



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2006



**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2006

Prepared By:

Finance Department

Dennis McLean, Director of Finance & Information Technology
Kathryn Downs, Deputy Director of Finance & Information Technology

Cover photo of Portuguese Bend courtesy of Ms. Karen Peterson

INTRODUCTORY SECTION



*California Poppies at Lower Hesse Park
Photos by Karen Peterson*

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*A view of Agua Armaga canyon
Photo by Karen Peterson*

October 6, 2006

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, 2006, 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 units 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 CAFR is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this Letter of Transmittal, an organizational chart and a directory of the City's principal elected and appointed officials. The financial section includes management's discussion and analysis (MD&A) the government-wide statements, notes to the financial statements, combining and individual fund financial statements, as well as the independent auditor's report on these financial statements and schedules. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year historical basis. The content and presentation of the statistical section has been changed for June 30, 2006 to comply with new guidance from the Governmental Accounting Standards Board.

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 units, the Rancho Palos Verdes Redevelopment Agency and the 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 highways, streets, and 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, ECONOMIC CONDITION AND OUTLOOK

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. The City currently has a land area of 13.6 square miles and a population of 42,991. 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 council, which consists of five council members, including the mayor and mayor pro-tem. The governing 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 governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The 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 council designates the mayor and mayor pro-tem for a one-year term.

Though the General fund reserves of the City increased during the fiscal year ended June 30, 2006, it is important to continue to measure the City's financial strength over time, not just on the basis of the most recent three or four years experience. The budget adopted by the City Council for the fiscal year ending June 30, 2007 presents the expectation of a decrease of General fund reserves. Potential economic downturn and the need to fund additional infrastructure renewal and maintenance will require continued conservative fiscal policies.

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 government's commitment to ensuring that its citizens are able to live and work in an enviable environment.

Planning, Building, and Code Enforcement

- The City authorized the Palos Verdes Peninsula Land Conservancy to begin management of the City's Natural Communities Conservation Plan (NCCP) Preserve and continued its effort for acquiring open space for inclusion into the habitat preserve.
- The City continued to formally monitor development projects in surrounding jurisdictions (referred to as "border issues") to assess their potential impacts upon the City and its residents.
- The City continued to approve the installation of various commercial antenna facilities for cellular telephones and personal communication systems on private property throughout the City.
- The General Plan Update Steering Committee presented its recommendations to the City Council on all of the existing goals and policies of the General Plan. The General Plan Update effort was then initiated by the City Council. Staff is currently negotiating a contract with a consultant to assist Staff with the preparation of the Update.
- The City continued to implement its State approved Housing Element and efforts to work with the Southern California Association of Governments in preparing the Regional Transportation Plan and the Regional Housing Needs Assessment.
- The City oversaw the completion of the repair and rehabilitation of the Trump National golf course, which was damaged by a landslide in 1999. The City continued to work with the developer on its plans to permanently open the 18-hole golf course to the public and expand the existing Clubhouse.

Public Works

- The Point Vicente Interpretive Center expansion project was completed. The grand opening of the center was on July 15, 2006.
- The interim Barkentine & Seacove drainage project was completed, as well as numerous other citywide storm drain improvement projects.

- Phase I of storm drain lining was completed, as well as numerous other lining projects throughout the City.
- The Pontevedre storm drain lining and pipe replacement project was completed.

Recreation and Parks

- Recreation and Parks Staff coordinated the fabrication and installation of the Point Vicente Interpretive Center exhibits.
- Recreation and Parks Staff hosted the grand opening and dedication ceremony for the expanded Point Vicente Interpretive Center.
- Recreation and Parks Staff and the Los Serenos de Point Vicente docents hosted the annual Whale of a Day event on the Point Vicente Interpretive Center grounds.
- The Los Serenos de Pointe Vicente docents continued their successful docent-led hike programs at several sites throughout the City.
- The City arranged for the Peninsula Seniors, a local non-profit organization, to operate temporary offices and a classroom using modular trailers at Upper Point Vicente Park. The City also continued to offer the Peninsula Seniors the use of other park facilities for various events.
- Recreation and Parks Staff coordinated the City's annual July 4th Independence Day celebration.
- The City hosted two Shakespeare By The Sea drama productions at Hesse Park.
- Recreation and Parks Staff continued to coordinate several annual community events including the Abalone Cove Beach Clean-Up Day and Breakfast with Santa.
- Once again, the City has qualified for the use of Community Development Block grant funds for the REACH program for youth and young adults with developmental disabilities.

Administration

- The City Council conducted a Tactical Planning Workshop on February 2, 2006 to review and update the City Council's goals, which were initially created in 2004. The Council refined its previous goals to include: 1) Implementing the Storm Drain Master Plan; 2) Acquiring Upper Filiorum and completing the NCCP; 3) Reducing speeding and controlling parking in residential neighborhoods; 4) Preparing an Active Recreation Plan and a Civic Center Master Plan; 5) Improving emergency services and preparedness; and 6) Bringing the Eastview area into the Palos Verdes Unified School District.
- On March 7th, Council adopted an ordinance regulating peddling in the City, thereby addressing safety problems associated with mobile food vendors congregating in a single area for long periods of time.
- In the Spring of 2006, the City's website was revamped and given a fresh new look with drop down menus to improve navigation of the site, adding the Google search engine throughout the site and a dedicated search engine for the City's Municipal Code, adding a News Watch Scroll to highlight up-to-the-minute topics of interest, and creating a Non-Emergency Service Request link.
- In May 2005, City Manager Les Evans announced his retirement, effective December 21, 2006, after 10 years of exemplary service to the City.
- On May 16th, Council appointed three Rancho Palos Verdes residents to serve Councilwoman Janice Hahn's Community Advisory board for the Ponte Vista development, a proposed 2,300-unit condominium project on a 62-acre site located on Western Avenue.
- On June 6th, the Council received a presentation from Los Angeles County Fire Chief P. Michael Freeman regarding the current level of fire service in the City. During his presentation, Chief Freeman announced the addition of paramedic services and a new pumper truck at Fire Station No. 83 located in Miraleste Plaza.

- On June 20th, Council approved a Lease Agreement with the Southern California Regional Occupational Center (SCROC) to use the City's Multimedia Cable Television Studio for video production classes. The first class was held at the studio during the 2006 fall semester.
- The City approved a new facility and radio antenna on the Civic Center site for the Sheriff's Disaster Communications Service (DCS) and the Palos Verdes Volunteer Alert Network (PVAN), which provides critical ham radio communications during natural disasters and other emergencies.
- The Council hosted two Community Leaders' Breakfast meetings in FY05-06. The fall 2005 session concerned lessons to be learned from Hurricane Katrina and the spring 2006 session highlighted the South Bay Energy Savings Center.
- The City continued to publish a quarterly newsletter that was distributed to all residents. In FY05-06 the newsletter featured articles on preparing for wildfire hazards, the dedication of Founders Park and the City's Multimedia Studio, the City's new traffic deputy and the grand opening of the Point Vicente Interpretive Center.
- The City Council continued to provide financial assistance to a variety of non-profit organizations that provide service to the community.
- The City Council recognized five local military personnel serving the Country through the Salute to Service program and expressed their appreciation by presenting their families with a City care package and Blue Star poster.
- In December 2005, the City Council approved the Emergency Preparedness Committee's recommendation to establish pre-positioned caches of critical emergency and disaster supplies in storage containers strategically placed around the City. The pre-positioned supplies will strengthen the City's ability to respond effectively within the first 72 hours following a natural or man-made disaster under extreme conditions.

FINANCIAL INFORMATION

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.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2006, approximately \$380,000 was expended on Federal financial assistance programs; and therefore, a single audit was not required.

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, Redevelopment Agency Board, and Improvement Authority Commission. Activities of the General fund, Special Revenue funds, Capital Projects funds, Debt Service fund and Permanent fund 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. Encumbrances lapse at year-end, and any unexpended balance is eligible to be carried over to the following year's budget appropriations with Council approval.

General Government Functions. The following schedule presents a summary of all Governmental fund revenues for the fiscal year ended June 30, 2006 with the amount and percentage of increases or decreases in relation to prior year revenue:

	Amount	Increase/ (Decrease) from FY04-05	Percent of Increase/ (Decrease)
Taxes	\$ 15,320,688	\$ 1,747,622	12.9%
Licenses and permits	1,439,758	114,179	8.6%
Fines and forfeitures	170,640	62,689	58.1%
Use of money and property	7,038,201	5,732,012	438.8%
Charges for services	49,389	(102,518)	-67.5%
Revenues from other agencies	15,510,848	7,663,030	97.6%
Other revenues	155,204	(883,018)	-85.1%
TOTAL REVENUES	\$ 39,684,728	\$ 14,333,996	56.5%

With overall revenues increasing by over \$14.3 million for the year, the City recognized large fluctuations in several of the different revenue categories. These increases and decreases are discussed below.

Taxes increased by over \$1.7 million when compared to FY04-05. As part of the State shared revenue restructuring, most of motor vehicle license fees (VLF) are being received as property tax in-lieu of VLF.

Use of money and property increased by about \$5.7 million. This category of revenue includes donations. The City received a \$4.9 million donation from the Palos Verdes Peninsula Land Conservancy as part of the Portuguese Bend Open Space purchase. The remaining \$0.8 million increase is primarily due to rising investment interest rates. The average interest rate earned during FY04-05 was 2.233%, and the average rate earned during FY05-06 was 3.85%.

The increase of *Revenues from other agencies* was primarily due to grant revenue associated with the Portuguese Bend Open Space purchase.

From FY04-05 to FY05-06, *Other revenues* decreased by almost \$0.9 million. During FY04-05, the City received approximately \$800,000 for sale of a residential property purchased to facilitate the San Ramon drainage project.

The following schedule presents a summary of all Governmental fund expenditures for the fiscal year ended June 30, 2006, and the amount and percentage of increases and decreases in relation to prior year amounts:

	Amount	Increase/ (Decrease) from FY04-05	Percent of Increase/ (Decrease)
Administration	\$ 4,041,081	\$ 189,646	4.9%
Public safety	3,437,933	346,139	11.2%
Public works	5,276,949	(1,025,006)	-16.3%
Parks and recreation	1,593,104	628,234	65.1%
Planning, building and code enforcement	2,361,465	59,402	2.6%
Pass through to other agencies	199,829	11,470	6.1%
Capital outlay	20,202,412	15,290,220	311.3%
Debt service	1,349,329	260,454	23.9%
TOTAL EXPENDITURES	\$ 38,462,102	\$ 15,760,559	69.4%

The overall \$15.8 million increase in expenditures is due to increases in several expenditure categories, as discussed below.

The net decrease in *Public works* expenditures is primarily due to the number of engineering projects and studies performed during FY04-05 when compared to FY05-06. The FY04-05 activity in the Capital Improvement Projects fund included engineering and project management for the Point Vicente Interpretive Center, engineering for the arterial overlay project, and a number of drainage studies.

The increase of *Parks and recreation* expenditures was almost entirely due to the fabrication and installation of exhibits at Point Vicente Interpretive Center.

Capital outlay expenditures increased with the purchase of the Portuguese Bend Open Space.

Budget to Actual Comparison. Once again, the City experienced a favorable budget variance in the General fund for the fiscal year ended June 30, 2006. Actual General fund revenues were approximately \$1.5 million greater than the amount budgeted, while expenditures and transfers out were approximately \$1.9 million less than the amount budgeted. The positive variance resulted from receipt of property and utility users taxes in excess of estimates and the continued careful management of resources during FY05-06.

Governmental Fund Balances. The combined fund balances of all Governmental Funds decreased by approximately \$1.0 million from the prior year. The net decrease is primarily attributable to additional interest that accrued on the Redevelopment Agency advance from the General fund.

Debt Administration. At June 30, 2006, the City had no general obligation debt and one tax increment bond issued during FY97-98. The schedule for repayment of this bond is included in the notes to the financial statements.

Cash Management. To obtain increased flexibility in cash management, the City employs a pooled cash system. The goals of the City's investment policy are safety, liquidity, and yield, in that order. Investments are currently maintained with the State Treasurer's Local Agency Investment Fund (LAIF); however, the City's investment policy permits investments legally allowable under state law. LAIF provides high safety and liquidity and is operated specifically for local governments. The City's invested balance with LAIF as of June 30, 2006 was \$38,340,407. As mentioned above, the average return on invested funds was 3.85%. Earnings are allocated to the various funds based on average cash balances.

Risk Management. The City of Rancho Palos Verdes is a member of the California Joint Powers Insurance Authority (CJPIA). With 106 members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During the fiscal year ended June 30, 2006, Rancho Palos Verdes continued its proactive liability risk management role through careful monitoring of losses, working closely with the CJPIA's third-party claims adjuster, and designing and implementing programs to minimize risks and reduce losses. In addition, the City Manager's staff analyzes workers compensation issues by monitoring work conditions, and organizing and implementing safety-training programs to reduce employee exposure to hazards.

OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Vavrinek, Trine, Day & Company, 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.

GFOA Certificate of Achievement Award. The Government Finance Officer's Association of the United States and Canada (GFOA) oversees a prestigious national award program to recognize conformance with the highest standards of report preparation. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Palos Verdes for its CAFR for the fiscal year ended June 30, 2005. This was the thirteenth consecutive year that the City of Rancho Palos Verdes has achieved this prestigious award. A copy of the GFOA Certificate of Achievement is included later in the introductory section of this year's CAFR. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. Completion of this report was the accomplishment by combined efforts of many individuals, especially Kathryn Downs, Deputy Director of Finance and Information Technology, who coordinated preparation of the report. I wish to acknowledge the assistance of our auditors, Vavrinek, Trine, Day & Company, LLP and the contributions of other Finance Department staff: Gary Gyves, Jane Lin, Teresa Takaoka, Gayle Vanoverbeck, Selena Wright, and Nancy Vitez.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dennis McLean". The signature is stylized and somewhat cursive.

Dennis McLean
Director of Finance & Information Technology



*The tide pools near Sacred Cove
Photo by Holly Starr*

CITY OF RANCHO PALOS VERDES

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2006

CITY COUNCIL

Steve Wolowicz, Mayor

Tom Long, Mayor Pro-Tem

Larry Clark, Councilman

Peter Gardiner, Councilman

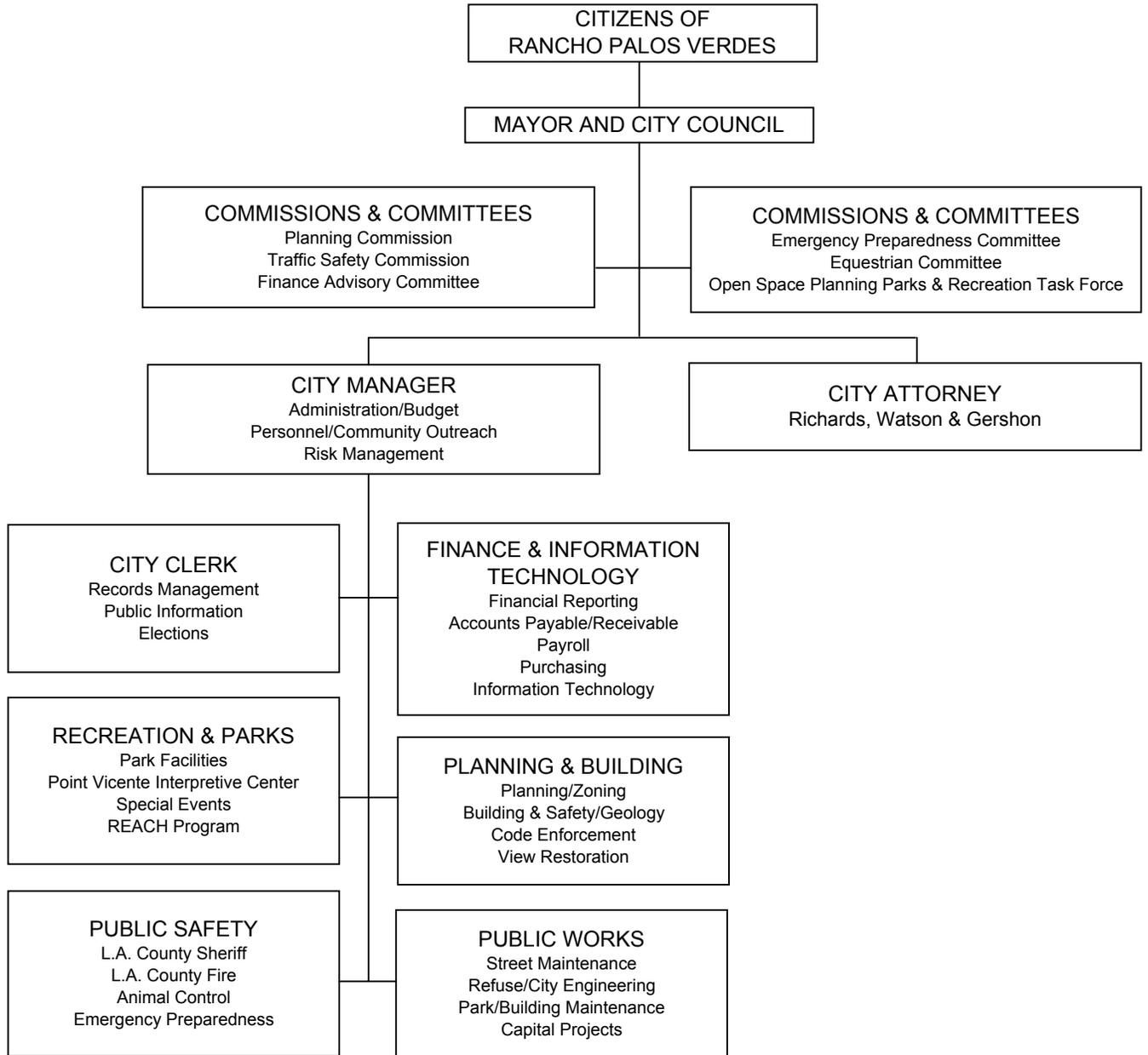
Douglas Stern, Councilman

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Les Evans
Assistant City Manager/City Clerk	Carolynn Petru
Director of Finance & Information Technology	Dennis McLean
Director of Planning, Building and Code Enforcement	Joel Rojas
Interim Director of Public Works	Ray Holland
Director of Recreation and Parks	Ron Rosenfeld
City Attorney	Richards, Watson & Gershon

