



CITY OF RANCHO PALOS VERDES
CALIFORNIA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2009

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2009

Prepared By:

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

Cover photo provides a view of the Rancho Palos Verdes shoreline and Trump National Golf Course

INTRODUCTORY SECTION



Marilyn Ryan Sunset Point Park

CITY OF RANCHO PALOS VERDES
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Forrester Nature Preserve



CITY OF RANCHO PALOS VERDES

December 18, 2009

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, 2009, 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 financial section of the CAFR includes management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rancho Palos Verdes as legally defined), as well as its component 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 streets and other infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City of Rancho Palos Verdes is a contract city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City's own employees.

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

GOVERNMENTAL STRUCTURE, 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 about 43,000. The City is primarily a "bedroom" community with relatively little commercial activity.

The City has operated under the council-manager form of government since incorporation. Policy-making and legislative authority are vested in the governing 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 decreased during the fiscal year ended June 30, 2009, 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 economic downturn affecting revenue sources such as taxes and permits, as well as 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 together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve, developed a Preserve Trails Plan 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 City continued to take steps in updating its General Plan by working with a consulting team in the preparation of various studies to support the General Plan Update. Staff is currently working with the consulting team to complete specific studies and is in the process of presenting Draft General Plan Elements to the Planning Commission and various advisory committees for initial review. Staff expects the General Plan Update to be completed in 2010.
- The City continued to implement its Housing Element by approving the "Mirandela" 34 unit affordable housing project on March 3, 2009. The project is a multi-family rental housing project that will be made available to seniors 62 years and older that qualify under extremely-low, very-low, low and moderate incomes. The project will be funded by a combination of sources, which include the City's In-lieu Affordable Housing Fund, the Redevelopment Agency's 20% Affordable Housing Fund, and 9% Tax Credits awarded by the California Tax Credit Allocation Committee. Grading on the project is expected to begin in November 2009. The project will be completed in late 2010/early 2011.
- The City authorized a partnership with the Annenberg Foundation to improve Lower Point Vicente Park with the construction of an animal education facility, outdoor exhibits and site improvements.
- The City approved a new, 28-unit condominium project on the site of an abandoned former Verizon facility. The project includes the provision of two (2) dwelling units that will be made affordable for sale to very-low-income households.
- The City approved a new, 7,116-square-foot commercial office building located on a vacant lot at the northwest corner of Hawthorne Boulevard and Crest Road. The project includes subterranean and surface parking, on-site signage and landscaping.
- The City adopted the Vision Plan, a coordinated master plan consisting of program, design and linkage concepts for land located within the coastal region of the City. The Vision Plan was developed jointly by City Staff, the PVPLC, and the Melendrez landscape architectural firm.
- The City worked closely with the Terranea Resort and Spa to complete the project and open for business on June 12, 2009. Included in the opening are the hotel room accommodations, banquet and conference facilities, restaurants and the spa and fitness center, and the 9-hole golf course. Additionally, the City approved public amenities that are now available for use.
- The City approved the construction of a new Trader Joe's Market and upgrades to the Golden Cove Center. The approved project includes a new 11,000 square foot Trader Joe's grocery store building and restriping and reconfiguring the existing parking lot to increase the overall number of parking spaces in the shopping center.

- The City approved a major revision to the existing St. John Fisher Church, which included a combined total of 32,426 square feet of new building area to the existing site composed of a new sanctuary (to replace the existing sanctuary), a new administration building, a new two-classroom preschool, a new art room, and a new school library.

