

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by the City of Rancho Palos Verdes, California (the "City") solely to assist you with respect to your evaluation of selected provisions of City employee compensation for the calendar year ended December 31, 2018. The City's management is responsible for the execution of the provisions related to the employment of City personnel. The sufficiency of these procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

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

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

Result: No exceptions were noted as a result of this testing.

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

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

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

- b. City paid benefit costs
  - vii. Pension benefits - For the purposes of this procedure, each Tier 1 employee is allocated a portion of the annual payment to the plan based on the published contributions rates of the Tier.
  - viii. Insurance – including but not limited to medical, vision, and dental. These amounts are reflected on the schedule on a pay period basis but are invoiced on a monthly basis and included rate changes during the year. These amounts are reflected on the schedule on a pay period basis using the City’s Health Premium Rates and Contribution Levels (Composite Rates) rather than individual rates for each level of coverage offered for each medical plan. As such, the procedure for these payments will be to reconcile the amounts per the schedule to the City’s Health Premium Rates and Contribution Levels (Composite Rates).
  - ix. Medicare
  - x. Retirement health savings account contribution
  - xi. Deferred compensation
  
- c. Benefits – Earned hours only
  - xii. Wellness
  - xiii. Administrative leave
  - xiv. Sick leave
  - xv. Holidays
  - xvi. Vacation
  - xvii. Compensatory time

Result: No exceptions were noted as a result of this testing.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on the provisions of City employee compensation for the calendar year ended December 31, 2018. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*White Nelson Dick Evans LLP*

Irvine, California  
May 23, 2019