CITY OF RANCHO PALOS VERDES

ORGANIZATIONAL CHART



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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



*An indoor Sea Cliff exhibit at Point Vicente Interpretive Center
Photo by Holly Starr*

FINANCIAL SECTION



*The trail at Lower Hesse Park
Photo by Karen Peterson*



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, as of and for the year ended June 30, 2006, which collectively comprise the City of Rancho Palos Verdes' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rancho Palos Verdes' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California, as of June 30, 2006, and the respective changes in financial positions and cash flows, where applicable, thereof of the respective budgetary comparisons for the General Fund and Street Maintenance Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, such as management's discussion and analysis on pages 3 through 10 and schedule of funding progress on page 43, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents, including the introductory section, combining schedules and additional budgetary comparison schedules, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules and additional budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 6, 2006

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2006

As management of the City of Rancho Palos Verdes, we offer readers of the City of Rancho Palos Verdes' financial statements this narrative overview and analysis of the financial activities of the City of Rancho Palos Verdes for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-x of this report.

Financial Highlights

- The assets of the City of Rancho Palos Verdes exceed its liabilities, at the close of the fiscal year ended June 30, 2006, by \$142,681,935 (*net assets*). Of this amount, \$18,962,628 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$18,924,733. This increase is primarily attributable to the acquisition of the Portuguese Bend Open Space.
- As of June 30, 2006, the City's governmental funds reported combined ending fund balances of \$22,902,484, a decrease of \$1,035,381 in comparison with the prior year. The decrease in combined ending fund balances is primarily attributable to an additional funding transfer to the Water Quality Flood Protection enterprise fund. Approximately \$8,928,973 (*unreserved fund balance*) is available for spending at the government's discretion. The combined unreserved fund balance includes the RDA Debt Service negative fund balance of \$13,741,108.
- As of June 30, 2006, unreserved undesignated fund balance for the General fund was \$13,649,076 or 77% of total General fund expenditures and transfers out.
- The City's total debt decreased by \$189,465 (2.33%) during the current fiscal year. The decrease was primarily attributable to partial payment of the RDA deferred interest payable.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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).

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
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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, planning, building and safety, and recreation. The City's business-type activities include only the newly established 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 Redevelopment Agency and a legally separate Improvement Authority for which the City of Rancho Palos Verdes is financially accountable. Financial information for these *component units* has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 11-13 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 four categories: governmental funds, enterprise funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable 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. Both 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 maintains 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Street Maintenance fund, the Capital Improvements fund and the RDA Debt-Service fund, all of which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* 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 14-19 of this report.

CITY OF RANCHO PALOS VERDES

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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 of Rancho Palos Verdes uses an enterprise fund to account for its Water Quality and Flood Protection program. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, computer systems, furniture and equipment, employee benefits, and Civic Center building improvements. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise fund, which is considered a major fund of the City of Rancho Palos Verdes. Conversely, all three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in 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 25-47 of this report.

Other information. The combining statements referred to earlier in connection with non-major 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 54-95 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets exceeded liabilities by \$142,681,935 at June 30, 2006. By far the largest portion of the City's net assets (78 percent) reflects its investment in capital assets (e.g. land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

City of Rancho Palos Verdes Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Current and other assets	\$ 40,591,912	\$ 40,568,511	\$ 3,086,278	\$ 2,000,086	\$ 43,678,190	\$ 42,568,597
Capital assets	109,990,753	94,023,353	1,311,395	-	111,302,148	94,023,353
Total assets	150,582,665	134,591,864	4,397,673	2,000,086	154,980,338	136,591,950
Long-term liabilities outstanding	7,950,314	8,139,779	-	-	7,950,314	8,139,779
Other liabilities	4,060,625	4,694,969	287,464	-	4,348,089	4,694,969
Total liabilities	12,010,939	12,834,748	287,464	-	12,298,403	12,834,748
Invested in capital assets	109,990,753	94,023,353	1,311,395	-	111,302,148	94,023,353
Restricted	12,417,159	12,074,484	-	-	12,417,159	12,074,484
Unrestricted	16,163,814	15,659,279	2,798,814	2,000,086	18,962,628	17,659,365
Total net assets	\$ 138,571,726	\$ 121,757,116	\$ 4,110,209	\$ 2,000,086	\$ 142,681,935	\$ 123,757,202

CITY OF RANCHO PALOS VERDES

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An additional portion of the City's net assets (\$12,417,159 or 8.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$18,962,628 or 13.2 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the City's net assets by \$16,814,610, thereby accounting for 89 percent of the total growth in the net assets of the City.

City of Rancho Palos Verdes Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Program revenues:						
Charges for services	\$ 1,659,787	\$ 1,585,438	\$ -	\$ -	\$ 1,659,787	\$ 1,585,438
Operating contributions and grants	3,893,921	2,728,278	-	-	3,893,921	2,728,278
Capital contributions and grants	17,299,613	4,524,094	-	-	17,299,613	4,524,094
General revenues:						
Property taxes	9,621,452	5,840,302	-	-	9,621,452	5,840,302
Other taxes	5,725,737	9,028,554	-	-	5,725,737	9,028,554
Other	1,790,166	1,876,802	47,255	86	1,837,421	1,876,888
Transfers	(2,109,492)	(2,000,000)	2,109,492	2,000,000	-	-
Total revenues	37,881,184	23,583,468	2,156,747	2,000,086	40,037,931	25,583,554
Expenses:						
Administration	4,350,356	4,054,729	-	-	4,350,356	4,054,729
Public safety	3,436,993	3,078,631	-	-	3,436,993	3,078,631
Public works	9,289,599	9,488,478	-	-	9,289,599	9,488,478
Parks and recreation	1,659,262	1,064,699	-	-	1,659,262	1,064,699
Planning, building and code enforcement	2,060,148	2,223,025	-	-	2,060,148	2,223,025
Interest on long-term debt	270,216	272,603	-	-	270,216	272,603
Water Quality Flood Protection	-	-	46,624	-	46,624	-
Total expenses	21,066,574	20,182,165	46,624	-	21,113,198	20,182,165
Increase in net assets	16,814,610	3,401,303	2,110,123	2,000,086	18,924,733	5,401,389
Net assets - beginning of fiscal year (as restated)	121,757,116	118,355,813	2,000,086	-	123,757,202	118,355,813
Net assets - end of fiscal year (as restated)	\$ 138,571,726	\$ 121,757,116	\$ 4,110,209	\$ 2,000,086	\$ 142,681,935	\$ 123,757,202

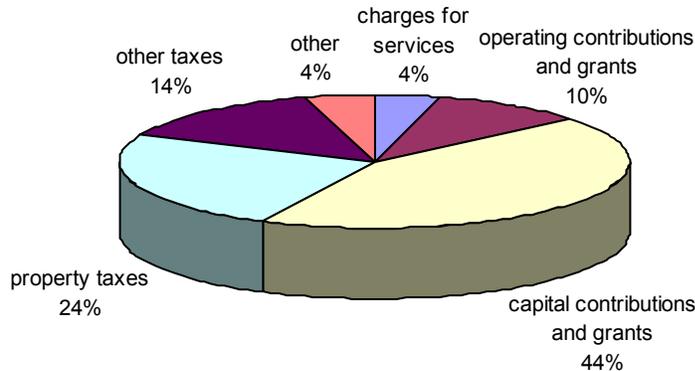
Key elements of this increase are as follows:

- The difference in the method of accounting for capital assets in the governmental funds versus the statement of activities accounts for an increase of \$15,960,000 in net assets. The increase in capital assets is primarily attributable to the Portuguese Bend Open Space purchase.
- The difference in the method of accounting for interest income in the governmental funds versus the Statement of Activities accounts for an increase in excess of approximately \$877,509 in net assets. Unpaid accrued interest income is deferred in the governmental funds since it is not available.
- The excess of Internal Service fund revenues over expenses of \$421,563. The net revenues and expenses of Internal Service funds are reported with governmental activities in the Statement of Activities.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
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Revenues by Source – Governmental Activities



As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,902,484, a decrease of \$1,035,381 in comparison with the prior year. Approximately 39 percent of the combined ending fund balances (\$8,928,973) constitute unreserved fund balance, which is available for spending at the City's discretion. An additional portion of unreserved fund balance in the amount of \$4,494,526 has been designated for continuing appropriations. The combined unreserved fund balance includes the RDA Debt Service negative fund balance of \$13,369,973. The remainder of the combined ending fund balances is reserved to indicate that it is not available for new spending because it has already been committed 1) to reserve the principal balance of loans made to the City's Redevelopment Agency (\$6,072,354), and 2) for a variety of other restricted purposes (\$3,406,631) includes unreserved designation.

The General fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current fiscal year, unreserved fund balance of the General fund was \$13,649,076, while total fund balance reached \$20,689,971. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 77 percent of total General fund expenditures, while total fund balance represents 117 percent of that same amount.

During the current fiscal year, the fund balance of the City's General fund decreased by \$214,707. The key factor in this decline is attributable an additional funding transfer to the Water Quality Flood Protection enterprise fund and the continued careful management of resources during FY05-06.

The debt service fund has a negative fund balance of \$13,369,973. The Redevelopment Agency's debt to the City is recorded in the debt service fund; however, because there are currently no assets to extinguish that debt, the fund carries a negative fund balance. The net decrease in the debt service fund balance during the current year was \$891,880, which primarily represents accumulated interest on the advance from the City to the Redevelopment Agency.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
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Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Enterprise fund at the end of the year amounted to \$2,798,814. The fund was established during FY04-05 with an initial General fund equity transfer of \$2,000,000. Unrestricted net assets of the Internal Service funds at the end of the year amounted to \$4,885,750. The total growth in net assets was \$421,563.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$1,361,515; and can be briefly summarized as follows:

- A decrease of \$876,105 was attributable to appropriations continued to FY06-07.
- An increase of approximately \$675,270 was attributable to appropriations continued from FY04-05.
- Additional funds of \$644,279 were approved for exhibits at Point Vicente Interpretive Center.
- Additional funds of \$220,000 were approved for consultant engineering for a variety of city projects.
- Additional funds of \$200,103 were required for general liability insurance.
- Additional funds of \$112,520 were approved for additional litigation services.
- Additional funds of \$81,748 were required for increased traffic enforcement.
- Additional funds of \$60,380 were required for the Mira Vista speed humps.
- Additional funds of \$52,338 were approved for the disaster communications facility.
- Additional funds of \$50,000 were approved for the landslide moratorium geologic study.
- Other immaterial increases totaled approximately \$140,982.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2006, amounts to \$109,990,753 and \$1,311,395, respectively (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 capital assets increased by 18 percent.

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

- Depreciation of \$3.15 million was recorded for the City's capital assets.
- The Portuguese Bend Open Space was acquired at a cost of \$17.1 million.
- Construction of the Point Vicente Interpretive Center was completed at a cost of \$2.1 million.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2006

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Land	\$ 32,132,781	\$ 15,058,724			\$ 32,132,781	\$ 15,058,724
Buildings	7,336,611	2,051,039			7,336,611	2,051,039
Park improvements	1,735,870	1,826,444			1,735,870	1,826,444
Roadways	46,273,578	48,269,545			46,273,578	48,269,545
Sewer system	10,723,020	11,178,129	\$ 1,302,902		12,025,922	11,178,129
Storm drain system	10,919,853	10,975,375			10,919,853	10,975,375
Vehicles	48,137	15,574			48,137	15,574
Computer equipment	186,881	153,575			186,881	153,575
Furniture and other equipment	113,883	172,352			113,883	172,352
Construction in Progress	520,139	4,322,596	8,493		528,632	4,322,596
Total	\$ 109,990,753	\$ 94,023,353	\$ 1,311,395	\$ -	\$ 111,302,148	\$ 94,023,353

Additional information on the City's capital assets can be found in note 4 on pages 36-38 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 \$7,950,314. Of this amount, \$7,719,211 is a liability of the Redevelopment Agency.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2006	June 30, 2005
RDA Tax Increment Bond	\$ 5,435,000	\$ 5,450,000
RDA Deferred Interest Payable	2,284,211	2,468,906
Employee compensated absences	231,103	220,873
Total	\$ 7,950,314	\$ 8,139,779

The City's total debt decreased by \$189,465 (2.3 percent) during the current fiscal year, due to partial payment of the RDA deferred interest payable.

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 \$962,539,428. Additional information on the City's long-term debt can be found in note 5 on pages 38-40 of this report.

Economic Factors and Next Year's Budgets and Rates

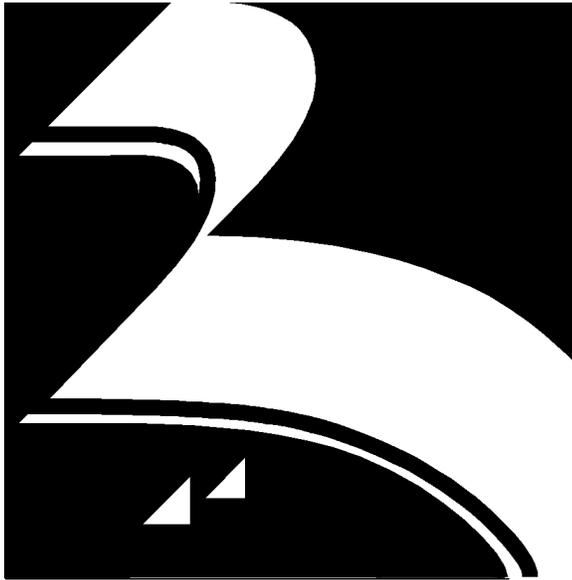
- Local property values remain strong; therefore, property tax revenue (approximately 24 percent of City-wide revenues) remains unaffected by the downturn in the economy. This factor was considered in preparing the City's budget for FY06-07.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2006

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, 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275.