Public Works

- The annual residential street overlay and slurry seal project was completed for the 2007-08 cycle.
- Voter approved storm drain user fees collected through the Water Quality and Flood Protection program were used to continue the City's storm drain lining program for FY 08-09. Approximately \$0.6 million of additional lining was completed, thereby extending the life of the storm drain pipes. In addition, six storm drain outlets were reconstructed at various locations throughout the City.
- The \$7.4 million McCarrell Canyon storm drain project, which is a backbone project of the City's drainage system, was substantially completed.
- The Palos Verdes Drive South emergency storm drain repair project was completed.
- Trail improvements were completed using Measure A grant monies from the County 4th Supervisorial District. The projects included the Toyon Trail located in the Portuguese Nature Preserve and the Coolheights Trail Head Improvement located in the Forrestal Nature Preserve.
- The City awarded \$157,500 of beautification grants for local neighborhood beautification projects.
- Modifications were made to the lobby and conference room of the Planning Department to improve public counter service and workspace areas. These improvements included a new service counter, work stations and a conference room.
- Analysis of the City's sewer system and preparation of the Sewer System Management Plan was completed. The plan was approved for adoption by the City Council.
- Graphic Information System (GIS) updates were completed for the City's infrastructure. The Sanitary Sewer System GIS layer was updated and included information of the City maintained Abalone Cove sewer system. In addition, the GIS infrastructure of the Storm Drain Master Plan was updated, which included information on the storm drains, catch basins, invert, size, and type of material.
- Following the recommendations of the Los Angeles County Department of Agricultural Commissioner/Weights and Measures and the Los Angeles County Fire Department, the City's annual fuel modification program began brush clearance work in May of 2009 and will be completed in the 2009-2010 fiscal year. There were several fuel modification zones identified throughout the City, and they are being addressed using goats, as well as manpower, to complete the vegetation thinning.
- The City updated 95% of traffic engineering speed surveys for roadways and arterials.
- The City continued to improve neighborhood traffic safety by use of radar trailers and speed feedback signs as an educational tool to motorists.
- The City completed the annual pavement striping update to improve traffic safety around schools and on streets where striping is missing or faded.
- As part of the City's traffic calming program, speed humps were constructed in the Toscanini Street area to address the speeding issue.
- Development of the Oversized Vehicle Parking Ordinance was completed and adopted by the City Council.
- The City's Neighborhood Permit Parking program was revised and adopted by City Council for implementation in January 2010.

- Annual right-of-way maintenance was completed for the Sidewalk and Bus Shelter programs. The Sidewalk Program includes sidewalk grinding and sidewalk removal and replacement. Maintenance was completed on multiple bus shelters throughout the City.
- The City began the process of procuring a new residential solid waste contract. Seven competitive proposals were received in response to its Requests for Proposals. A contract is expected to be awarded in November 2009.
- The City continued to provide grants/loans to low and moderate income residents for minor repairs to their single family homes through the Home Improvement Program (HIP). Funds are provided through the Community Development Block Grant program, which is administered by the County for the federal Department of Housing and Urban Development (HUD).
- The City received approximately \$630,000 in Transportation Improvement Program funds for the construction of a bike compatible lane along Palos Verdes Drive South between Narcissa Drive and Schooner Drive.
- The City received approximately \$252,000 in Highway Safety Improvement Program funds for the redesign and construction of new guardrails along Palos Verdes Drive East as an interim safety measure to the overall safety improvement project of the entire Palos Verdes Drive East corridor.
- The City received approximately \$212,000 in Highway Safety Improvement Program funds for the traffic signal upgrade at Crenshaw Boulevard and Crestridge Road to improve turn movements and ADA access.
- The City completed its design of new landscaped medians along Palos Verdes Drive West and Hawthorne Blvd marking this intersection as a focal entry-point into the City by way of beautifying the public rights of way.

Recreation and Parks

- Recreation and Parks Staff continued to operate the Point Vicente Interpretive Center which attracts approximately 40,000 visitors touring the museum annually.
- Recreation and Parks Staff also continued to operate the Point Vicente Interpretive Center's nature and sea-themed gift shop and to facilitate rentals of the facility for private parties and weddings.
- 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.
- Recreation Staff assisted the Peninsula Seniors, a local non-profit organization, with their operation of 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.
- Recreation and Parks Staff continued to coordinate numerous annual and one-time community events including the Abalone Cove Beach Clean-Up Day and Breakfast with Santa.
- Recreation and Parks Staff helped coordinate numerous special events including Shakespeare by the Sea's production of "As You Like It," Las Candalistas' Walk on the Wild Side, the Rolling Hills Estates Kiwanis Club's Palos Verdes Marathon, the American Diabetes Association's Tour de Cure bike ride, and the Honda Ride for Kids.
- Through the City's Gifts for Parks program, Recreation Staff and Los Serenos de Point Vicente docents continued to pursue donations for PVIC exhibits, the Fourth of July Celebration, Breakfast with Santa and other special events and programs.

