

**RANCHO PALOS VERDES
JOINT POWERS IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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**RANCHO PALOS VERDES
JOINT POWERS IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
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INDEPENDENT AUDITORS' REPORT

Commission of the
Rancho Palos Verdes Joint Powers
Improvement Authority
Rancho Palos Verdes, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rancho Palos Verdes Joint Powers Improvement Authority (the Authority), a component unit of the City of Rancho Palos Verdes, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

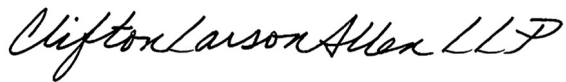
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Abalone Cove Permanent Fund budget to actual schedule of revenue, expenditures, and changes in fund balance is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Abalone Cove Permanent Fund budget to actual schedule of revenue, expenditures, and changes in fund balance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Commission of the
Rancho Palos Verdes Joint Powers
Improvement Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the Authority'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 solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 29, 2024

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,138,446
Interest Receivable	<u>9,166</u>
Total Assets	<u>1,147,612</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	1,439
NET POSITION	
Restricted for Infrastructure Maintenance:	
Nonexpendable	1,000,000
Expendable	<u>146,173</u>
Total Net Position	<u><u>\$ 1,146,173</u></u>

See accompanying Notes to Basic Financial Statements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities:			
Public Works	<u>\$ 21,441</u>	<u>\$ 15,000</u>	\$ (6,441)
General Revenues:			
Investment Income			<u>24,427</u>
CHANGE IN NET POSITION			17,986
Net Position - Beginning of Year			<u>1,128,187</u>
NET POSITION - END OF YEAR			<u><u>\$ 1,146,173</u></u>

See accompanying Notes to Basic Financial Statements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Fund <u>Portuguese Bend</u>	Permanent Fund <u>Abalone Cove</u>	Total Governmental Funds <u></u>
ASSETS			
Cash and Investments	\$ 77,821	\$ 1,060,625	\$ 1,138,446
Interest Receivable	<u>610</u>	<u>8,556</u>	<u>9,166</u>
Total Assets	<u><u>\$ 78,431</u></u>	<u><u>\$ 1,069,181</u></u>	<u><u>\$ 1,147,612</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 666	\$ 773	\$ 1,439
FUND BALANCES			
Nonspendable:			
Reimbursement Settlement Agreement	-	1,000,000	1,000,000
Restricted for:			
Infrastructure Maintenance	<u>77,765</u>	<u>68,408</u>	<u>146,173</u>
Total Fund Balances	<u><u>77,765</u></u>	<u><u>1,068,408</u></u>	<u><u>1,146,173</u></u>
Total Liabilities And Fund Balances	<u><u>\$ 78,431</u></u>	<u><u>\$ 1,069,181</u></u>	<u><u>\$ 1,147,612</u></u>

See accompanying Notes to Basic Financial Statements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue Fund <u>Portuguese Bend</u>	Permanent Fund <u>Abalone Cove</u>	Total Governmental Funds <u></u>
REVENUES			
Investment Income (Loss)	\$ 1,481	\$ 22,946	\$ 24,427
Contributions from the City of Rancho Palos Verdes	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Revenues	16,481	22,946	39,427
EXPENDITURES			
Current:			
Public Works	<u>6,415</u>	<u>15,026</u>	<u>21,441</u>
NET CHANGE IN FUND BALANCE	10,066	7,920	17,986
Fund Balance - Beginning of Year	<u>67,699</u>	<u>1,060,488</u>	<u>1,128,187</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 77,765</u></u>	<u><u>\$ 1,068,408</u></u>	<u><u>\$ 1,146,173</u></u>

See accompanying Notes to Basic Financial Statements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rancho Palos Verdes Joint Powers Improvement Authority (Authority) 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 Authority's significant accounting policies.

Reporting Entity

The Authority is a separate legal governmental entity created on September 4, 1990, in accordance with the provisions of the Reimbursement and Settlement Agreement, dated October 27, 1987, entered into by the City of Rancho Palos Verdes (City), the Rancho Palos Verdes Redevelopment Agency (Agency) and the County of Los Angeles in connection with the Horan lawsuit. The Authority is considered a component unit of the City of Rancho Palos Verdes for purpose of the City's annual financial report. The Agreement requires funds to be set aside and expended by the Authority to maintain landslide abatement improvements installed and constructed by the Agency.

On February 1, 2012, the Agency was dissolved as a result of legislation enacted by the State of California. The City of Rancho Palos Verdes has accepted the fiduciary role of Successor Agency to the Rancho Palos Verdes Redevelopment Agency and is responsible for winding down the affairs of the Agency.

The members of the City Council are also members of the Commission of the Authority. Similarly, the officers of the City serve as officers of the Authority. Facilities and equipment, administrative, financial and legal services are provided to the Authority by the City.

The Portuguese Bend Special Revenue Fund is financed through contributions from the general fund of the City. The primary source of revenue for the Abalone Cove portion of the Authority comes from investment income on the \$1,000,000 principal held in the Permanent Fund.