BASIC FINANCIAL STATEMENTS



*Shoreline trail at Ocean Front Estates
Photo by Karen Peterson*

GOVERNMENT-WIDE STATEMENTS



*A shoreline trail at Fisherman's Access Scenic Turnout
Photo by Karen Paterson*

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 36,081,094	\$ 3,070,981	\$ 39,152,075
Receivables:			
Taxes	969,913		969,913
Interest	412,958	15,297	428,255
Notes	768,658		768,658
Other	1,179,239		1,179,239
Prepaid costs	477,658		477,658
Land held for development	702,392		702,392
Capital assets			
Non-depreciable:			
Land	32,132,781		32,132,781
Construction in progress	520,139	8,493	528,632
Depreciable, net of accumulated depreciation:			
Property and equipment	348,901		348,901
Buildings and improvements	7,336,611		7,336,611
Infrastructure	69,652,321	1,302,902	70,955,223
Total Assets	<u>150,582,665</u>	<u>4,397,673</u>	<u>154,980,338</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,725,718	287,464	3,013,182
Interest payable	20,799		20,799
Retentions payable	19,350		19,350
Unearned revenue	112,593		112,593
Deposits	1,182,165		1,182,165
Noncurrent liabilities:			
Due within one year	187,027		187,027
Due in more than one year	7,763,287		7,763,287
Total Liabilities	<u>12,010,939</u>	<u>287,464</u>	<u>12,298,403</u>
NET ASSETS			
Invested in capital assets	109,990,753	1,311,395	111,302,148
Restricted for:			
Community development:			
Expendable	7,894,673		7,894,673
Non-expendable	1,000,000		1,000,000
Public safety	68,534		68,534
Public works	3,436,111		3,436,111
Recreation services	17,841		17,841
Unrestricted	16,163,814	2,798,814	18,962,628
Total Net Assets	<u>\$ 138,571,726</u>	<u>\$ 4,110,209</u>	<u>\$ 142,681,935</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
Administration	\$ 4,350,356	\$ 34,914	\$ 5,476	
Public safety	3,436,993	223,838	123,442	
Public works	9,289,599	37,274	3,756,697	\$ 17,299,613
Parks and recreation	1,659,262	45,221		
Planning, building and code enforcement	2,060,148	1,318,540	8,306	
Interest on long-term debt	270,216			
Total Governmental Activities	21,066,574	1,659,787	3,893,921	\$ 17,299,613
Business-type Activities:				
Water Protection Flood Control	46,624			
Total Primary Government	\$ 21,113,198	\$ 1,659,787	\$ 3,893,921	\$ 17,299,613

General Revenues:

Taxes:

- Property tax, levied for general purpose
- Property tax, Redevelopment Agency tax increment
- Transient occupancy tax
- Franchise tax
- Sales tax
- In lieu sales tax (unrestricted)
- Motor vehicle in lieu tax (unrestricted)
- Utility user tax
- Other taxes

Investment income

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to financial statements.

Net Revenue (Expense) and Change in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (4,309,966)		\$ (4,309,966)
(3,089,713)		(3,089,713)
11,803,985		11,803,985
(1,614,041)		(1,614,041)
(733,302)		(733,302)
(270,216)		(270,216)
1,786,747		1,786,747
	\$ (46,624)	(46,624)
1,786,747	(46,624)	1,740,123
8,784,142		8,784,142
837,310		837,310
31,463		31,463
1,454,356		1,454,356
1,111,013		1,111,013
242,936		242,936
329,518		329,518
2,190,514		2,190,514
365,937		365,937
997,383	47,255	1,044,638
792,783		792,783
(2,109,492)	2,109,492	
15,027,863	2,156,747	17,184,610
16,814,610	2,110,123	18,924,733
121,757,116	2,000,086	123,757,202
\$ 138,571,726	\$ 4,110,209	\$ 142,681,935



*Wildflowers in the Agua Armaga Canyon
Photo by Karen Peterson*

FUND FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006**

	General	Special Revenue	Capital Projects
		Street Maintenance	Capital Improvements
ASSETS			
Cash and cash equivalents	\$ 15,977,009	\$ 878,600	\$ 2,857,663
Receivable			
Taxes	919,041		
Interest	189,130	2,373	22,586
Other	526,527	57,710	70,176
Due from other funds	387,365		
Prepaid items	92,436		
Advances to other funds	13,688,479		
Land held for development			
Total Assets	\$ 31,779,987	\$ 938,683	\$ 2,950,425
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,102,565	\$ 140,057	\$ 151,232
Due to other funds			
Retentions payable	19,350		
Deferred revenue	7,785,936		
Advances to Redevelopment Agency			
Deposits	1,182,165		
Total Liabilities	11,090,016	140,057	151,232
FUND BALANCES			
Reserved for:			
Reimbursement settlement agreement			
Prepaid costs	92,436		
Advances to other funds	6,072,354		
Land development			
Housing set-aside			
Unreserved:			
Designated for continuing appropriations	876,105	89,056	2,799,193
Unreserved, undesignated and reported in:			
General fund	13,649,076		
Special revenue funds		709,570	
Capital projects funds			
Permanent funds			
Debt service fund			
Total Fund Balances	20,689,971	798,626	2,799,193
Total Liabilities and Fund Balances	\$ 31,779,987	\$ 938,683	\$ 2,950,425

See accompanying notes to financial statements.

Debt Service	Other Governmental Funds	Totals
RDA		
	\$ 11,388,318	\$ 31,101,590
	50,872	969,913
	146,884	360,973
	524,826	1,179,239
		387,365
\$ 371,135	14,087	477,658
		13,688,479
	702,392	702,392
<u>\$ 371,135</u>	<u>\$ 12,827,379</u>	<u>\$ 48,867,609</u>
	\$ 186,125	\$ 2,579,979
\$ 52,629	334,736	387,365
		19,350
	321,851	8,107,787
13,688,479		13,688,479
		1,182,165
<u>13,741,108</u>	<u>842,712</u>	<u>25,965,125</u>
	1,000,000	1,000,000
371,135	14,087	477,658
		6,072,354
	702,392	702,392
	1,226,581	1,226,581
	730,172	4,494,526
		13,649,076
	5,905,041	6,614,611
	2,077,413	2,077,413
	328,981	328,981
(13,741,108)		(13,741,108)
<u>(13,369,973)</u>	<u>11,984,667</u>	<u>22,902,484</u>
<u>\$ 371,135</u>	<u>\$ 12,827,379</u>	<u>\$ 48,867,609</u>



*The Whale Mural at Point Vicente Interpretive Center
Photo by Holly Starr*

CITY OF RANCHO PALOS VERDES

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006**

Fund Balances of Governmental Funds	\$ 22,902,484
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	109,641,852
Interest accrued on the advance receivable in the General Fund is not paid by the owing funds and, therefore, is recorded as deferred revenue and added to the balance of the advance. The statement of net assets reports on the full accrual basis and does not defer currently unavailable revenues.	7,616,125
Intergovernmental revenues earned, but not available are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	379,069
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(20,799)
Long-term notes receivable are not current available resources and, therefore, are not reported in the governmental funds.	768,658
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(7,950,314)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net assets.	<u>5,234,651</u>
Net Assets of Governmental Activities	<u><u>\$ 138,571,726</u></u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006**

	General	Special Revenue Street Maintenance	Capital Projects Capital Improvements
REVENUES			
Taxes	\$ 13,753,348		
Licenses and permits	1,439,758		
Fines and forfeitures	170,640		
Use of money and property	1,121,940	\$ 25,434	\$ 4,966,704
Charges for services	48,109	1,280	
Revenue from other agencies	540,143	1,045,269	12,165,867
Other revenues	105,200		
Total Revenues	<u>17,179,138</u>	<u>1,071,983</u>	<u>17,132,571</u>
EXPENDITURES			
Current:			
Administration	4,025,930		
Public safety	3,437,933		
Public works	1,982,555	1,617,751	
Parks and recreation	1,593,104		
Planning, building and code enforcement	2,360,986		
Pass through to other agencies			
Capital outlay			20,067,138
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	<u>13,400,508</u>	<u>1,617,751</u>	<u>20,067,138</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,778,630</u>	<u>(545,768)</u>	<u>(2,934,567)</u>
Other Financing Sources (Uses):			
Transfers in	190,158	728,873	3,790,161
Transfers out	(4,183,495)		(472,000)
Total Other Financing Sources (Uses)	<u>(3,993,337)</u>	<u>728,873</u>	<u>3,318,161</u>
Net Change in Fund Balances	(214,707)	183,105	383,594
Fund Balances, Beginning of Year	<u>20,904,678</u>	<u>615,521</u>	<u>2,415,599</u>
Fund Balances, End of Year	<u>\$ 20,689,971</u>	<u>\$ 798,626</u>	<u>\$ 2,799,193</u>

See accompanying notes to financial statements.

Debt Service	Other Governmental Funds	Totals
RDA		
\$ 669,404	\$ 897,936	\$ 15,320,688
		1,439,758
		170,640
	924,123	7,038,201
		49,389
	1,759,569	15,510,848
	50,004	155,204
<u>669,404</u>	<u>3,631,632</u>	<u>39,684,728</u>
		4,041,081
12,126	3,025	3,437,933
	1,676,643	5,276,949
		1,593,104
	479	2,361,465
199,829		199,829
	135,274	20,202,412
199,695		199,695
<u>1,149,634</u>		<u>1,149,634</u>
<u>1,561,284</u>	<u>1,815,421</u>	<u>38,462,102</u>
<u>(891,880)</u>	<u>1,816,211</u>	<u>1,222,626</u>
	279,931	4,989,123
	(2,591,635)	(7,247,130)
-	(2,311,704)	(2,258,007)
(891,880)	(495,493)	(1,035,381)
<u>(12,478,093)</u>	<u>12,480,160</u>	<u>23,937,865</u>
<u>\$ (13,369,973)</u>	<u>\$ 11,984,667</u>	<u>\$ 22,902,484</u>

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
YEAR ENDED JUNE 30, 2006**

Net Change in Fund Balances - Total Governmental Funds \$ (1,035,381)

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. Asset disposals are also not recognized in the governmental funds. This activity is reconciled as follows:

Cost of assets capitalized	19,464,895
Depreciation expense	(2,948,718)
Asset disposals (less accumulated depreciation)	(556,177)

Unpaid accrued interest income is deferred in the governmental funds since it is not available. This income is accrued in the Statement of Activities.	877,509
--	---------

Intergovernmental revenues earned, but not available are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	185,865
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Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds. This amount represents the net change in interest payable.	1,909
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Increases in long-term notes receivable use current financial resources and are included in the expenditures, of governmental funds. Repayments of long-term notes receivable provide current financial resources and are included in the revenues of governmental funds. These changes in notes receivable are not reflected in the revenues or expenses of the Statement of Activities. This amount represents the net change in the long-term notes receivable.	213,680
--	---------

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.	(10,230)
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Principal payments on debt are recorded as expenditures in the funds. The expenditure is not recognized in the Statement of Activites since it reduces the liability reported on the Statement of Net Assets. Principal payments consisted of the following:	
RDA Tax Increment Bond	15,000
RDA Deferred Interest Payable	184,695

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 (excluding transfers and interest income) are reported with governmental activities.	421,563
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Change in Net Assets of Governmental Activities	<u><u>\$16,814,610</u></u>
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See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$11,957,700	\$ 12,775,544	\$ 13,753,348	\$ 977,804
Licenses and permits	1,491,300	1,331,300	1,439,758	108,458
Fines and forfeitures	100,000	100,000	170,640	70,640
Use of money and property	652,650	957,650	1,121,940	164,290
Charges for services	54,800	54,800	48,109	(6,691)
Revenue from other agencies	359,100	359,100	540,143	181,043
Other revenues	105,200	105,200	105,200	
Total Revenues	14,720,750	15,683,594	17,179,138	1,495,544
EXPENDITURES				
Current:				
Administration	3,717,400	4,151,365	4,025,930	125,435
Public safety	3,363,400	3,499,935	3,437,933	62,002
Public works	2,206,000	2,403,521	1,982,555	420,966
Parks and recreation	1,173,000	1,740,220	1,593,104	147,116
Planning, building and code enforcement	2,627,880	2,654,154	2,360,986	293,168
Total Expenditures	13,087,680	14,449,195	13,400,508	1,048,687
Excess of Revenues Over Expenditures	1,633,070	1,234,399	3,778,630	2,544,231
OTHER FINANCING SOURCES (USES)				
Transfers in	201,800	216,800	190,158	(26,642)
Transfers out	(2,643,201)	(5,022,967)	(4,183,495)	839,472
Total Other Financing Sources (Uses)	(2,441,401)	(4,806,167)	(3,993,337)	812,830
Net Change in Fund Balance	(808,331)	(3,571,768)	(214,707)	3,357,061
Fund Balance, Beginning of Year	20,904,678	20,904,678	20,904,678	
Fund Balance, End of Year	\$20,096,347	\$ 17,332,910	\$ 20,689,971	\$ 3,357,061

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 9,900	\$ 9,900	\$ 25,434	\$ 15,534
Charges for services	15,000	15,000	1,280	(13,720)
Revenue from other agencies	796,000	906,000	1,045,269	139,269
Total Revenues	820,900	930,900	1,071,983	141,083
EXPENDITURES				
Current:				
Public works	1,798,000	2,133,944	1,617,751	516,193
Excess (Deficiency) of Revenues Over Expenditures	(977,100)	(1,203,044)	(545,768)	657,276
OTHER FINANCING SOURCES (USES)				
Transfers in	898,500	1,003,500	728,873	(274,627)
Net Change in Fund Balance	(78,600)	(199,544)	183,105	382,649
Fund Balance, Beginning of Year	615,521	615,521	615,521	
Fund Balance, End of Year	\$ 536,921	\$ 415,977	\$ 798,626	\$ 382,649

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2006**

	Water Quality Flood Protection Enterprise Fund	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,070,981	\$ 4,979,504
Receivables:		
Interest	<u>15,297</u>	<u>51,985</u>
Total Current Assets	<u>3,086,278</u>	<u>5,031,489</u>
Noncurrent Assets		
Capital assets:		
Construction in progress	8,493	
Property and equipment		1,161,074
Infrastructure	1,329,492	
Accumulated depreciation	<u>(26,590)</u>	<u>(812,173)</u>
Total Noncurrent Assets	<u>1,311,395</u>	<u>348,901</u>
Total Assets	<u>4,397,673</u>	<u>5,380,390</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	<u>287,464</u>	<u>145,739</u>
Total Liabilities	<u>287,464</u>	<u>145,739</u>
NET ASSETS		
Invested in capital assets	1,311,395	348,901
Unrestricted	<u>2,798,814</u>	<u>4,885,750</u>
Total Net Assets	<u>\$ 4,110,209</u>	<u>\$ 5,234,651</u>

See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Water Quality Flood Protection Enterprise Fund	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
OPERATING REVENUES		
Charges for services	<u> </u>	<u>\$ 1,799,966</u>
Total Operating Revenues	<u> -</u>	<u>1,799,966</u>
OPERATING EXPENSES		
Personnel services		1,172,979
Professional services		
Material and supplies		66,164
Maintenance	\$ 20,034	251,973
Depreciation	<u>26,590</u>	<u>205,889</u>
Total Operating Expenses	<u>46,624</u>	<u>1,697,005</u>
Operating Income (Loss)	<u>(46,624)</u>	<u>102,961</u>
NONOPERATING REVENUES		
Interest income	<u>47,255</u>	<u>170,087</u>
Total Non Operating Revenues	<u>47,255</u>	<u>170,087</u>
Income Before Transfers	<u>631</u>	<u>273,048</u>
TRANSFERS IN	<u>2,109,492</u>	<u>148,515</u>
Change in Net Assets	2,110,123	421,563
Net Assets, Beginning of Year	<u>2,000,086</u>	<u>4,813,088</u>
Net Assets, End of Year	<u>\$ 4,110,209</u>	<u>\$ 5,234,651</u>

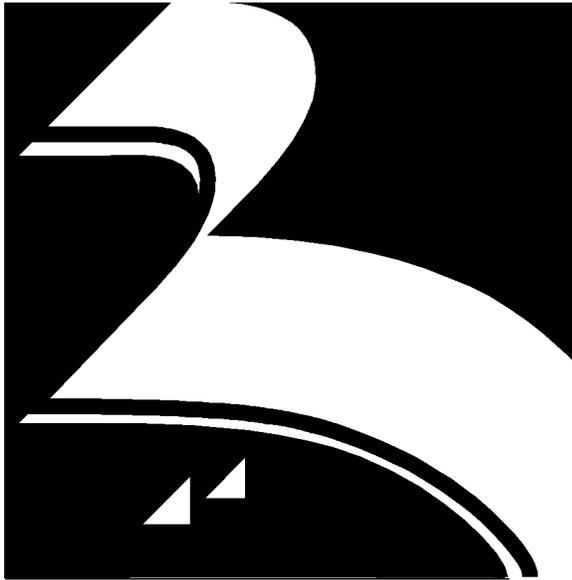
See accompanying notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006**

	Water Quality Flood Protection Enterprise Fund	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Internal activity - payments from other funds		\$ 1,801,250
Payments to suppliers	\$ (20,034)	(1,484,371)
	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(20,034)	316,879
	<u> </u>	<u> </u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,050,521)	(213,289)
	<u> </u>	<u> </u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	2,109,492	148,515
	<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	31,958	149,288
	<u> </u>	<u> </u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,070,895	401,393
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, Beginning of Year	2,000,086	4,578,111
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 3,070,981</u>	<u>\$ 4,979,504</u>
	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ (46,624)	\$ 102,961
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	26,590	205,889
Decrease in other receivables		1,284
Decrease in prepaid items		1,043
Decrease in accounts payable		5,702
	<u> </u>	<u> </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (20,034)</u>	<u>\$ 316,879</u>
	<u> </u>	<u> </u>

See accompanying notes to financial statements.