- 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

- Staff presented a status report to the City Council in August 2009 regarding implementation of the February 2008 Organization-Wide Management Assessment and reported that to date the City has successfully completed 49% of the consultant's recommendations.
- Using grant funds, the City purchased a new Sheriff's patrol unit equipped with Automatic License Plate Recognition technology to operate along and within the neighborhoods adjacent to Western Avenue and Palos Verdes Drive East. Since its deployment in March 2009, the new technology has recorded 260,000 license plates and assisted the Lomita Sheriff's Station in a total of 23 incidents.
- RPV TV continued to expand programming offered on the City's cable channel, RPV TV, including rebroadcasts of the City Council and Planning Commission meetings, productions of a wide variety of local interest programming and offering a Video Bulletin Board featuring local community events.
- The City implemented a Peafowl Management Program to address overpopulation issues in the Vista Grande neighborhood. To date, the City has successfully trapped and relocated over 30 birds.
- The City Council conducted a Tactical Planning Workshop in March 2009 which identified the City's major initiatives for the year.
- The City Council hosted the first Candidates Ethics Workshop for the seven candidates running for two vacant City Council seats in November 2009.
- The City retained a highly-regarded consulting firm to assist the City with identifying and pursuing grant opportunities, particularly in light of the American Recovery and Reinvestment Act. To date, the City has been successful in securing \$1.4 million in grant funding in 2009.
- The City hosted Community Leaders' Breakfasts in January and October 2009 providing updates on the development of the Five Year Capital Improvement Program and the proposed Annenberg Project at Lower Point Vicente Park, respectively.
- The update to the City's Cost Based Fee Study was completed and a new fee schedule was adopted by the City Council in March 2009, thus aligning user fees with the cost of providing related services.
- The City implemented the new ADP payroll and human resources benefits system as an improvement to efficiency and management effectiveness.
- City staff developed a Five Year Capital Improvement Plan to manage and plan for the City's infrastructure which was adopted by the City Council in June 2009.

FINANCIAL INFORMATION

The Finance and Information Technology 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, 2009, only \$441,072 was expended on Federal financial assistance programs; and therefore, a Single Audit is 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. These encumbrances lapse at year-end, and any unexpended balance is eligible to be carried over to the following year's budget appropriations with City Council approval.

Budget to Actual Comparison. The City experienced a small overall favorable budget variance in the General fund for the fiscal year ended June 30, 2009. Actual General fund revenues were approximately \$114,000 less than the amount budgeted, while expenditures and inter-fund transfers were approximately \$1 million less than the amount budgeted. The overall positive variance resulted from the continued careful management of resources during FY08-09.

Debt Administration. At June 30, 2009, 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. The City's investments are currently maintained with U.S. Treasury securities and the State Treasurer's Local Agency Investment Fund (LAIF). LAIF provides high safety and liquidity and is operated specifically for local governments. 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 119 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, 2009, 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.

Fiduciary Operations. The City of Rancho Palos Verdes has a fiduciary fund that is used to account for assets (cash) held by the City in a trustee capacity or as an agent for other governmental units, private organizations or individuals. The trust and agency fund is restricted as to its use and is not available to fund the operating activities of the City and, as such, are offset by a liability equal to the carrying amount of the asset.

OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Diehl, Evans & 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.

Audit Committee. The City Council appointed two Council members to an ad-hoc Audit Committee for 2009. The Audit Committee participated in planning the audit, conducted an exit interview with auditors and received the draft audited financial statements prior to finalizing the document.

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, 2008. This was the 16th 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 Linda Gan-Vanderlinde, the City's new Senior Accountant and Kathryn Downs, Deputy Director of Finance and Information Technology, who coordinated preparation of the report. I wish to acknowledge the assistance of our auditors, Diehl, Evans & Company, LLP and the contributions of other Finance and Information Technology Department staff: Sara Singer, Jane Lin, Selena Wright, Gayle Vanoverbeck, 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,
Dennis McLean
Director of Finance & Information Technology





