights & Analytics

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

<b>Employer</b>	<b>2017-18</b>			<b>2015</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Palos Verdes Peninsula Unified School District	1,430	1	7.15%	1,421	1	7.36%
Terranea Resort Hotel*	1,257	2	6.29%	873	2	4.52%
Belmont Corp Ltd ( Belmont Village of Rancho)	180	3	0.90%	139	5	0.72%
Trump National Golf Club*	168	4	0.84%	190	4	0.98%
Marymount College	160	5	0.80%	270	3	1.40%
Canterbury	150	6	0.75%	115	6	0.60%
City of Rancho Palos Verdes*	137	7	0.69%			
Ralphs Store #720	105	8	0.53%	95	8	0.49%
Green Hills Memorial Park	75	9	0.38%	85	9	0.44%
American Golf Corp ( Los Verdes Golf Course)	71	10	0.36%	70	10	0.36%
Trader Joe's				96	7	0.50%
Subtotal of Principal Employers	3,733		18.67%	3,354		17.38%
Total City Employment (1)	20,000			19,300		

**Source**

Avenu Insights & Analytics

(1) Total City Labor Force is provided by EDD Labor Force Data

\*Count includes both full and part time employees

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

**(THIS PAGE INTENTIONALLY LEFT BLANK)**

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

<b>Function</b>	<b>2006</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Government	47	58	53	54	52	53	54	60	62	62	64
Recreation Part-Time	10	11	16.5	18	16.5	16	22	25	29	29	30
Total	57	69	69.5	72	68.5	69	76	85	91	91	94

**Source**

City Budget documents and Payroll records

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

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Administration</b>					
Employee Resignations	4	9	5	8	7
Workers Compensation Claims	2	5	3	3	3
Liability Claims	13	13	14	11	14
Budget Adjustments	18	21	17	11	24
Business Licenses Issued	1,819	1,629	1,891	1,294	1,868
Web Site Page Views (1)	3.8 mil	2.9 mil	2.8mil	3.0mil	3.1mil
<b>Public Safety</b>					
Part I Crime Rates (per 10,000 population)	102	110	143	131	149
<b>Public Works</b>					
Solid Waste Diversion Rates (2)	4.1lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	4.2lbs/person/day	2.87lbs/person/day
Pavement Rating	85	85	85	85	84
<b>Parks and Recreation</b>					
Park Events	825	690	580	582	765
Class Meetings at Parks	2,708	2,398	2,313	1,587	1,202
Docent Led Nature Hikes	105	103	105	104	121
<b>Community Development</b>					
Building Permits Processed	1,404	1,243	1,432	1,221	1,403
Plan Checks	226	154	161	161	268
Municipal Code Violations Closed	339	138	371	321	312

**Source**

City Departments

DNA: Data Not Available

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

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

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

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Administration</b>					
Employee Resignations	14	10	6	6	27
Workers Compensation Claims	1	3	2	8	2
Liability Claims	9	11	28	6	3
Budget Adjustments	15	15	18	48	80
Business Licenses Issued	1,997	2,134	2,012	1,939	1,902
Web Site Page Views (1)	3.3mil	426,772 *	403,704	536,568	445,633
<b>Public Safety</b>					
Part I Crime Rates (per 10,000 population)	107	134	106	Not available at this time	113
<b>Public Works</b>					
Solid Waste Diversion Rates (2)	2.84lbs/person/day	3.15lbs/person/day	3.08lbs/person/day	2.46lbs/person/day	2.46lbs/person/day
Pavement Rating	82	82	84	84	84
<b>Parks and Recreation</b>					
Park Events	631	639	810	829	1,281
Class Meetings at Parks	1,233	1,400	1,025	1,030	922
Docent Led Nature Hikes	109	103	94	108	113
Volunteer Events (3)				35	61
Volunteers (3)				764	1,806
Volunteer Hours (3)				2,486	5,919
Open Space Mgmt. Public Contacts (3)				23,101	33,306
Open Space Mgmt. Rules Enforced (3)				1,367	1,925
Open Space Mgmt. Maintenance / Projects (3)				782	1,219
<b>Community Development</b>					
Building Permits Processed	1,492	1,558	1,758	1,665	1,985
Plan Checks	264	255	289	289	292
Municipal Code Violations Closed	392	358	505	432	457

**Source**

City Departments

DNA: Data Not Available

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

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

(3) Began tracking this indicator in 2017.

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

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Administration</b>										
Computer Workstations	92	101	92	88	93	98	114	138	140	144
<b>Public Works</b>										
Street Miles	143	143	143	144	141	141	149	149	149	149
Traffic Signals	16	16	16	18	15	15	15	15	15	15
<b>Parks and Recreation</b>										
Parks	16	15	15	15	15	16	16	16	16	17
<b>Community Development</b>										
Vehicles Used for Inspections	5	5	5	5	5	4	4	4	2	2

**Source**

City Capital Asset Records

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