NOTES TO FINANCIAL STATEMENTS



Hesse Park
Photo by Karen Peterson

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity "City of Rancho Palos Verdes" includes the accounts of the City, the Rancho Palos Verdes Redevelopment Agency (the RDA) 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 RDA was formed in 1984 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to finance long-term capital improvements designed to eliminate physical and economic blight in a project area through stabilization of hazardous landslides.

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 RDA and the County of Los Angeles (the 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 RDA.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement 14. The City of Rancho Palos Verdes is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for both the RDA and the Authority as "blended" component units. Despite being legally separate, the RDA and the Authority are so intertwined with the City, it is in substance, part of the City's operations. Accordingly, the balances and transactions of the RDA are reported as separate funds in the Special Revenue, Debt Service, and Capital Projects Funds. The balances and transactions of the Authority are reported as separate funds in a Permanent Fund and a Special Revenue Fund. The following specific criteria were used in determining that the RDA and the Authority are "blended" component units:

- 1) The members of the City Council also act as the governing body of both the RDA and the Authority.
- 2) The City, the RDA and the Authority are financially interdependent. The City makes loans to the RDA for use on redevelopment projects. Available property tax revenues of the RDA will be used to repay the loans from the City. It is not anticipated that tax increment revenues will be available to repay the loans any time in the immediate future.
- 3) Employees of the City manage both the RDA and the Authority.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The financial statements for both the RDA and the Authority may be obtained at the City's administrative offices.

Participation in Public Entity Joint Powers Authority

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority. The Transit Authority is comprised of four 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 Assets. 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 from the Authority.

B. Accounting and Reporting Policies

The City has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments. In accordance with GASB Statement No. 20, the City applies all applicable Financial Accounting Standards Board (FASB) pronouncements, as well as those of its predecessors, issued on or before November 30, 1989, unless any such pronouncements contradict GASB pronouncements. The City also applies all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

C. 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, 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.
- *Special Revenue Funds* – Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- *Debt Service Fund* – The debt service fund of the RDA is used to account for property tax increment revenue and related interest income. Disbursements from this fund consist mainly of principal and interest on RDA indebtedness.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- *Capital Projects Funds* – Used to account for financial resources used for the construction of specific capital projects.
- *Permanent Fund* – 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 Type

- *Enterprise Funds* – 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 account for the financing of goods or services provided by one department of the City to other departments on a cost-reimbursement basis.

D. Basis of Accounting/Measurement Focus

Government – Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the City.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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. The types of transactions reported as program revenues 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.

Internal balances in the Governmental-wide statements have been eliminated as prescribed by GASB Statement No. 34.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34. In addition, the City has presented the Street Maintenance Special Revenue Fund as a major fund because the City believes the financial position and activities of this fund are significant to the City as a whole.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included 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 (see Note #10), 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 deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for immature interest on general long-term debt, which is recognized when due.

The City reports the following major governmental funds

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

The Street Maintenance Special Revenue Fund is used to account for State highway users tax used for street maintenance, right-of-way acquisition and street construction.

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

The RDA Debt Service Fund is used to account for the accumulation of resources and for the payment of principal and interest on the RDA’s debt and other long-term obligations.

Proprietary Fund Financial Statements

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

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 to customers for sales and services. Operating expenses for the enterprise and internal service funds include the costs of sales and services, the costs of 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's internal service funds are 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 funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (administration, public safety, public works, etc.).

The City reports the following major enterprise fund

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

The City uses the internal service funds to finance and account for goods and services provided by one City department to other City department including the purchase and maintenance of equipment, replacement of buildings and employee benefits.

E. Budgetary Accounting

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. Throughout the year, the City Council made several supplementing budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and the Permanent fund. These adjustments resulted in a net appropriation increase in the amount of \$25,176,847. This increase resulted primarily from amounts carried over from FY04-05 as continuing appropriations and the Portuguese Bend open space purchase.

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, 2006, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

F. Advances to Other Funds

Long-term inter-fund advances are recorded as a receivable in the advancing governmental fund and as a liability in the fund receiving the advance. Accrued unpaid interest is deferred in the advancing governmental fund and the principal portion of the advance is reported as a reservation of fund balance.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.), are reported in Governmental Activities column of the Government-Wide Financial Statements. Capital assets are defined by the City as all land and buildings, vehicles, computers and equipment with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

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

Buildings and improvements	25 to 50 years
Vehicles, computers, and equipment	3 to 10 years
Infrastructure Assets	
Roadway Network	10 to 100 years
Sewer Network	25 to 50 years
Storm Drain Network	30 to 100 years
Parks and Recreation Network	25 years

H. Employee Compensated Absences

City employees may receive from 10 to 20 days 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. There is no fixed payment schedule for employee compensated absences.

At June 30, 2006, vested accrued vacation and compensatory time amounted to \$231,103.

I. Investments

The City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has adjusted certain investments to fair value (when material).

Investments are included within the Financial Statement classifications of "Cash and Cash Equivalents" and are stated at fair value, (see Note #2).

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Cash and Cash Equivalents

For purposes of the statement of cash flows of the proprietary funds, all cash and investments with an original maturity of 90 days or less are considered to be cash and cash equivalents. As explained in Note #2, the City pools investment funds for maximum return. A substantial portion of these investments is held in the State Treasurer's Local Agency Investment Pool, which is highly liquid. The City has no non-cash investing, capital, or financing activities to be reported on the statement of cash flows.

K. 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. At June 30, 2006, in the opinion of the City Attorney, the City had no material claims, which require loss provisions in the financial statements. 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 #8. The CJPIA is a public entity risk pool, which is accounted for under the provisions of GASB Statement 10. Claim losses recorded in the CJPIA include both current claims and Incurred But Not Reported claims (IBNR). The City records amounts deposited with CJPIA as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience result in a refund of deposits from the CJPIA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

L. 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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. 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, and then unrestricted resources as they are needed.

N. New Pronouncements

GASB Statement No. 42 - In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement requires governments to measure, recognize, and disclose the effects of capital asset impairments in their financial statements when it occurs. This statement also clarifies and establishes accounting requirements for insurance recoveries, including those associated with capital asset impairment. This statement became effective for 2005-06 and did not have a significant impact on the financial statements.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

GASB Statement No. 43 - In April 2004, the GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes accounting and financial reporting standards for plans that provide postemployment benefits other than pension benefits (known as other postemployment benefits or OPEB). This statement is not effective until June 30, 2007. This statement does is not expected to have a significant impact on the financial statements of the City.

GASB Statement No. 44 - In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section-an amendment of NCGA Statement No. 1*. This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. This statement became effective for 2005-06 and has resulted in changes to the content and presentation of the statistical section.

GASB Statement No. 45 - In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This statement is not effective until June 30, 2008. The City has not determined its effect on the financial statements.

GASB Statement No. 46 – In December 2004, the GASB issued Statement No. 46, *Net assets Restricted by Enabling Legislation*, an amendment of GASB No. 34. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor. Accordingly, it clarifies the determination of restricted net assets within the statement of net assets. This statement became effective for 2005-06 and did not have a significant impact on the financial statements.

GASB Statement No. 47 – In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement establishes accounting standards for termination benefits. This statement became effective for 2005-06 and did not have a significant impact on the financial statements.

NOTE #2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2006, are classified in the accompanying financial statements as follows:

Governmental Funds	\$ 31,101,590
Proprietary Funds:	
Enterprise Fund	3,070,981
Internal Service Funds	4,979,504
	<u>\$ 39,152,075</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #2 – CASH AND INVESTMENTS, Continued

Cash and investments as of June 30, 2006 consist of the following:

Cash	\$ 811,668
Investments	38,340,407
	<u>\$ 39,152,075</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. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Amount or Percent of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	15%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	15%	5%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None
Money Market Savings/Demand Deposits	N/A	\$1 Million	15%

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's only investment is with the Local Agency Investment Fund (LAIF) managed by the California State Treasurer. 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.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #2 – CASH AND INVESTMENTS, Continued

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The investment policy of the City of Rancho Palos Verdes contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except for money market funds, which may not exceed five percent per issuer. The City's LAIF investment represents 100 percent of the City's portfolio.

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.

The amount of the City of Rancho Palos Verdes' deposits with financial institutions in excess of federal depository insurance limits that was held in collateralized accounts where the collateral is not held specifically in the name of the City, as described above, was \$535,444 at June 30, 2006.

Investment in State Investment Pool

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 reported in the accompanying financial statements at amounts based upon the City of Rancho Palos Verdes' pro-rata share of the fair value provided by LAIF for the entire LAIF 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 California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #3 – INTERFUND TRANSACTIONS

Inter-fund Balances

Inter-fund balances consisted of the following at June 30, 2006:

Due to the General Fund from:

RDA Debt Service Fund	\$ 52,629
Nonmajor Governmental Funds:	
CDBG Special Revenue Fund	41,136
Measure A Special Revenue Fund	293,600
Total Non-major Governmental Funds	<u>334,736</u>
Total Due to the General Fund	<u>\$ 387,365</u>

General fund monies were used to cover an RDA Debt Service fund negative cash balance for expenditures incurred. Funds were also advanced to non-major funds to cover grant expenditures until reimbursement is received from the grant agency.

Inter-fund Advances

The General Fund has advanced the RDA Debt Service Fund amounts as described below:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Advances to the Redevelopment Agency	<u>\$ 12,717,430</u>	<u>\$ 971,049</u>	<u> </u>	<u>\$ 13,688,479</u>

The City has entered into an agreement to provide the RDA operating funds and staff assistance, supplies, technical and other services and facilities of the City as the RDA requires in carrying out its function under the community redevelopment law. The RDA will repay the resulting indebtedness, plus interest, from incremental property tax revenues arising from the project area, as such revenue becomes available. As of June 30, 2006, no revenue was available to the RDA to repay the advances due to the City, nor are sufficient revenues expected to be available to repay advances in the immediate future. Variable interest was accrued at a rate of 6.85 percent during the fiscal year ended June 30, 2006. Of the \$13,688,479 remaining indebtedness, \$10,713,255 relates to the Portuguese Bend portion of the RDA, while \$2,975,224 relates to the Abalone Cove portion. During the year ended June 30, 2006, accrued interest of \$686,779 was added to the balance of the advance to the Portuguese Bend Fund, while principal of \$93,540 and accrued interest of \$190,730 was advanced to the Abalone Cove Fund. No interest has ever been paid by the RDA on these advances; therefore, the interest component of the advance has been recorded as deferred revenue in the General Fund of the City.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #3 – INTERFUND TRANSACTIONS, Continued

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2006 consisted of the following:

		Transfer From			Total
		General Fund	Capital Improvement Projects	Nonmajor Governmental Funds	
Transfer To	General Fund			\$ 190,158	\$ 190,158
	Street Maintenance	\$ 225,050		503,823	728,873
	Capital Improvement Projects	1,941,022		1,849,139	3,790,161
	Nonmajor Governmental Funds	279,931			279,931
	WQ Flood Enterprise	1,637,492	\$ 472,000		2,109,492
	Internal Service Funds	100,000		48,515	148,515
	Total	\$ 4,183,495	\$ 472,000	\$ 2,591,635	\$ 7,247,130

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (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.

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Assets. The City elected to use the basic reporting approach as defined by GASB Statement No. 34 for all infrastructure, whereby depreciation expense and accumulated depreciation has been recorded. The following tables present the capital assets activity for the year ended June 30, 2006.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION, Continued

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 15,058,724	\$ 17,074,057		\$ 32,132,781
Construction in progress	4,322,596	2,284,096	\$ (6,086,553)	520,139
Total capital assets not being depreciated	<u>19,381,320</u>	<u>19,358,153</u>	<u>(6,086,553)</u>	<u>32,652,920</u>
Capital assets being depreciated:				
Buildings and improvements	3,197,989	6,013,760	(611,185)	8,600,564
Vehicles	177,069	48,515		225,584
Computer equipment	387,255	141,550		528,805
Furniture, fixtures and equipment	383,461	23,224		406,685
Infrastructure				
Roadway system	77,079,026			77,079,026
Sewer system	25,755,463			25,755,463
Storm drain system	12,455,398	179,535		12,634,933
Parks system	5,575,075			5,575,075
Total capital assets being depreciated	<u>125,010,736</u>	<u>6,406,584</u>	<u>(611,185)</u>	<u>130,806,135</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,146,950)	(172,011)	55,008	(1,263,953)
Vehicles	(161,495)	(15,952)		(177,447)
Computer equipment	(233,680)	(108,244)		(341,924)
Furniture, fixtures and equipment	(211,109)	(81,693)		(292,802)
Infrastructure				
Roadway system	(28,809,481)	(1,995,967)		(30,805,448)
Sewer system	(14,577,334)	(455,109)		(15,032,443)
Storm drain system	(1,480,023)	(235,057)		(1,715,080)
Parks system	(3,748,631)	(90,574)		(3,839,205)
Total accumulated depreciation	<u>(50,368,703)</u>	<u>(3,154,607)</u>	<u>55,008</u>	<u>(53,468,302)</u>
Total capital assets being depreciated, net	<u>74,642,033</u>	<u>3,251,977</u>	<u>(556,177)</u>	<u>77,337,833</u>
Governmental activities capital assets, net	<u>\$ 94,023,353</u>	<u>\$ 22,610,130</u>	<u>\$ (6,642,730)</u>	<u>\$ 109,990,753</u>

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

Administration	\$ 172,011
Public works, including depreciation of general infrastructure assets	2,686,133
Recreation services	90,574
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>205,889</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,154,607</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION, Continued

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress		\$ 8,493		\$ 8,493
Total capital assets not being depreciated	-	8,493	-	8,493
Capital assets being depreciated:				
Infrastructure				
Storm drain system		1,329,492		1,329,492
Total capital assets being depreciated	-	1,329,492	-	1,329,492
Less accumulated depreciation for:				
Infrastructure				
Storm drain system		(26,590)		(26,590)
Total accumulated depreciation	-	(26,590)	-	(26,590)
Total capital assets being depreciated, net	-	1,302,902	-	1,302,902
Governmental activities capital assets, net	\$ -	\$ 1,311,395	\$ -	\$ 1,311,395

Depreciation expense of \$26,590 is included in the Water Quality Flood Protection enterprise fund.

NOTE #5 – LONG-TERM DEBT

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amount Due in 2007
RDA Tax Increment Bond	\$ 5,450,000		\$ 15,000	\$ 5,435,000	\$ 25,000
RDA Deferred Interest Payable	2,468,906		184,695	2,284,211	
Employee compensated absences	220,873	\$ 165,085	154,855	231,103	162,027
Totals	\$ 8,139,779	\$ 165,085	\$ 354,550	\$ 7,950,314	\$ 187,027

A. RDA Tax Increment Bond and Deferred interest Payable

In July 1991, the RDA 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 RDA in the amount of \$787,340.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #5 – LONG-TERM DEBT, Continued

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

As part of the Agreement, the RDA is 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 RDA 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 ending 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 ending June 30, 2002, with interest at 7.7654 percent.

On November 1, 1997, the City, RDA and County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed the County by the RDA. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed the County was cancelled. As consideration for the loan cancellation, the RDA 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 RDA 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 RDA bond was issued as a conduit through the Improvement Authority to the County. No issuance costs were incurred. One hundred percent of net future tax increment revenue will fund the payment of the RDA bond debt and the deferred interest from the original Loan until paid in full. In December 1997, the County began withholding payment of the Agency's net tax increment revenue (net of the 17 percent payment to the County Fire Protection District and the 20 percent housing set-aside amount) to offset the annual principal and interest charges. The principal of the RDA bond will mature 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 is \$3,111,400. In accordance with the MOU, the recalculated deferred interest does not accrue additional interest. As of June 30, 2006, a total of \$827,189 in accumulated tax increment has been applied against this balance, including \$184,695 applied during fiscal year 2005-06. The remaining balance at June 30, 2006, was \$2,284,211. The accumulated amount of tax increment withheld over the scheduled principal and interest payment made during the life of the RDA bond is recorded in the Debt Service Fund as a prepaid item at June 30, 2006.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #5 – LONG-TERM DEBT, Continued

After payment of the deferred interest, the RDA may elect to further defer payment to the County of the 50.9 percent of tax increment revenue in order to extinguish any other indebtedness of the RDA. This deferral would allow the tax increment to be available for the repayment of loans made to the RDA by the City (Note #3). In the event the deferral is elected, the debt owed the City is fully extinguished and no other RDA indebtedness exists, the RDA will transfer all subsequent tax increment revenue to the County to fund prior deferrals of, and current payments of, the 50.9 percent of tax increment revenue required to be paid per the Settlement Agreement.