Sunset in Rancho Palos Verdes

CITY OF RANCHO PALOS VERDES

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2009

CITY COUNCIL

Larry Clark, Mayor

Steve Wolowicz, Mayor Pro-Tem

Peter Gardiner, Councilman

Thomas D. Long, Councilman

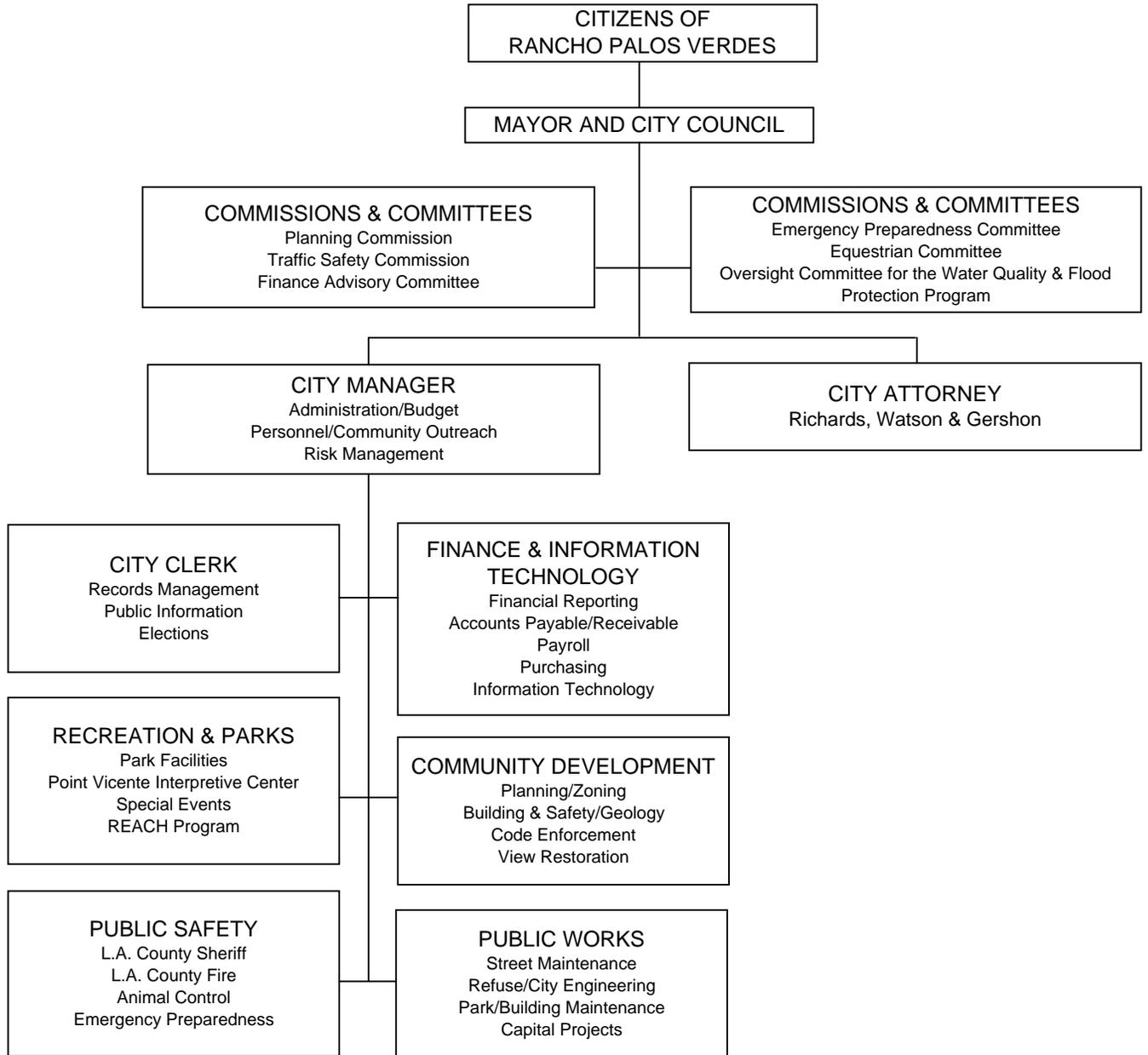
Douglas W. Stern, Councilman

ADMINISTRATION AND DEPARTMENT HEADS

City Manager Carolyn Lehr
Deputy City Manager Carolynn Petru
City Clerk Carla Morreale
Director of Finance and Information Technology Dennis McLean
Director of Planning, Building and Code Enforcement Joel Rojas
Director of Public Works Jim Bell
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, 2008

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



Public Trail at Terranea Resort

FINANCIAL SECTION



Terranea Resort



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 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 18, 2009

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rancho Palos Verdes's 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 respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Street Maintenance Special Revenue major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2009, on our consideration of the City of Rancho Palos Verdes's internal control over financial reporting and 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 management's discussion is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis 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 of Rancho Palos Verdes, California's basic financial statements. The introductory section, major fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and combining and individual nonmajor fund financial statements and 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 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.