The basic financial statements of the Authority are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. The effect of interfund activity has been removed from these statements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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 revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported, instead, as general revenues.

Fund Financial Statements

Fund financial statements for the Authority's governmental funds are presented after the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds. These statements display information about major funds individually.

The accounting system of the Authority is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures.

The Authority reports the following major governmental funds:

The Portuguese Bend Special Revenue Fund is used to account for maintenance and repairs of landslide abatement improvements in the Portuguese Bend Project Area.

The Abalone Cove Permanent Fund is used to account for monies received as part of a July 1991 Reimbursement and Settlement Agreement with the County of Los Angeles. As a part of this Agreement, the Authority received a \$1,000,000 deposit of nonexpendable principal. The interest income on this principal is used to pay for maintenance and repairs of Abalone Cove landslide abatement improvements.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

Government-Wide Financial Statements

In the government-wide statement of net position and the statement of activities, activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Authority's policy is to apply restricted net position first.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. The Authority considers investment earnings to be available if they are collected within 60 days of the end of the current fiscal period.

Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally-imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

For the current fiscal year, the Authority did not have any items that needed to be reconciled between the fund financial statements and government-wide financial statements as a result of difference in measurement focus or basis of accounting.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Governmental Fund Balance Classifications

The following classifications describe the relative strength of constraints placed on the purpose for which the Authority's resources can be used:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the Authority's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Cash and investments at June 30, 2023, consisted of the following:

Equity in Cash and Investment Pool of the City of Rancho Palos Verdes	<u>\$ 1,138,446</u>
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**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Equity in Cash and Investment Pool of the City of Rancho Palos Verdes

The Authority is a voluntary participant in the cash and investment pool of the City of Rancho Palos Verdes. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded at the estimated fair value.

Investments Authorized by City of Rancho Palos Verdes' Investment Policy

The table below identifies the investment types that are authorized by the Authority's investment policy. The table also identifies certain provisions of the Authority's investment policy, 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
Government Sponsored Agency Bonds	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	\$75 Million per Acct.
Money Market Savings/Demand Deposits	N/A	15%	\$5 Million

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 Authority manages its exposure to interest rate risk by participating in the City's cash and investment pool. The Authority's investment is represented by shares in the pool, which can be withdrawn in one business day.

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 Authority's investment in the City pool is not rated.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the Authority 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 Authority's 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% 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% of the secured public deposits.

Fair Value Classifications

The Authority categorizes 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); and, Level 3 inputs are significant unobservable inputs. The Authority's investment in the City's cash and investment pool is not subject to the fair value hierarchy.

REQUIRED SUPPLEMENTARY INFORMATION

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
BUDGETARY COMPARISON SCHEDULE
PORTUGUESE BEND SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment Income (Loss)	\$ 300	\$ 300	\$ 1,481	\$ 1,181
Contributions from the City of Rancho Palos Verdes	15,000	15,000	15,000	-
Total Revenues	15,300	15,300	16,481	1,181
EXPENDITURES				
Current:				
Public Works	49,000	49,000	6,415	42,585
NET CHANGE IN FUND BALANCE	(33,700)	(33,700)	10,066	43,766
Fund Balance - Beginning of Year	67,699	67,699	67,699	-
FUND BALANCE - END OF YEAR	<u>\$ 33,999</u>	<u>\$ 33,999</u>	<u>\$ 77,765</u>	<u>\$ 43,766</u>

See accompanying Note to Required Supplementary Information.

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF RANCHO PALOS VERDES)
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

The Authority adopts an annual budget using the modified-accrual basis of accounting for the special revenue and permanent funds. Budgetary controls are established at the department level. At year-end, unexpended appropriations lapse.

The Authority's Chief Administrative Officer may transfer budget appropriations between major categories within a fund in conformance with the policies set by the Authority's Commission. Any interfund changes or amendments must be approved by the Authority's Commission. Adopted budget and budget amendments made during the year are reflected in the Budgetary Comparison Schedule.

SUPPLEMENTARY INFORMATION

**RANCHO PALOS VERDES
JOINT POWER IMPROVEMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
ABALONE COVE PERMANENT FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment Income (Loss)	\$ 3,300	\$ 3,300	\$ 22,946	\$ 19,646
EXPENDITURES				
Current:				
Public Works	28,000	28,000	15,026	12,974
NET CHANGE IN FUND BALANCE	(24,700)	(24,700)	7,920	32,620
Fund Balance - Beginning of Year	1,060,488	1,060,488	1,060,488	-
FUND BALANCE - END OF YEAR	<u>\$ 1,035,788</u>	<u>\$ 1,035,788</u>	<u>\$ 1,068,408</u>	<u>\$ 32,620</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Commission of the
Rancho Palos Verdes Joint Powers
Improvement Authority
Rancho Palos Verdes, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Rancho Palos Verdes Joint Powers Improvement Authority (the Authority), a component unit of the City of Rancho Palos Verdes, California (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

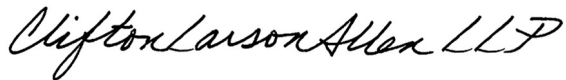
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
February 29, 2024



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