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

Year Ended June 30	Tax Allocation Bond		Total
	Principal	Interest	
2007	\$ 25,000	\$ 271,125	\$ 296,125
2008	40,000	269,500	309,500
2009	55,000	268,125	323,125
2010	65,000	265,125	330,125
2011	85,000	260,375	345,375
2012-2016	690,000	1,214,750	1,904,750
2017-2021	1,275,000	972,875	2,247,875
2022-2026	2,085,000	557,875	2,642,875
2027-2028	1,115,000	56,875	1,171,875
	<u>\$ 5,435,000</u>	<u>\$ 4,136,625</u>	<u>\$ 9,571,625</u>

B. Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$162,027 is estimated to be the amount that will be used and/or paid out during FY 05-06.

NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE

In the Government-Wide financial statements net assets are classified in the following categories:

Invested in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation on these assets reduces this category.

Restricted Net Assets

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 Assets

This category represents the net assets of the City that are not externally restricted for any project or other purpose.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE, Continued

In the Fund Financial Statements the City has established “reserves” to segregate portions of fund balance which are not appropriable for expenditure in future periods, or which are legally set aside for a specific future use. In addition, fund balance may be designated to indicate tentative plans for financial resource utilization of unreserved fund balance in a future period.

The City’s governmental funds reserves and designations at June 30, 2006 are presented below, followed by explanations of the nature and purpose of each reserve and designation.

	General Fund	Steet Maintenance Fund	Capital Improvement Fund	RDA Debt Service Fund	Other Governmental Funds
Reserved:					
Reimbursement settlement agreement					\$ 1,000,000
Advances to other funds	\$ 6,072,354				
Prepaid costs	92,346			\$ 371,135	14,087
Land held for development					702,392
Housing set-aside					1,226,581
Total Reserved	\$ 6,164,700	\$ -	\$ -	\$ 371,135	\$ 2,943,060
Designated:					
Continuing appropriations	\$ 876,105	\$ 89,056	\$ 2,799,193	\$ -	\$ 730,172

A. Designated for Encumbrances and Continuing Appropriations

These designations are maintained for current year budget appropriations that are formally carried over into the subsequent fiscal year.

B. Reserved for Reimbursement Settlement Agreement

This reserve has been established under the legal requirements of the Reimbursement Settlement Agreement (see Note #5).

C. Reserved for Advances to Other Funds

This reserve represents the long-term portion of loans from the City’s General Fund to the RDA less \$7,616,125 recorded as deferred revenue (see Note #11).

D. Reserved for Prepaid Items

This reserve is provided to indicate that the asset carrying value is not available to spend to meet expenditures of the current year.

E. Reserved for Land Held for Development

These funds are reserved for land purchased by the City to be sold or otherwise used for the development of low and moderate-income housing.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE, Continued

F. Reserved for Housing Set-Aside

These funds are reserved for low and moderate-income housing as restricted by law or administrative action.

The City has also designated \$38,848 of net assets of the Water Quality Flood Protection Enterprise Fund for future projects.

NOTE #7 – PENSION PLAN

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. State statutes, within the Public Employees' Retirement Law, establish benefit provisions and other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. The CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, California, 95814.

Funding Policy

A contribution of 7 percent of annual covered salary is required for each active plan member. For local miscellaneous members, the City pays the full 7 percent contribution for all the full-time positions, while part-time employees must contribute the 7 percent from earnings. Additionally, the City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for FY 05-06 was 12.452 percent for local miscellaneous members. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For FY05-06, the City's actual and contributed pension cost was \$590,591. The required contribution for FY05-06 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25 percent to 14.45 percent; and (c) payroll growth of 3.25 percent. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Plan's un-funded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll expenditures on a closed basis.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #7 – PENSION PLAN, Continued

Three-Year Trend Information for Plan:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ 267,684	100%	\$ 0
6/30/2005	411,412	100%	\$ 0
6/30/2006	590,591	100%	\$ 0

Schedule of Funding Status of Plan (Required Supplementary Information):

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2003	\$ 2,372,879,034	\$ 2,596,966,545	\$ 224,087,511	91.4%	\$ 725,020,458	30.9%
6/30/2004	2,460,944,656	2,746,095,668	285,151,012	89.6%	743,691,970	38.3%
6/30/2005	2,588,713,000	2,891,460,651	302,747,651	89.5%	755,046,679	40.1%

As a result of having less than 100 active members as of June 30, 2003, the City was required to participate in a risk pool. Mandated pooling is effective with the June 30, 2003 valuation which determines the contribution rate for 2005-2006. The 2005-2006 is the first year under pooling, and therefore, the City's pooled employer contribution rate is the same as the stand-alone employer contribution rate. This is because the difference between the pool's normal cost and the stand-alone normal cost will be phased out over five years, beginning with 2006-2007. For 2005-2006, 100 percent of the difference between the pool's normal costs and the stand-alone normal cost is reflected in the development of the City's pooled employer contribution rate. For 2006-2007, only 80 percent of the difference will be reflected; for 2007-2008, 60 percent will be reflected, and so on, until it is fully subject to the pool's normal costs for 2010-2011 and beyond.

NOTE #8 – INSURANCE

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (CJPIA). The CJPIA is comprised of 112 California public entities and is organized under a joint powers agreement pursuant to California Government Code section 6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses and to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The CJPIA pool 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 9-member Executive Committee. The accounting methods used by the CJPIA are more fully described at Note #1-K.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #8 – INSURANCE, Continued

Self-Insurance Programs of the CJPIA

- General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently transferred to an excess insurance policy. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

- Workers' Compensation

Workers' Compensation. The City also participates in the workers' compensation pool administered by the Authority. Members retain the first \$50,000 of each claim. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer (\$0 to \$100,000 allocated by retained amount and \$100,000 to \$2,000,000 by payroll). Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$150,000,000 are transferred to an excess insurance policy. Costs in excess of \$150,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

Purchased Insurance

- Environmental Insurance

The City participates in the pollution legal liability and remediation legal liability insurance, which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The CJPIA has a limit of \$50,000,000 for the 3-year period from July 1, 2005 through June 30, 2008. Each member of the CJPIA has a \$10,000,000 limit during the 3-year term of the policy.

- Property Insurance

The City participates in the all-risk property protection program of the CJPIA. Several insurance companies underwrite this insurance protection. The City's property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. Total all-risk property insurance coverage is \$9,998,902. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2006

NOTE #8 – INSURANCE, Continued

- Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the CJPIA. The City's property currently has earthquake protection in the amount of \$9,304,688. There is a deductible of 5 percent of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the year ended June 30, 2006. As previously described in Note #1-K, the City has no material claims, which would require loss provisions in the financial statements.

NOTE #9 – 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 #8) 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. The likelihood of an unfavorable outcome or the amount of potential losses cannot be reasonably estimated by the City for these claims at this time. In the event of an unfavorable outcome the losses would likely be material to the City's financial statements.

Storm Drain Failures

During the winter storms of fiscal year 2004-05 emergency repairs were required to fix sinkholes along the City's border with the City of Los Angeles. The sink holes were created as a result of failures in the storm drain system. One sinkhole was repaired by the City at a cost of approximately \$650,000. The City received reimbursement from the Federal Emergency Management Agency in the amount of approximately \$634,000 related to the repairs; however, it is unclear whether the final costs will be allowable under FEMA guidelines. If the costs are not allowed, the funding would have to be returned.

Other sinkholes were repaired by Caltrans at a cost estimated to be as high as \$10 million. It is unclear whether Caltrans will seek reimbursement from the City, or in what amount, in connection with these repairs.

The City is working with FEMA, the Federal Highway Administration (FHWA), Caltrans, and the City and County of Los Angeles to resolve the issues of responsibility for repair and funding sources.

The repairs of the sinkholes also brought to light issues with other storm drains in the area. The City's share of costs for preventative and/or emergency repairs, if required, is unknown.

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #9 – CONTINGENCIES AND COMMITMENTS, Continued

Excess Surplus

The Redevelopment Agency’s Low/Moderate Income Housing Fund has accumulated excess surplus fund balance as defined by the California Health and Safety Code. The Agency is required to develop a plan to eliminate the excess surplus within the time frame allowed by the Health and Safety Code. If the Agency does not eliminate the excess surplus in the required time frame significant penalties could be assessed, including transferring such excess surplus to the County Housing Authority and/or the California Department of Housing and Community Development.

NOTE #10 – 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	March 1
Levy date	June 30
Due date	November 1 and February 1
Collection dates	December 10 and April 10

NOTE #11 – DEFERRED REVENUES

The deferred revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2006 consisted of the following:

<u>Source</u>	<u>General Fund</u>	<u>Non-major Governmental Funds</u>
Accrued Interest from Long-Term Advances to the Redevelopment Agency	\$ 7,616,125	
Advance on Federal Grant	112,593	
Revenue earned but not available	57,218	\$ 321,851
Total Deferred Revenues	<u>\$ 7,785,936</u>	<u>\$ 321,851</u>

CITY OF RANCHO PALOS VERDES

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE #12 – LAND HELD FOR DEVELOPMENT

On March 21, 2000, the City purchased approximately 20 acres of land to be used for an affordable housing project. The total cost of the land was \$702,392. The City has recorded the cost of the land as an asset in the special revenue fund that purchased the property (Housing Set-Aside fund).

A developer has submitted an application for a senior condominium housing project, with an affordable housing component, which includes the City owned parcel and a neighboring private parcel. If approved, the City anticipates transferring the City's land to the developer for construction of the housing project. The City will recognize a gain or loss on the disposal of the land at the time a disposition and development agreement is finalized. The fund balance in the Housing Set-Aside fund has been reserved for an amount equal to the purchase price of the land.

NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following fund had deficit fund balance as of June 30, 2006:

RDA Debt Service Fund	\$	13,369,973
Parks/Measure A Fund	\$	255,638

The City plans to finance this deficit through future revenues to the funds.

The following fund had expenditure in excess of the budget for the year ended June 30, 2006, as follows:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
RDA Debt Service Fund	\$ 1,378,963	\$ 1,561,284	\$ 182,321



SUPPLEMENTARY INFORMATION

CITY OF RANCHO PALOS VERDES

JUNE 30, 2006

MAJOR FUND BUDGETARY COMPARISON SCHEDULES

Budgetary comparison statements are presented as part of the basic financial statements for the General fund and the major Special Revenue fund as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining major funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 9,600	\$ 4,904,401	\$ 4,966,704	\$ 62,303
Revenue from other agencies		12,049,677	12,165,867	116,190
Total Revenues	9,600	16,954,078	17,132,571	178,493
EXPENDITURES				
Capital outlay	2,221,676	20,427,399	20,067,138	360,261
Excess (Deficiency) of Revenues Over Expenditures	(2,212,076)	(3,473,321)	(2,934,567)	538,754
OTHER FINANCING SOURCES (USES)				
Transfers in	2,185,049	2,706,323	3,790,161	1,083,838
Transfers out		(472,000)	(472,000)	
Total Other Financing Sources (Uses)	2,185,049	2,234,323	3,318,161	1,083,838
Net Change in Fund Balance	(27,027)	(1,238,998)	383,594	1,622,592
Fund Balance, Beginning of Year	2,415,599	2,415,599	2,415,599	
Fund Balance, End of Year	\$ 2,388,572	\$ 1,176,601	\$ 2,799,193	\$ 1,622,592

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 615,800	\$ 615,800	\$ 669,404	\$ 53,604
EXPENDITURES				
Current:				
Administration	14,500	14,500	12,126	2,374
Pass through to other agencies	130,900	199,829	199,829	
Debt Service				
Principal	15,000	15,000	199,695	(184,695)
Interest and fiscal charges	980,000	1,149,634	1,149,634	
Total Expenditures	1,140,400	1,378,963	1,561,284	(182,321)
Net Change in Fund Balance	(524,600)	(763,163)	(891,880)	(128,717)
Fund Balance, Beginning of Year, as restated	(12,478,093)	(12,478,093)	(12,478,093)	
Fund Balance, End of Year	<u>\$(13,002,693)</u>	<u>\$(13,241,256)</u>	<u>\$(13,369,973)</u>	<u>\$ (128,717)</u>

CITY OF RANCHO PALOS VERDES

JUNE 30, 2006

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues 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.

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

Community Development Block Grant (CDBG) – to account for Federal Grants received from the Department of Housing and Urban Development (HUD).

El Prado – to account for taxes collected to maintain and service existing and proposed improvements.

Redevelopment Agency (RDA) – Housing Set-Aside – to account for the portion of Redevelopment tax increment monies which is a requirement under California Redevelopment Law, Section 33334, to be set-aside for the development of low and moderate income housing.

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

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

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

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

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.

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

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

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

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

CITY OF RANCHO PALOS VERDES

JUNE 30, 2006

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues Fund Descriptions, Continued

Subregion One Maintenance – to account for monies used to maintain public improvements and habitat areas dedicated to the City upon completion of the Subregion One residential development project.

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

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

Capital Projects Funds Descriptions

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

Bikeways – to account for State funds used for the construction of bikeways and/or pedestrian facilities.

Redevelopment Agency (RDA) – Abalone Cove – to account for landslide abatement in the Abalone Cove Project Area.

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

Quimby – to account for funds from the payment of fees or the dedication of land for park and recreation purposes.

Affordable Housing – to account for in-lieu fees by developers for the City to construct low and moderate income housing.

Redevelopment Agency (RDA) – Portuguese Bend – to account for monies used for landslide abatement in the Portuguese Bend Project Area.

Utility Undergrounding – to account for the accumulation of monies transferred from the General fund, to be used for relocating utility poles and lines on arterial roadways underground, and provide residents assistance with utility undergrounding in residential areas of the City.

Roadway Beautification – to account for the accumulation of monies transferred from the General and Recycling funds to be used for landscape improvements along the City's roadways.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2006

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund Description

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.

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

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006**

	<u>Special Revenue Funds</u>		
ASSETS	<u>Air Quality Management</u>	<u>CDBG</u>	<u>El Prado</u>
Cash and cash equivalents	\$ 31,732		\$ 5,979
Receivable			
Taxes			136
Interest	799		62
Other	13,611	\$ 41,099	
Prepaid items		8,192	
Land held for development			
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 46,142</u>	<u>\$ 49,291</u>	<u>\$ 6,177</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities		\$ 8,150	\$ 49
Due to other funds		41,136	
Deferred revenue			
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>49,286</u>	<u>49</u>
 FUND BALANCES			
Reserved for:			
Reimbursement settlement agreement			
Prepaid items		8,192	
Land development			
Housing set-aside			
Unreserved:			
Designated for continuing appropriations			
Unreserved, undesignated and reported in:			
Special revenue funds	\$ 46,142	(8,187)	6,128
Capital projects funds			
Permanent funds			
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>46,142</u>	<u>5</u>	<u>6,128</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 46,142</u>	<u>\$ 49,291</u>	<u>\$ 6,177</u>

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Special Revenue Funds

Redevelopment Agency - Housing Set-Aside	Proposition A	Proposition C	Beautification	Waste Reduction
\$ 1,310,505	\$ 925,562	\$ 1,315,351	\$ 951,457	\$ 475,024
2,043				
14,033	9,263	15,599	10,162	5,794
			70,823	23,416
702,392				
<u>\$ 2,028,973</u>	<u>\$ 934,825</u>	<u>\$ 1,330,950</u>	<u>\$ 1,032,442</u>	<u>\$ 504,234</u>
\$ 479	\$ 665	\$ 65	\$ 5,829	\$ 57,235
479	665	65	5,829	57,235
\$ 702,392				
1,226,581				
99,521			97,621	45,252
	934,160	\$ 1,330,885	928,992	401,747
2,028,494	934,160	1,330,885	1,026,613	446,999
<u>\$ 2,028,973</u>	<u>\$ 934,825</u>	<u>\$ 1,330,950</u>	<u>\$ 1,032,442</u>	<u>\$ 504,234</u>

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006**

ASSETS	Special Revenue Funds		
	Public Safety Grants	1972 Act	1911 Act
Cash and cash equivalents	\$ 66,725	\$ 59,595	\$ 1,449,623
Receivable			
Taxes		12,700	35,270
Interest	1,809	3,511	15,758
Other			
Prepaid items			
Land held for development			
Total Assets	\$ 68,534	\$ 75,806	\$ 1,500,651
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities		\$ 3,056	\$ 40,953
Due to other funds			
Deferred revenue			
Total Liabilities	-	3,056	40,953
FUND BALANCES			
Reserved for:			
Reimbursement settlement agreement			
Prepaid items			
Land development			
Housing set-aside			
Unreserved:			
Designated for continuing appropriations	\$ 45,816		
Unreserved, undesignated and reported in:			
Special revenue funds	22,718	72,750	1,459,698
Capital projects funds			
Permanent funds			
Total Fund Balances	68,534	72,750	1,459,698
Total Liabilities and Fund Balances	\$ 68,534	\$ 75,806	\$ 1,500,651