Diehl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION & ANALYSIS



Docent Hike

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2009

The Management of the City of Rancho Palos Verdes offers readers of the City of Rancho Palos Verdes' Financial Statements this narrative overview and analysis of the City's financial activities for the Fiscal Year ended June 30, 2009. 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, 2009, by \$154,728,813 (*Net Assets*). Of this amount, \$33,385,079 (*Unrestricted Net Assets*) may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City's Total Net Assets increased by \$543,196. This increase is mainly attributable to continued payment of the Redevelopment Agency's long term debt to the County.
- As of June 30, 2009, the City's Governmental Funds reported combined ending Fund Balances of \$23,434,239, an increase of \$590,127 in comparison with the prior year. The increase in combined ending Fund Balances is primarily attributable to revenue received in the Proposition C fund that will be used during FY09-10 for an arterial overlay project.
- As of June 30, 2009, unreserved/undesignated Fund Balance for the General Fund was \$10,440,256 or 49% of total General Fund expenditures and transfers out.
- The City's total debt decreased by \$349,097 (5%) 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).

Both the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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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 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 19-21 of this report.

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

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

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

The City of Rancho Palos Verdes maintained 32 individual Governmental Funds during the Fiscal Year ended June 30, 2009. 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 28 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic Governmental Fund Financial Statements can be found on pages 24-32 of this report.

Proprietary Funds. The City of Rancho Palos Verdes maintains two types of *Proprietary Funds*. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the Government-Wide Financial Statements. The City uses an Enterprise Fund to account for its

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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. These statements can be found on pages 33-35 of this report. The Proprietary Fund Financial Statements provide separate information for the Enterprise Fund and the Internal Service Funds. The Enterprise Fund is presented as a single major fund of the City, while the Internal Service Funds are combined and presented as a single, aggregated presentation in the Statement. 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 38-65 of this report.

Other information. The combining statements referred to earlier in connection with Other Governmental Funds and Internal Service Funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 68-118 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 \$154,728,813 at June 30, 2009. 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 its 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, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and other assets	\$ 44,072,296	\$ 42,756,269	\$ 4,286,089	\$ 8,817,059	\$ 48,358,385	\$ 51,573,328
Capital assets	107,867,070	109,375,667	12,476,664	5,599,028	120,343,734	114,974,695
Total assets	151,939,366	152,131,936	16,762,753	14,416,087	168,702,119	166,548,023
Long-term liabilities outstanding	7,121,149	7,470,246	-	-	7,121,149	7,470,246
Other liabilities	4,674,432	3,815,109	2,177,725	1,077,051	6,852,157	4,892,160
Total liabilities	11,795,581	11,285,355	2,177,725	1,077,051	13,973,306	12,362,406
Invested in capital assets	107,867,070	109,375,667	12,476,664	5,599,028	120,343,734	114,974,695
Restricted	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Unrestricted	31,276,715	30,470,914	2,108,364	7,740,008	33,385,081	38,210,922
Total net assets	\$ 140,143,785	\$ 140,846,581	\$ 14,585,028	\$ 13,339,036	\$ 154,728,813	\$ 154,185,617

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An additional portion of the City's Net Assets (\$1,000,000 or less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Unrestricted Net Assets (\$33,385,079 or 21%) may be used to meet the government's ongoing obligations to its citizens and creditors.

Governmental Activities. Governmental Activities decreased the City's Net Assets by \$702,796.

City of Rancho Palos Verdes Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Program revenues:						
Charges for services	\$ 3,369,955	\$ 4,099,637	\$ -	\$ -	\$ 3,369,955	\$ 4,099,637
Operating contributions and grants	2,963,037	3,569,807	-	-	2,963,037	3,569,807
Capital contributions and grants	642,020	1,472,195	-	-	642,020	1,472,195
General revenues:						
Property taxes	11,462,079	10,935,253	-	-	11,462,079	10,935,253
Other taxes	5,719,141	5,803,960	-	-	5,719,141	5,803,960
Other	855,825	1,854,748	1,682,985	1,504,495	2,538,810	3,359,243
Total revenues	25,012,057	27,735,600	1,682,985	1,504,495	26,695,042	29,240,095
Expenses:						
Administration	6,356,695	4,724,522	-	-	6,356,695	4,724,522
Public safety	4,233,255	4,044,426	-	-	4,233,255	4,044,426
Public works	10,555,058	9,025,725	-	-	10,555,058	9,025,725
Parks and recreation	1,605,276	1,395,769	-	-	1,605,276	1,395,769
Planning, building and code enforcement	2,696,502	2,441,321	-	-	2,696,502	2,441,321
Interest on long-term debt	268,067	269,708	-	-	268,067	269,708
Water Quality Flood Protection	-	-	436,993	300,781	436,993	300,781
Total expenses	25,714,853	21,901,471	436,993	300,781	26,151,846	22,202,252
Increase in net assets before transfers	(702,796)	5,834,129	1,245,992	1,203,714	543,196	7,037,843
Transfers	-	(4,719,193)	-	4,719,193	-	-
Increase in net assets	(702,796)	1,114,936	1,245,992	5,922,907	543,196	7,037,843
Net assets - beginning of fiscal year	140,846,581	139,731,645	13,339,036	7,416,129	154,185,617	147,147,774
Net assets - end of fiscal year	\$ 140,143,785	\$ 140,846,581	\$ 14,585,028	\$ 13,339,036	\$ 154,728,813	\$ 154,185,617