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Special Revenue Funds						
Joint Powers Improvement Authority - Portuguese Bend	Habitat Restoration	Subregion One Maintenance	Measure A	Abalone Cove Sewer Assessment District	RPV TV Channel 33	
\$ 262,932	\$ 305,298	\$ 728,382		\$ 62,168	\$ 2,397	
3,249	3,720 16,838	8,074	\$ 774 359,039	723 652	54	
<u>\$ 266,181</u>	<u>\$ 325,856</u>	<u>\$ 736,456</u>	<u>\$ 359,813</u>	<u>\$ 63,543</u>	<u>\$ 2,451</u>	
\$ 10,353	\$ 27,494	\$ 9,277	\$ 293,600 321,851	\$ 14,724		
<u>10,353</u>	<u>27,494</u>	<u>9,277</u>	<u>615,451</u>	<u>14,724</u>	<u>-</u>	
53,200	285,914			27,879		
202,628	12,448	727,179	(255,638)	20,940	2,451	
<u>255,828</u>	<u>298,362</u>	<u>727,179</u>	<u>(255,638)</u>	<u>48,819</u>	<u>2,451</u>	
<u>\$ 266,181</u>	<u>\$ 325,856</u>	<u>\$ 736,456</u>	<u>\$ 359,813</u>	<u>\$ 63,543</u>	<u>\$ 2,451</u>	

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006**

	Capital Projects Funds			
	Bikeways	Redevelopment Agency - Abalone Cove	Environmental Excise Tax	Quimby
ASSETS				
Cash and cash equivalents	\$ 25,554	\$ 5,351	\$ 216,099	\$ 11,929
Receivable				
Taxes				
Interest	279	58	9,090	5,912
Other				
Prepaid items				
Land held for development				
Total Assets	\$ 25,833	\$ 5,409	\$ 225,189	\$ 17,841
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities				
Due to other funds				
Deferred revenue				
Total Liabilities	-	-	-	-
FUND BALANCES				
Reserved for:				
Reimbursement settlement agreement				
Prepaid items				
Land development				
Housing set-aside				
Unreserved:				
Designated for continuing appropriations				
Unreserved, undesignated and reported in:				
Special revenue funds				
Capital projects funds	\$ 25,833	\$ 5,409	\$ 225,189	\$ 17,841
Permanent funds				
Total Fund Balances	25,833	5,409	225,189	17,841
Total Liabilities and Fund Balances	\$ 25,833	\$ 5,409	\$ 225,189	\$ 17,841

Capital Projects Funds				Permanent Fund	Total Non-major Governmental Funds
Affordable Housing	Redevelopment Agency - Portuguese Bend	Utility Undergrounding	Roadway Beautification	Joint Powers Improvement Authority - Abalone Cove	
\$ 1,065,810	\$ 381,731	\$ 248,143	\$ 84,950	\$ 1,396,021	\$ 11,388,318
11,573	4,109	2,693	4,693	15,164	50,872
	5,895				146,884
					524,826
					14,087
					702,392
<u>\$ 1,077,383</u>	<u>\$ 391,735</u>	<u>\$ 250,836</u>	<u>\$ 89,643</u>	<u>\$ 1,411,185</u>	<u>\$ 12,827,379</u>
	\$ 561			\$ 7,235	\$ 186,125
					334,736
					321,851
-	561	-	-	7,235	842,712
	5,895			1,000,000	1,000,000
					14,087
					702,392
					1,226,581
				74,969	730,172
\$ 1,077,383	385,279	\$ 250,836	\$ 89,643		5,905,041
				328,981	2,077,413
					328,981
<u>1,077,383</u>	<u>391,174</u>	<u>250,836</u>	<u>89,643</u>	<u>1,403,950</u>	<u>11,984,667</u>
<u>\$ 1,077,383</u>	<u>\$ 391,735</u>	<u>\$ 250,836</u>	<u>\$ 89,643</u>	<u>\$ 1,411,185</u>	<u>\$ 12,827,379</u>

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006**

	<u>Special Revenue Funds</u>		
	<u>Air Quality Management</u>	<u>CDBG</u>	<u>El Prado</u>
REVENUES			
Taxes			\$ 1,659
Use of money and property	\$ 2,001		191
Revenue from other agencies	66,123	\$ 167,042	
Other revenues			
Total Revenues	<u>68,124</u>	<u>167,042</u>	<u>1,850</u>
EXPENDITURES			
Current:			
Administration			
Public works	7,819		268
Planning, building and code enforcement			
Capital outlay		<u>135,274</u>	
Total Expenditures	<u>7,819</u>	<u>135,274</u>	<u>268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>60,305</u>	<u>31,768</u>	<u>1,582</u>
Other Financing Sources (Uses):			
Transfers in		65,979	
Transfers out	<u>(48,515)</u>	<u>(31,763)</u>	
Total Other Financing Sources (Uses)	<u>(48,515)</u>	<u>34,216</u>	<u>-</u>
Net Change in Fund Balances	11,790	65,984	1,582
FUND BALANCES, Beginning of Year	<u>34,352</u>	<u>(65,979)</u>	<u>4,546</u>
FUND BALANCES, End of Year	<u>\$ 46,142</u>	<u>\$ 5</u>	<u>\$ 6,128</u>

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Special Revenue Funds

Redevelopment Agency - Housing Set-Aside	Proposition A	Proposition C	Beautification	Waste Reduction
\$ 167,906	\$ 28,223	\$ 47,548	\$ 305,835	\$ 51,089
45,707	689,198	606,462		68,568
213,613	717,421	654,010	305,835	119,657
	501,949	2,944	131,780	153,670
479				
479	501,949	2,944	131,780	153,670
213,134	215,472	651,066	174,055	(34,013)
	(15,698)	(218,602)		(38,000)
-	(15,698)	(218,602)	-	(38,000)
213,134	199,774	432,464	174,055	(72,013)
1,815,360	734,386	898,421	852,558	519,012
\$ 2,028,494	\$ 934,160	\$ 1,330,885	\$ 1,026,613	\$ 446,999

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds		
	Public Safety Grants	1972 Act	1911 Act
REVENUES			
Taxes		\$ 253,950	\$ 432,812
Use of money and property	\$ 5,834	10,044	49,807
Revenue from other agencies	100,000		
Other revenues			
Total Revenues	105,834	263,994	482,619
EXPENDITURES			
Current:			
Administration			
Public works		56,664	282,412
Planning, building and code enforcement			
Capital outlay			
Total Expenditures	-	56,664	282,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	105,834	207,330	200,207
Other Financing Sources (Uses):			
Transfers in			
Transfers out	(100,000)	(275,805)	
Total Other Financing Sources (Uses)	(100,000)	(275,805)	-
Net Change in Fund Balances	5,834	(68,475)	200,207
FUND BALANCES, Beginning of Year	62,700	141,225	1,259,491
FUND BALANCES, End of Year	<u>\$ 68,534</u>	<u>\$ 72,750</u>	<u>\$ 1,459,698</u>

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Special Revenue Funds

Joint Powers Improvement Authority - Portuguese Bend	Habitat Restoration	Subregion One Maintenance	Parks/ Measure A	Abalone Cove Sewer Assessment District	RPV TV Channel 33
\$ 11,992	\$ 53,959 16,838	\$ 28,521	\$ 2,093 45,338	\$ 41,609 1,885	\$ 5,476
11,992	70,797	28,521	47,431	43,494	5,476
133,405	149,772	99,947		51,817	3,025
133,405	149,772	99,947	-	51,817	3,025
(121,413)	(78,975)	(71,426)	47,431	(8,323)	2,451
116,000	76,752		(359,061)	10,700	
116,000	76,752	-	(359,061)	10,700	
(5,413)	(2,223)	(71,426)	(311,630)	2,377	2,451
261,241	300,585	798,605	55,992	46,442	
\$ 255,828	\$ 298,362	\$ 727,179	\$ (255,638)	\$ 48,819	\$ 2,451

CITY OF RANCHO PALOS VERDES

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2006**

	Capital Projects			
	Bikeways	Redevelopment Agency - Abalone Cove	Environmental Excise Tax	Quimby
REVENUES				
Taxes				
Use of money and property	\$ 946	\$ 199	\$ 112,788	\$ 28,981
Revenue from other agencies				
Other revenues				
Total Revenues	946	199	112,788	28,981
EXPENDITURES				
Current:				
Administration				
Public works	373			
Planning, building and code enforcement				
Capital outlay				
Total Expenditures	373	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	573	199	112,788	28,981
Other Financing Sources (Uses):				
Transfers in				
Transfers out			(624,452)	(532,511)
Total Other Financing Sources (Uses)	-	-	(624,452)	(532,511)
Net Change in Fund Balances	573	199	(511,664)	(503,530)
FUND BALANCES, Beginning of Year	25,260	5,210	736,853	521,371
FUND BALANCES, End of Year	\$ 25,833	\$ 5,409	\$ 225,189	\$ 17,841

Capital Projects					Permanent Fund	Total Non-major Governmental Funds
Affordable Housing	Redevelopment Agency - Portuguese Bend	Utility Undergrounding	Roadway Beautification	Joint Powers Improvement Authority - Abalone Cove		
\$ 39,041	\$ 13,728	\$ 9,089	\$ 15,831	\$ 53,315	\$ 897,936	
	50,004				924,123	
39,041	63,732	9,089	15,831	53,315	1,759,569	
					50,004	
	17,671			86,152	3,025	
					1,676,643	
					479	
					135,274	
-	17,671	-	-	86,152	1,815,421	
39,041	46,061	9,089	15,831	(32,837)	1,816,211	
				10,500	279,931	
			(347,228)		(2,591,635)	
-	-	-	(347,228)	10,500	(2,311,704)	
39,041	46,061	9,089	(331,397)	(22,337)	(495,493)	
1,038,342	345,113	241,747	421,040	1,426,287	12,480,160	
<u>\$ 1,077,383</u>	<u>\$ 391,174</u>	<u>\$ 250,836</u>	<u>\$ 89,643</u>	<u>\$ 1,403,950</u>	<u>\$ 11,984,667</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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,100	\$ 1,100	\$ 2,001	\$ 901
Revenue from other agencies	52,000	52,000	66,123	14,123
Total Revenues	53,100	53,100	68,124	15,024
EXPENDITURES				
Current:				
Public works	8,000	8,000	7,819	181
Excess (Deficiency) of Revenues Over Expenditures	45,100	45,100	60,305	15,205
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,000)	(54,000)	(48,515)	5,485
Net Change in Fund Balance	11,100	(8,900)	11,790	20,690
Fund Balance, Beginning of Year	34,352	34,352	34,352	
Fund Balance, End of Year	\$ 45,452	\$ 25,452	\$ 46,142	\$ 20,690

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 221,800	\$ 221,800	\$ 167,042	\$ (54,758)
EXPENDITURES				
Capital outlay	190,000	269,000	135,274	133,726
Total Expenditures	190,000	269,000	135,274	133,726
Excess (Deficiency) of Revenues Over Expenditures	31,800	(47,200)	31,768	78,968
OTHER FINANCING SOURCES (USES)				
Transfers in			65,979	65,979
Transfers out	(31,800)	(31,800)	(31,763)	37
Net Change in Fund Balance		(79,000)	65,984	144,984
Fund Balance, Beginning of Year	(65,979)	(65,979)	(65,979)	
Fund Balance, End of Year	\$ (65,979)	\$ (144,979)	\$ 5	\$ 144,984

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,200	\$ 1,200	\$ 1,659	\$ 459
Use of money and property	100	100	191	91
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>1,850</u>	<u>550</u>
EXPENDITURES				
Current:				
Public works	<u>900</u>	<u>900</u>	<u>268</u>	<u>632</u>
Net Change in Fund Balance	400	400	1,582	1,182
Fund Balance, Beginning of Year	<u>4,546</u>	<u>4,546</u>	<u>4,546</u>	
Fund Balance, End of Year	<u>\$ 4,946</u>	<u>\$ 4,946</u>	<u>\$ 6,128</u>	<u>\$ 1,182</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA HOUSING SET-ASIDE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 153,900	\$ 153,900	\$ 167,906	\$ 14,006
Use of money and property	25,900	25,900	45,707	19,807
Total Revenues	179,800	179,800	213,613	33,813
EXPENDITURES				
Current:				
Planning, building and code enforcement	50,000	479	479	
Total Expenditures	50,000	479	479	
Net Change in Fund Balance	129,800	179,321	213,134	33,813
Fund Balance, Beginning of Year	1,815,360	1,815,360	1,815,360	
Fund Balance, End of Year	\$ 1,945,160	\$ 1,994,681	\$ 2,028,494	\$ 33,813

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 16,000	\$ 16,000	\$ 28,223	\$ 12,223
Revenue from other agencies	600,000	600,000	689,198	89,198
Total Revenues	616,000	616,000	717,421	101,421
EXPENDITURES				
Current:				
Public works	507,200	510,222	501,949	8,273
Excess of Revenues Over Expenditures	108,800	105,778	215,472	109,694
OTHER FINANCING SOURCES (USES)				
Transfers out	(16,000)	(16,000)	(15,698)	302
Net Change in Fund Balance	92,800	89,778	199,774	109,996
Fund Balance, Beginning of Year	734,386	734,386	734,386	
Fund Balance, End of Year	\$ 827,186	\$ 824,164	\$ 934,160	\$ 109,996

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 12,900	\$ 12,900	\$ 47,548	\$ 34,648
Revenue from other agencies	500,000	500,000	606,462	106,462
Total Revenues	512,900	512,900	654,010	141,110
EXPENDITURES				
Current:				
Public works	3,000	3,000	2,944	56
Excess (Deficiency) of Revenues Over Expenditures	509,900	509,900	651,066	141,166
OTHER FINANCING SOURCES (USES)				
Transfers out	(460,500)	(218,602)	(218,602)	
Net Change in Fund Balance	49,400	291,298	432,464	141,166
Fund Balance, Beginning of Year	898,421	898,421	898,421	
Fund Balance, End of Year	\$ 947,821	\$ 1,189,719	\$ 1,330,885	\$ 141,166

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 242,450	\$ 242,450	\$ 305,835	\$ 63,385
EXPENDITURES				
Current:				
Public works	231,300	133,679	131,780	1,899
Net Change in Fund Balance	11,150	108,771	174,055	65,284
Fund Balance, Beginning of Year	852,558	852,558	852,558	
Fund Balance, End of Year	\$ 863,708	\$ 961,329	\$ 1,026,613	\$ 65,284

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 36,100	\$ 36,100	\$ 51,089	\$ 14,989
Revenue from other agencies	60,000	60,000	68,568	8,568
Total Revenues	96,100	96,100	119,657	23,557
EXPENDITURES				
Current:				
Public works	150,400	185,148	153,670	31,478
Excess (Deficiency) of Revenues Over Expenditures	(54,300)	(89,048)	(34,013)	55,035
OTHER FINANCING USES				
Transfers out	(50,000)	(100,000)	(38,000)	62,000
Net Change in Fund Balance	(104,300)	(189,048)	(72,013)	117,035
Fund Balance, Beginning of Year	519,012	519,012	519,012	
Fund Balance, End of Year	\$ 414,712	\$ 329,964	\$ 446,999	\$ 117,035

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 400	\$ 400	\$ 5,834	\$ 5,434
Revenue from other agencies	100,000	100,000	100,000	
Total Revenues	100,400	100,400	105,834	5,434
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	(100,000)	
Net Change in Fund Balance	400	400	5,834	5,434
Fund Balance, Beginning of Year	62,700	62,700	62,700	
Fund Balance, End of Year	\$ 63,100	\$ 63,100	\$ 68,534	\$ 5,434