Key elements of this decrease are as follows:

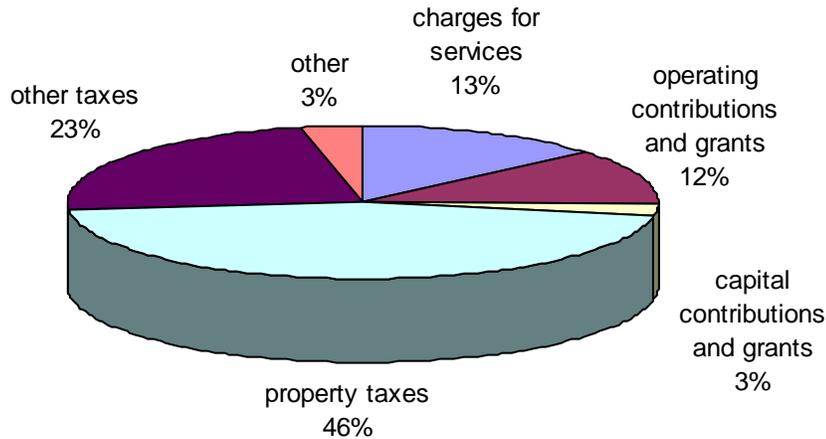
- Due to the slow down of economy and the housing market, licenses, permits and all other user charges declined. Contributions and grants from other governmental agencies were also reduced due to nation-wide reduction of tax revenue, which led to less available federal and state resources to allocate to the City. Compared with last year, program revenue decreased by \$2,166,627 or 24 percent.
- On the other side, the expenses increased in every function. Key factors included the purchase of affordable housing, accelerated reduction of the City's pension liability, and improvements to the City's infrastructure.

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Revenues by Source – Governmental Activities



Business-Type Activities. Business-type activities increased the City's net assets by \$1,245,992 primarily due to collection of storm drain user fees that will be utilized during FY09-10 for projects continued from FY08-09.

Financial Analysis of Governmental Funds

As of the end of the current Fiscal Year, the City's Governmental Funds reported combined ending Fund Balances of \$23,434,239, an increase of \$590,125 in comparison with the prior year. Approximately 57% of the combined ending Fund Balances (about \$13.45 million) constitute unreserved Fund Balance, which is available for spending at the City's discretion. The combined unreserved Fund Balance includes the RDA Debt Service negative unreserved Fund Balance of \$16,283,294. 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 (\$6,219,545), and 2) for a variety of other restricted purposes (\$3,767,141).

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current Fiscal Year, the unreserved Fund Balance of the General Fund was \$11,773,556, while total Fund Balance reached \$18,087,274. 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 55% of total General Fund uses, while total Fund Balance represents 86% of that same amount.

During Fiscal Year 08-09, the Fund Balance of the City's General Fund decreased by \$2,007,063. The City Council adopted a reserve policy that included a Capital Improvement Projects reserve of \$3 million for emergency infrastructure projects. The reserve was funded with a transfer from the General Fund during FY08-09. In addition, there was a favorable General Fund expenditure variance of about \$1 million. The total variance was comprised of insignificant savings in a large number of the General Fund's 32 budget programs. About half of the expenditure variance was concentrated in the City Attorney, Personnel, Information Technology, Park and Building Maintenance, and Building and Safety programs. Most of the expenditure variances were permanent savings for FY08-09 programs.

Compared with the prior year, the Street Maintenance Fund Balance was decreased by \$154,108. This special revenue fund receives restricted revenue sources for street maintenance activities, but is heavily subsidized by the General Fund. The General Fund subsidy for FY08-09

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was reduced to facilitate a planned reduction of the accumulated Street Maintenance fund balance that had grown over time through prior years' favorable expenditure variances.