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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 325,000	\$ 325,000	\$ 253,950	\$ (71,050)
Use of money and property	3,400	3,400	10,044	6,644
Total Revenues	<u>328,400</u>	<u>328,400</u>	<u>263,994</u>	<u>(64,406)</u>
EXPENDITURES				
Current:				
Public works	<u>58,200</u>	<u>58,200</u>	<u>56,664</u>	<u>1,536</u>
Excess of Revenues Over Expenditures	<u>270,200</u>	<u>270,200</u>	<u>207,330</u>	<u>(62,870)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(285,000)</u>	<u>(285,000)</u>	<u>(275,805)</u>	<u>9,195</u>
Net Change in Fund Balance	(14,800)	(14,800)	(68,475)	(53,675)
Fund Balance, Beginning of Year	<u>141,225</u>	<u>141,225</u>	<u>141,225</u>	
Fund Balance, End of Year	<u>\$ 126,425</u>	<u>\$ 126,425</u>	<u>\$ 72,750</u>	<u>\$ (53,675)</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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 375,000	\$ 375,000	\$ 432,812	\$ 57,812
Use of money and property	28,200	28,200	49,807	21,607
Total Revenues	403,200	403,200	482,619	79,419
EXPENDITURES				
Current:				
Public works	369,400	369,400	282,412	86,988
Net Change in Fund Balance	33,800	33,800	200,207	166,407
Fund Balance, Beginning of Year	1,259,491	1,259,491	1,259,491	
Fund Balance, End of Year	<u>\$1,293,291</u>	<u>\$ 1,293,291</u>	<u>\$ 1,459,698</u>	<u>\$ 166,407</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JPIA - PORTUGUESE BEND SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	<u>\$ 5,900</u>	<u>\$ 5,900</u>	<u>\$ 11,992</u>	<u>\$ 6,092</u>
EXPENDITURES				
Current:				
Public works	<u>92,400</u>	<u>208,500</u>	<u>133,405</u>	<u>75,095</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(86,500)</u>	<u>(202,600)</u>	<u>(121,413)</u>	<u>81,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>91,500</u>	<u>91,500</u>	<u>116,000</u>	<u>24,500</u>
Net Change in Fund Balance	<u>5,000</u>	<u>(111,100)</u>	<u>(5,413)</u>	<u>105,687</u>
Fund Balance, Beginning of Year	<u>261,241</u>	<u>261,241</u>	<u>261,241</u>	
Fund Balance, End of Year	<u><u>\$ 266,241</u></u>	<u><u>\$ 150,141</u></u>	<u><u>\$ 255,828</u></u>	<u><u>\$ 105,687</u></u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HABITAT RESTORATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,900	\$ 1,900	\$ 53,959	\$ 52,059
Revenue from other agencies		100,000	16,838	(83,162)
Total Revenues	1,900	101,900	70,797	(31,103)
EXPENDITURES				
Capital outlay	100,000	149,772	149,772	
Excess (Deficiency) of Revenues Over Expenditures	(98,100)	(47,872)	(78,975)	(31,103)
OTHER FINANCING SOURCES				
Transfers in	76,752	76,752	76,752	
Net Change in Fund Balance	(21,348)	28,880	(2,223)	(31,103)
Fund Balance, Beginning of Year	300,585	300,585	300,585	
Fund Balance, End of Year	\$ 279,237	\$ 329,465	\$ 298,362	\$ (31,103)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUBREGION ONE MAINTENANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ 28,521</u>	<u>\$ 8,321</u>
EXPENDITURES				
Current:				
Public works	<u>50,000</u>	<u>102,000</u>	<u>99,947</u>	<u>2,053</u>
Net Change in Fund Balance	<u>(29,800)</u>	<u>(81,800)</u>	<u>(71,426)</u>	<u>10,374</u>
Fund Balance, Beginning of Year	<u>798,605</u>	<u>798,605</u>	<u>798,605</u>	
Fund Balance, End of Year	<u><u>\$ 768,805</u></u>	<u><u>\$ 716,805</u></u>	<u><u>\$ 727,179</u></u>	<u><u>\$ 10,374</u></u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARKS/MEASURE A SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,500	\$ 1,500	\$ 2,093	\$ 593
Revenue from other agencies	41,000	181,000	45,338	(135,662)
Total Revenues	42,500	182,500	47,431	(135,069)
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,500)	(359,061)	(359,061)	
Net Change in Fund Balance	(13,000)	(176,561)	(311,630)	(135,069)
Fund Balance, Beginning of Year	55,992	55,992	55,992	
Fund Balance, End of Year	\$ 42,992	\$ (120,569)	\$ (255,638)	\$ (135,069)

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ABALONE COVE SEWER ASSESSMENT DISTRICT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 40,000	\$ 40,000	\$ 41,609	\$ 1,609
Use of money and property	300	300	1,885	1,585
Total Revenues	40,300	40,300	43,494	3,194
EXPENDITURES				
Current:				
Public works	49,600	51,817	51,817	
Excess (Deficiency) of Revenues Over Expenditures	(9,300)	(11,517)	(8,323)	3,194
OTHER FINANCING SOURCES (USES)				
Transfers in	10,700	10,700	10,700	
Net Change in Fund Balance	1,400	(817)	2,377	3,194
Fund Balance, Beginning of Year	46,442	46,442	46,442	
Fund Balance, End of Year	\$ 47,842	\$ 45,625	\$ 48,819	\$ 3,194

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RPV TV CHANNEL 33 SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$ 5,476	\$ 5,476
EXPENDITURES				
Current:				
Administration		\$ 3,025	3,025	
Net Change in Fund Balance		(3,025)	2,451	5,476
Fund Balance, Beginning of Year				
Fund Balance, End of Year	\$ -	\$ (3,025)	\$ 2,451	\$ 5,476

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BIKEWAYS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$ 946	\$ 946
EXPENDITURES				
Current:				
Public works		\$ 373	373	
Net Change in Fund Balance		(373)	573	946
Fund Balance, Beginning of Year	\$ 25,260	\$ 25,260	25,260	
Fund Balance, End of Year	\$ 25,260	\$ 24,887	\$ 25,833	\$ 946

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA ABALONE COVE CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property			\$ 199	\$ 199
Net Change in Fund Balance			199	199
Fund Balance, Beginning of Year	\$ 5,210	\$ 5,210	5,210	
Fund Balance, End of Year	\$ 5,210	\$ 5,210	\$ 5,409	\$ 199

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENVIRONMENTAL EXCISE TAX CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 201,800	\$ 58,800	\$ 112,788	\$ 53,988
OTHER FINANCING USES				
Transfers out		(624,452)	(624,452)	
Net Change in Fund Balance	201,800	(565,652)	(511,664)	53,988
Fund Balance, Beginning of Year	736,853	736,853	736,853	
Fund Balance, End of Year	<u>\$ 938,653</u>	<u>\$ 171,201</u>	<u>\$ 225,189</u>	<u>\$ 53,988</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
QUIMBY CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 12,800	\$ 12,800	\$ 28,981	\$ 16,181
OTHER FINANCING SOURCES (USES)				
Transfers out		(532,511)	(532,511)	
Net Change in Fund Balance	12,800	(519,711)	(503,530)	16,181
Fund Balance, Beginning of Year	521,371	521,371	521,371	
Fund Balance, End of Year	\$ 534,171	\$ 1,660	\$ 17,841	\$ 16,181

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
AFFORDABLE HOUSING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 49,500	\$ 49,500	\$ 39,041	\$ (10,459)
Net Change in Fund Balance	49,500	49,500	39,041	(10,459)
Fund Balance, Beginning of Year	1,038,342	1,038,342	1,038,342	
Fund Balance, End of Year	<u>\$ 1,087,842</u>	<u>\$ 1,087,842</u>	<u>\$ 1,077,383</u>	<u>\$ (10,459)</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RDA PORTUGUESE BEND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 7,400	\$ 7,400	\$ 13,728	\$ 6,328
Other revenues	5,000	5,000	50,004	45,004
Total Revenues	12,400	12,400	63,732	51,332
EXPENDITURES				
Current:				
Public works	24,500	24,500	17,671	6,829
Net Change in Fund Balance	(12,100)	(12,100)	46,061	58,161
Fund Balance, Beginning of Year	345,113	345,113	345,113	
Fund Balance, End of Year	\$ 333,013	\$ 333,013	\$ 391,174	\$ 58,161

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
UTILITY UNDERGROUNDING CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 6,000	\$ 6,000	\$ 9,089	\$ 3,089
Net Change in Fund Balances	6,000	6,000	9,089	3,089
Fund Balance, Beginning of Year	241,747	241,747	241,747	
Fund Balance, End of Year	<u>\$ 247,747</u>	<u>\$ 247,747</u>	<u>\$ 250,836</u>	<u>\$ 3,089</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROADWAY BEAUTIFICATION CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,900	\$ 1,900	\$ 15,831	\$ 13,931
OTHER FINANCING SOURCES (USES)				
Transfers out		(347,228)	(347,228)	
Net Change in Fund Balances	1,900	(345,328)	(331,397)	13,931
Fund Balance, Beginning of Year	421,040	421,040	421,040	
Fund Balance, End of Year	<u>\$ 422,940</u>	<u>\$ 75,712</u>	<u>\$ 89,643</u>	<u>\$ 13,931</u>

CITY OF RANCHO PALOS VERDES

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
JPIA - ABALONE COVE PERMANENT FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 33,600	\$ 33,600	\$ 53,315	\$ 19,715
EXPENDITURES				
Current:				
Public works	108,400	123,131	86,152	36,979
Excess (Deficiency) of Revenues Over Expenditures	(74,800)	(89,531)	(32,837)	56,694
OTHER FINANCING SOURCES (USES)				
Transfers in			10,500	10,500
Net Change in Fund Balance	(74,800)	(89,531)	(22,337)	67,194
Fund Balance, Beginning of Year	1,426,287	1,426,287	1,426,287	
Fund Balance, End of Year	\$ 1,351,487	\$ 1,336,756	\$ 1,403,950	\$ 67,194

CITY OF RANCHO PALOS VERDES

JUNE 30, 2006

INTERNAL SERVICE FUNDS DESCRIPTIONS

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

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

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

Employee Benefits – to account for employee benefit costs on behalf of all City departments.

CITY OF RANCHO PALOS VERDES

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,894,854	\$ 1,600,733	\$ 483,917	\$ 4,979,504
Receivables				
Interest	30,530	17,379	4,076	51,985
Total Current Assets	<u>2,925,384</u>	<u>1,618,112</u>	<u>487,993</u>	<u>5,031,489</u>
Noncurrent Assets				
Capital assets				
Property and equipment	1,161,074			1,161,074
Accumulated depreciation	<u>(812,173)</u>			<u>(812,173)</u>
Total Noncurrent Assets	<u>348,901</u>	-	-	<u>348,901</u>
Total Assets	<u>3,274,285</u>	<u>1,618,112</u>	<u>487,993</u>	<u>5,380,390</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	<u>84,151</u>	<u>38,375</u>	<u>23,213</u>	<u>145,739</u>
NET ASSETS				
Invested in capital assets	348,901			348,901
Unrestricted	<u>2,841,233</u>	<u>1,579,737</u>	<u>464,780</u>	<u>4,885,750</u>
Total Net Assets	<u>\$ 3,190,134</u>	<u>\$ 1,579,737</u>	<u>\$ 464,780</u>	<u>\$ 5,234,651</u>

CITY OF RANCHO PALOS VERDES

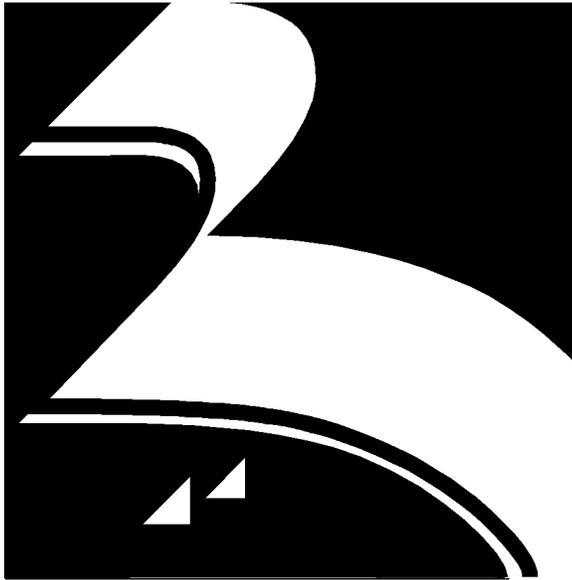
**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 449,266		\$ 1,350,700	\$ 1,799,966
Total Operating Revenues	<u>449,266</u>	<u>-</u>	<u>1,350,700</u>	<u>1,799,966</u>
OPERATING EXPENSES				
Personnel services			1,172,979	1,172,979
Material and supplies	66,164			66,164
Maintenance	195,088	\$ 56,885		251,973
Depreciation	205,889			205,889
Total Operating Expenses	<u>467,141</u>	<u>56,885</u>	<u>1,172,979</u>	<u>1,697,005</u>
Operating Income (Loss)	<u>(17,875)</u>	<u>(56,885)</u>	<u>177,721</u>	<u>102,961</u>
NONOPERATING REVENUES				
Interest income	<u>103,643</u>	<u>59,173</u>	<u>7,271</u>	<u>170,087</u>
Income (Loss) Before Transfers	<u>85,768</u>	<u>2,288</u>	<u>184,992</u>	<u>273,048</u>
TRANSFERS IN	<u>48,515</u>	<u>100,000</u>		<u>148,515</u>
Change in Net Assets	134,283	102,288	184,992	421,563
Net Assets, Beginning of Year	<u>3,055,851</u>	<u>1,477,449</u>	<u>279,788</u>	<u>4,813,088</u>
Net Assets, Ending of Year	<u>\$ 3,190,134</u>	<u>\$ 1,579,737</u>	<u>\$ 464,780</u>	<u>\$ 5,234,651</u>

CITY OF RANCHO PALOS VERDES

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Internal activity - payments from other funds	\$ 449,266		\$ 1,351,984	\$ 1,801,250
Payments to suppliers	(196,195)	\$ (119,760)	(1,168,416)	(1,484,371)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>253,071</u>	<u>(119,760)</u>	<u>183,568</u>	<u>316,879</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(213,289)			(213,289)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	48,515	100,000		148,515
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	91,899	52,558	4,831	149,288
NET INCREASE IN CASH AND CASH EQUIVALENTS	180,196	32,798	188,399	401,393
CASH AND CASH EQUIVALENTS, Beginning of Year	2,714,658	1,567,935	295,518	4,578,111
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,894,854</u>	<u>\$ 1,600,733</u>	<u>\$ 483,917</u>	<u>\$ 4,979,504</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (17,875)	\$ (56,885)	\$ 177,721	\$ 102,961
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	205,889			205,889
Decrease in other receivables			1,284	1,284
Decrease in prepaid items			1,043	1,043
Increase (decrease) in accounts payable	65,057	(62,875)	3,520	5,702
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 253,071</u>	<u>\$ (119,760)</u>	<u>\$ 183,568</u>	<u>\$ 316,879</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	97
Revenue Capacity <i>These schedules contain information to help the reader assess the city's most significant local revenue source, property tax.</i>	104
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. The city does not have general bond indebtedness or debt issued with pledged revenue.</i>	108
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	111
Operating Information <i>These schedules contain services and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.</i>	113

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

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 93,636	\$ 94,895	\$ 92,499	\$ 94,023	\$ 109,991
Restricted	10,327	10,661	11,586	12,075	12,417
Unrestricted	13,666	13,004	14,271	15,659	16,164
Total governmental activities net assets	<u>\$ 117,629</u>	<u>\$ 118,560</u>	<u>\$ 118,356</u>	<u>\$ 121,757</u>	<u>\$ 138,572</u>
Business-type activities					
Invested in capital assets, net of related debt					\$ 1,311
Restricted					
Unrestricted				\$ 2,000	2,799
Total business-type activities net assets				<u>\$ 2,000</u>	<u>\$ 4,110</u>
Primary government					
Invested in capital assets, net of related debt	\$ 93,636	\$ 94,895	\$ 92,499	\$ 94,023	\$ 111,302
Restricted	10,327	10,661	11,586	12,075	12,417
Unrestricted	13,666	13,004	14,271	17,659	18,963
Total primary government net assets	<u>\$ 117,629</u>	<u>\$ 118,560</u>	<u>\$ 118,356</u>	<u>\$ 123,757</u>	<u>\$ 142,682</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
Administration	\$ 3,069	\$ 3,294	\$ 3,499	\$ 4,055	\$ 4,350
Public safety	2,898	3,094	3,024	3,079	3,437
Public works	7,283	7,954	7,462	9,488	9,290
Parks and recreation	687	809	948	1,065	1,659
Planning, building and code enforcement	1,916	2,170	2,296	2,223	2,060
Interest on long-term debt	273	273	273	272	270
Total governmental activities expenses	<u>16,126</u>	<u>17,594</u>	<u>17,502</u>	<u>20,182</u>	<u>21,066</u>
Business-type activities:					
Water Quality Flood Protection					47
Total primary government expenses	<u>\$ 16,126</u>	<u>\$ 17,594</u>	<u>\$ 17,502</u>	<u>\$ 20,182</u>	<u>\$ 21,113</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Administration	\$ 157	\$ 87	\$ 69	\$ 62	\$ 35
Public safety	433	235	165	163	224
Public works	78	252	217	131	37
Parks and recreation	10	8	6	41	45
Planning, building and code enforcement	979	1,202	1,363	1,188	1,319
Operating grants and contributions	6,877	2,971	2,836	2,728	3,894
Capital grants and contributions	706	131	37	4,524	17,299
Total governmental activities program revenues	<u>9,240</u>	<u>4,886</u>	<u>4,693</u>	<u>8,837</u>	<u>22,853</u>
Business-type activities:					
Charges for services:					
Water Quality Flood Protection					
Operating grants and contributions					
Capital grants and contributions					
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>\$ 9,240</u>	<u>\$ 4,886</u>	<u>\$ 4,693</u>	<u>\$ 8,837</u>	<u>\$ 22,853</u>
Net (expense)/revenue					
Governmental activities	\$ (6,886)	\$ (12,708)	\$ (12,809)	\$ (11,345)	\$ 1,787
Business-type activities	-	-	-	-	(47)
Total primary government net expense	<u>\$ (6,886)</u>	<u>\$ (12,708)</u>	<u>\$ (12,809)</u>	<u>\$ (11,345)</u>	<u>\$ 1,740</u>