The Debt Service Fund has a net negative Fund Balance of \$16,283,294. 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 \$754,851, which primarily represents accumulated interest on the advance from the City to the Redevelopment Agency.

As noted above, the Capital Improvement Projects (CIP) Fund received a transfer of \$3,000,000 from the General Fund to be held in reserve for emergency infrastructure projects per the City Council's approved Reserve Policy. In addition, the General Fund transferred almost \$1.5 million to the CIP Fund for the annual residential pavement project. A project was completed using about \$0.9 million of FY08-09 monies, and the remaining appropriation was continued to FY09-10. The remaining \$0.6 million of the FY08-09 General Fund transfer will be used by the CIP Fund during FY09-10 for the next annual residential pavement project.

Financial Analysis of Proprietary Funds

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Unrestricted Net Assets of the Enterprise Fund at the end of the year amounted to \$2,108,364. Unrestricted Net Assets of the Internal Service Funds at the end of the year amounted to \$4,499,049. The total growth in Proprietary Fund type net assets was \$256,589 or 4 percent.

General Fund Budgetary Highlights

The difference between original budgeted expenditures and the final amended budget was a decrease of \$598,885; and is briefly summarized as follows:

- A decrease of \$1,333,300 was attributable to appropriations continued to FY09-10.
- An increase of \$1,277,915 was attributable to appropriations continued from FY07-08.
- Salary and benefit budgets across a number of programs were reduced by about \$427,500 to account for vacant positions.
- Other immaterial reductions totaled approximately \$116,000.

Capital Asset and Debt Administration

Capital Assets. The City's investment in Capital Assets for its governmental activities as of June 30, 2009, amounts to \$107,867,070 (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 about \$1.9 million or a little more than 1 percent.

Major capital asset events during the current Fiscal Year included the following:

- Depreciation of \$3.5 million was recorded for the City's Capital Assets.
- Residential street overlay was completed with a total cost of about \$1.0 million.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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- Two condominium units were purchased for the purpose of providing affordable housing at a total cost of about \$0.8 million.

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

	Governmental Activities	
	June 30, 2009	June 30, 2008
Capital assets not being depreciated		
Land	\$ 32,139,008	\$ 32,139,008
Construction in progress	196,174	156,354
Total capital assets not being depreciated	32,335,182	32,295,362
Capital assets being depreciated, net		
Buildings	7,725,387	7,174,749
Vehicles	153,979	163,410
Computer equipment	71,327	69,569
Furniture, fixtures and equipment	92,471	142,659
Infrastructure		
Roadway system	45,484,324	46,682,868
Sewer system	9,357,693	9,812,802
Storm drain system	10,681,899	10,932,378
Park system	1,964,808	2,101,870
Total capital assets being depreciated, net	75,531,888	77,080,305
Capital Assets, net	\$ 107,867,070	\$ 109,375,667

Additional information on the City's Capital Assets can be found in Note # 4 on pages 52-53 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 \$7,121,149. Of this amount, \$6,805,909 is a liability of the Redevelopment Agency.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2009	June 30, 2008
RDA Tax Increment Bond	\$ 5,315,000	\$ 5,370,000
RDA Deferred Interest Payable	1,490,909	1,785,536
Employee compensated absences	315,240	314,710
Total	\$ 7,121,149	\$ 7,470,246

The City's total debt decreased by \$349,097 (4.7%) during the current Fiscal Year, primarily due to partial payment of the RDA deferred interest payable.

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CITY OF RANCHO PALOS VERDES

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State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,345,594,000. Additional information on the City's long-term debt can be found in Note # 5 on pages 53-56 of this report.

Economic Factors and Next Year's Budgets and Rates

- Local property values remain strong; therefore, Property Tax Revenue (approximately 43 percent of City-Wide Revenues) remains largely unaffected by the downturn in the economy. While other cities in Los Angeles County saw property assessments decrease by as much as 15 percent for FY09-10, the City of Rancho Palos Verdes experienced an overall 1.3 percent increase in property assessments.
- The state declared a fiscal emergency and took a property tax loan from cities for FY09-10. The amount of the City's loan to the state is about \$0.8 million. The City was able to sell the FY09-10 loan receivable; therefore, the City's FY09-10 property tax revenue will remain intact.
- A major hotel development, the Terranea Resort & Spa, opened for business on 102 acres of the City's coastline on June 12, 2009. The Resort employs more than 700 people and generates transient occupancy tax, sales tax, business license tax, and golf tax deposited to the City's General Fund. The Resort is expected to generate total tax revenue of as much as \$8 million annually once it reaches stabilization. The City's FY09-10 budget does not include transient occupancy tax, sales tax, and golf tax to be received from the Resort. After initial revenue trends are demonstrated, adjustments will be made to the City's FY09-10 budget during the Midyear Financial Review.
- The Consumer Price Index for Los Angeles County decreased by 2.2 percent for the 12 months ended June 2009; therefore, the City's FY09-10 budget includes no increases for revenues such as business license tax and expenditures such as employee salaries.