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 5,253	\$ 5,335	\$ 5,706	\$ 5,840	\$ 9,621
Franchise taxes	1,139	1,087	1,275	1,307	1,454
Sales taxes	1,093	1,003	1,205	1,276	1,354
Utility user taxes	1,812	1,832	1,851	1,901	2,191
Other taxes	2,744	3,495	2,867	4,545	727
Investment income	814	371	331	594	997
Other	(67)	517	2,481	1,283	793
Transfers				(2,000)	(2,109)
Total governmental activities	<u>12,788</u>	<u>13,640</u>	<u>15,716</u>	<u>14,746</u>	<u>15,028</u>
Business-type activities:					
Investment income					48
Transfers				2,000	2,109
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,157</u>
Total primary government	<u>\$ 12,788</u>	<u>\$ 13,640</u>	<u>\$ 15,716</u>	<u>\$ 16,746</u>	<u>\$ 17,185</u>
Change in Net Assets					
Governmental activities	\$ 5,902	\$ 932	\$ 2,907	\$ 3,401	\$ 16,815
Business-type activities	-	-	-	2,000	2,110
Total primary government net expense	<u>\$ 5,902</u>	<u>\$ 932</u>	<u>\$ 2,907</u>	<u>\$ 5,401</u>	<u>\$ 18,925</u>

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
2002	\$ 5,253	\$ 1,139	\$ 1,093	\$ 1,812	\$ 2,744	\$ 12,041
2003	5,335	1,087	1,003	1,832	3,495	12,752
2004	5,706	1,275	1,205	1,851	2,867	12,904
2005	5,840	1,307	1,276	1,901	4,545	14,869
2006	9,621 ¹	1,454	1,354	2,191	727 ¹	15,347

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

City of Rancho Palos Verdes
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved or designated	\$ 3,560	\$ 5,231	\$ 6,050	\$ 6,367	\$ 6,317	\$ 6,571	\$ 6,854	\$ 6,639	\$ 6,696	\$ 7,040
Unreserved, undesignated	3,534	3,918	5,701	6,791	7,043	7,234	9,607	14,066	14,209	13,567
Total general fund	<u>\$ 7,094</u>	<u>\$ 9,149</u>	<u>\$ 11,751</u>	<u>\$ 13,158</u>	<u>\$ 13,360</u>	<u>\$ 13,805</u>	<u>\$ 16,461</u>	<u>\$ 20,705</u>	<u>\$ 20,905</u>	<u>\$ 20,607</u>
All other governmental funds										
Reserved or designated	\$ 19,062	\$ 15,415	\$ 16,009	\$ 18,291	\$ 16,512	\$ 11,256	\$ 7,584	\$ 7,229	\$ 6,178	\$ 6,933
Unreserved, undesignated, reported in:										
Special revenue funds	3,771	4,629	4,768	4,283	4,697	4,753	5,012	5,040	5,902	6,615
Capital projects funds						332 ¹	534	2,430	3,320	2,077
Permanent fund						443 ²	460	418	426	329
Debt service fund						(10,477) ³	(10,915)	(12,070)	(12,793)	(13,741)
Total all other governmental funds	<u>\$ 22,833</u>	<u>\$ 20,044</u>	<u>\$ 20,777</u>	<u>\$ 22,574</u>	<u>\$ 21,209</u>	<u>\$ 6,307</u>	<u>\$ 2,675</u>	<u>\$ 3,047</u>	<u>\$ 3,033</u>	<u>\$ 2,213</u>

1: Prior to 2002, all Capital Projects fund balances were designated for future projects.

2: Prior to 2002, the Permanent fund was reported as a Fiduciary fund.

3: Prior to 2002, the balance of long-term debt was recorded in an account group instead of the Debt Service fund.

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)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 8,832	\$ 8,922	\$ 9,002	\$ 9,530	\$ 10,309	\$ 10,677	\$ 11,046	\$ 12,081	\$ 13,573	\$ 15,321
Licenses and permits	798	890	1,292	1,090	1,164	1,245	1,463	1,310	1,326	1,440
Fines and forfeitures	93	115	140	157	139	117	115	102	108	171
Use of money and property	1,664	1,701	1,555	1,704	1,971	1,153	804	733	1,306	7,038
Charges for services	337	176	218	203	197	217	205	379	152	49
Revenues from other agencies	10,674	4,900	4,341	3,655	4,816	8,170	4,318	3,453	7,848	15,511
Other revenues	546	649	687	2,137	882	563	554	2,363	1,038	155
Total Revenues	22,944	17,353	17,235	18,476	19,478	22,142	18,505	20,421	25,351	39,685
Expenditures										
Administration	1,597	1,669	1,689	1,846	3,052	2,915	3,092	3,328	3,852	4,041
Public Safety	2,637	2,533	2,658	2,662	2,733	2,898	3,094	3,039	3,092	3,438
Public Works	3,970	4,143	4,156	5,552	4,972	7,449	5,292	4,801	6,302	5,277
Parks and recreation	551	711	633	597	596	669	786	946	965	1,593
Planning, building and code enforcement	1,361	1,559	1,882	1,647	1,778	1,950	2,194	2,362	2,302	2,361
Pass through to other agencies	67	79	78	85	91	102	137	156	188	200
Capital outlay	9,283	4,333	3,504	2,157	7,015	8,246	3,893	368	4,912	20,202
Debt service										
Principal		10,000							184	200
Interest	367	638	893	985	1,128	930	836	805	905	1,150
Total expenditures	19,833	25,665	15,493	15,531	21,365	25,159	19,324	15,805	22,702	38,462
Excess of revenues over (under) expenditures	3,111	(8,312)	1,742	2,945	(1,887)	(3,017)	(819)	4,616	2,649	1,223
Other financing sources (uses)										
Transfers in	4,370	10,358	2,593	3,687	5,013	4,294	1,676	1,844	6,180	4,989
Transfers out	(4,426)	(10,463)	(2,593)	(4,469)	(5,165)	(4,877)	(1,833)	(1,844)	(8,180)	(7,247)
Bond Proceeds		5,455								
Advances to the Redevelopment Agency	617	2,246	1,301	982	855					
Total other financing sources (uses)	561	7,596	1,301	200	703	(583)	(157)	-	(2,000)	(2,258)
Net change in fund balances	\$ 3,672	\$ (716)	\$ 3,043	\$ 3,145	\$ (1,184)	\$ (3,600)	\$ (976)	\$ 4,616	\$ 649	\$ (1,035)
Debt services as a percentage of noncapital expenditures	3.5%	49.9%	7.4%	7.4%	7.9%	5.5%	5.4%	5.2%	6.1%	7.4%

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

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Utility Users Tax	Other Taxes	Total
2000	\$ 4,357	\$ 972	\$ 1,024	\$ 1,550	\$ 1,627	\$ 9,530
2001	4,629	1,087	1,101	1,764	1,728	10,309
2002	4,972	1,139	1,093	1,812	1,661	10,677
2003	5,335	1,087	1,003	1,832	1,789	11,046
2004	5,706	1,275	1,205	1,851	2,044	12,081
2005	8,494 ¹	1,307	1,009	1,901	862	13,573
2006	9,576	1,299	1,078	2,191	1,177	15,321

Source: City general ledger

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

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

Fiscal Year	Real Property		Personal Property	Less Tax Exempt:		Total Taxable Value	Total Direct Tax Rate	Assessed Value	Taxable Value as a Percentage of Assessed Value
	Residential Property	Commercial Property		Other Property	Real Property				
2005	\$ 6,439,116	\$ 75,593	\$ 3,146	\$ 64,688	\$ 3,054	\$ 6,807,847	\$ 0.064	\$ 6,971,959	97.6%
2006	6,959,150	89,220	3,348	67,742	688	7,370,983	0.064	7,535,086	97.8%

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

Note: Tax rates are per \$100 of assessed value

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

Fiscal Year	General Levy	Los Angeles County	Flood Control District	Metropolitan Water District	Library District	Community College District	School Districts	Total Direct & Overlapping Rates
2005	\$ 1.00000	\$ 0.00092	\$ 0.00025	\$ 0.00580	\$ 0.00852	\$ 0.01810	\$ 0.10366	\$ 1.13724
2006	1.00000	0.00080	0.00005	0.00520	0.00781	0.01429	0.10370	1.13184

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

Note: Tax rates are per \$100 of assessed value.

**City of Rancho Palos Verdes
Principal Property Taxpayers
Current Year
(amounts expressed in thousands)**

Taxpayer	Assessed Value	Rank	Percentage of Total Assessed Value
PPC Villas RPV LLC	\$ 52,142	1	0.69%
VH Property Corporation	45,955	2	0.61%
PV Victoria Apartments LLC	43,253	3	0.57%
Riviera Investors Western, Et. Al.	26,334	4	0.35%
Long Point Development LLC	19,210	5	0.25%
Belmont Village RPV	17,456	6	0.23%
Tridiamond LLC	14,246	7	0.19%
Patricia J. Rahn	13,188	8	0.18%
VHPS LLC	13,143	9	0.17%
Eric C. & Susanne K. Johnson Trust	10,145	10	0.13%
Totals	\$ 255,071		3.39%

Source: HdL Coren & Cone, Los Angeles County Assessor Combined Tax Rolls

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 4,284	\$ 4,001	93.40%	139	\$ 4,140	96.65%
2006	4,643	4,506	97.06%	-	\$ 4,506	97.06%

Source: County of Los Angeles Department of Auditor-Controller and City general ledger

City of Rancho Palos Verdes
Ratios of Outstanding Debt by Type
Last Six Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities							Per Capita
	RDA Tax Increment Bond	RDA Deferred Interest Payable	RDA Employee Compensated Absences	Total Primary Government	Percentage of Personal Income			
2001	\$ 5,455	\$ 3,111	\$ 134	\$ 8,700	0.47%		\$ 211.45	
2002	5,455	3,111	163	8,729	0.46%		207.82	
2003	5,455	3,111	191	8,757	0.46%		206.91	
2004	5,455	3,111	194	8,760	0.45%		204.63	
2005	5,450	2,469	221	8,140	0.41%		187.02	
2006	5,435	2,284	231	7,950	0.41%		184.92	

City of Rancho Palos Verdes
Direct and Overlapping Governmental Activities Debt
Current Year
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Los Angeles County Detention Facilities 1987	\$ 8,395	0.996%	\$ 84
Los Angeles County Flood Control Storm Drain Bonds No. 4	1,080	1.012%	11
Palos Verdes Library District Refunding Bonds 1998	10,575	49.448%	5,229
West Basin Metropolitan Water District 1111 *	182,369	1.075%	1,960
Los Angeles City Community College 2003 Series A	30,935	1.650%	510
Los Angeles City Community College 2003 Series B & C	85,370	1.650%	1,409
Los Angeles City Community College 2001 Series A	120,290	1.650%	1,985
Los Angeles City Community College 2004 Series B	28,500	1.650%	470
Los Angeles City Community College 2005 Series A Refunding	434,110	1.650%	7,163
Los Angeles Unified School District 2006	816,710	0.205%	1,674
Los Angeles Unified School District 2004 Series A	72,630	0.205%	149
Los Angeles Unified School District 2004 Series B	49,015	0.205%	100
Los Angeles Unified School District 2004 Series C	48,370	0.205%	99
Los Angeles Unified School District 2004 Series D	16,895	0.205%	35
Los Angeles Unified School District 2002 Refunding	254,085	0.205%	521
Los Angeles Unified School District 2004 Series A Refunding	219,125	0.205%	449
Los Angeles Unified School District 2004 Series E	400,000	0.205%	820
Los Angeles Unified School District 2005 Series A Refunding	467,675	0.205%	959
Los Angeles Unified School District 2002 Series A	494,125	0.205%	1,013
Los Angeles Unified School District 1997 Series A	136,080	0.205%	279
Los Angeles Unified School District 1997 Series B	45,320	0.205%	93
Los Angeles Unified School District 1997 Series C	45,745	0.205%	94
Los Angeles Unified School District 1997 Series D	54,945	0.205%	113
Los Angeles Unified School District 1997 Series E	387,680	0.205%	795
Los Angeles Unified School District 1997 Series F	1,968,065	0.205%	4,035
Palos Verdes Peninsula USD Series 2005	20,055	46.809%	9,388
Palos Verdes Peninsula USD Series 2000 A	945	46.809%	442
Palos Verdes Peninsula USD Series 2000 B	3,560	46.809%	1,666
Palos Verdes Peninsula USD Series 2000 C	47,276	46.809%	22,129
Total direct and overlapping debt			\$ 63,673

Source: HdL Coren & Cone, L.A. Acounty Assessor and Audiotr Combined 2005/06 Lien Date Tax Rolls

Note: This information reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital leas obligations and certificates of participation.

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

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2001	41,145	\$ 1,904,767	\$ 46,294 ¹	44.7	DNA	DNA	DNA
2002	42,002	1,944,441	46,294	44.7	DNA	DNA	DNA
2003	42,322	1,959,255	46,294	44.7	DNA	DNA	DNA
2004	42,810	1,981,846	46,294	44.7	DNA	DNA	DNA
2005	43,525	2,014,946	46,294	44.7	DNA	DNA	DNA
2006	42,991	1,990,225	46,294	44.7	DNA	DNA	5.7% ²

Source: U.S. Census Bureau, State Controller

1: This data available with the 2000 U.S. Census. The data will not be updated until 2010

2: Unemployment rate obtained from Sperling's Best Places (an Internet data service)

DNA: Data not available

**City of Rancho Palos Verdes
Principal Employers
Current Year**

Employer	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District	DNA	DNA	DNA
Marymount College	DNA	DNA	DNA
Salvation Army	DNA	DNA	DNA
Los Angeles Unified School District	DNA	DNA	DNA
Trump National Golf Course	DNA	DNA	DNA
Los Verdes Golf Course	DNA	DNA	DNA
Ralph's Grocery Store	DNA	DNA	DNA

Source: City staff

DNA: Data not available

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

Function	Full-time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government	37	39	41	41	41	42	45	45	45	47
Recreation part-time	10	10	10	10	10	10	10	10	10	10
Total	47	49	51	51	51	52	55	55	55	57

Source: City budget documents and payroll records

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

Function	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Administration						
Employee Resignations	5	4	-	5	4	4
Workers compensation claims	3	3	2	2	3	4
Liability claims	8	14	14	14	18	31
Budget Adjustments	27	35	30	27	36	48
Business licenses issued	1,624	1,600	1,961	2,102	1,909	1,801
Web site page views	30,624	88,888	119,104	133,481	DNA	DNA
Public safety						
Crime rates (per 10,000 population)	123	138	122	124	DNA	DNA
Public works						
Solid waste diversion rates	46%	51%	57%	DNA	DNA	DNA
Pavement rating	88	80	80	89	DNA	DNA
Parks and recreation						
Park events	1,030	1,022	915	825	DNA	DNA
Class meetings at parks	1,601	1,774	2,134	2,935	DNA	DNA
Docent led nature hikes	51	54	45	80	DNA	DNA
Planning, building and code enforcement						
Building permits processed	DNA	1,264	1,327	1,399	1,331	1,533
Plan checks	DNA	121	150	186	214	176
Municipal code violations closed	DNA	138	203	214	DNA	DNA

Source: City departments
DNA: Data not available

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

Function	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Administration						
Computer workstations	DNA	DNA	DNA	DNA	81	81
Public safety ¹						
Public works						
Street miles	143	143	143	143	143	143
Traffic signals	13	14	15	15	15	15
Parks and recreation						
Parks	14	15	15	15	15	16
Planning, building and code enforcement						
Vehicles used for inspections	3	3	3	3	3	3

Source: City capital asset records

DNA: Data not available

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