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 and Information Technology Department at 30940 Hawthorne Boulevard, Rancho Palos Verdes, CA 90275 or finance@rpv.com.

BASIC FINANCIAL STATEMENTS



Coast Guard Lighthouse

GOVERNMENT-WIDE STATEMENTS



Docent Hike – Tide Pools

CITY OF RANCHO PALOS VERDES

STATEMENT OF NET ASSETS

June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 39,679,902	\$ 4,252,469	\$ 43,932,371
Receivables:			
Taxes	812,920	-	812,920
Interest	104,288	11,689	115,977
Notes	743,591	-	743,591
Other	843,046	21,931	864,977
Prepaid costs	1,186,157	-	1,186,157
Land held for development	702,392	-	702,392
Capital assets, not being depreciated:			
Land	32,139,008	1,408,493	33,547,501
Construction in progress	196,174	7,419,621	7,615,795
Capital assets, being depreciated, net:			
Property and equipment	317,777	5,906	323,683
Buildings and improvements	7,725,387	-	7,725,387
Infrastructure	67,488,724	3,642,644	71,131,368
TOTAL ASSETS	151,939,366	16,762,753	168,702,119
LIABILITIES:			
Accounts payable and accrued liabilities	3,240,180	1,800,439	5,040,619
Interest payable	20,825	-	20,825
Retentions payable	54,300	377,286	431,586
Unearned revenue	132,074	-	132,074
Deposits payable	1,227,053	-	1,227,053
Long-term liabilities:			
Due within one year	297,908	-	297,908
Due beyond one year	6,823,241	-	6,823,241
TOTAL LIABILITIES	11,795,581	2,177,725	13,973,306
NET ASSETS:			
Invested in capital assets, net of related debt	107,867,070	12,476,664	120,343,734
Restricted for:			
Community development:			
Nonexpendable	1,000,000	-	1,000,000
Unrestricted	31,276,715	2,108,364	33,385,079
TOTAL NET ASSETS	\$ 140,143,785	\$ 14,585,028	\$ 154,728,813

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 6,356,695	\$ 554,947	\$ 4,797	\$ -
Public safety	4,233,255	266,766	100,000	-
Public works	10,555,058	422,535	2,745,219	642,020
Parks and recreation	1,605,276	482,952	-	-
Planning, building and code enforcement	2,696,502	1,642,755	113,021	-
Interest on long-term debt	268,067	-	-	-
Total governmental activities	<u>25,714,853</u>	<u>3,369,955</u>	<u>2,963,037</u>	<u>642,020</u>
Business-type Activity:				
Water Protection Flood Control	<u>436,993</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 26,151,846</u>	<u>\$ 3,369,955</u>	<u>\$ 2,963,037</u>	<u>\$ 642,020</u>

General revenues:
 Taxes:
 Property tax, levied for general purpose
 Property tax, Redevelopment Agency tax increment
 Storm Drain user fees levied for water quality and flood protection
 Transient occupancy tax
 Sales tax
 Franchise tax
 Motor vehicle in lieu tax (unrestricted)
 Utility user tax
 Other taxes
 Investment income
 Unrestricted grants, contributions and other revenues

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See independent auditors' report and notes to financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activity	Total
\$ (5,796,951)	\$ -	\$ (5,796,951)
(3,866,489)	-	(3,866,489)
(6,745,284)	-	(6,745,284)
(1,122,324)	-	(1,122,324)
(940,726)	-	(940,726)
(268,067)	-	(268,067)
(18,739,841)	-	(18,739,841)
-	(436,993)	(436,993)
(18,739,841)	(436,993)	(19,176,834)
10,341,038	-	10,341,038
1,121,041	-	1,121,041
-	1,251,733	1,251,733
85,245	-	85,245
1,052,398	-	1,052,398
1,709,009	-	1,709,009
147,904	-	147,904
2,267,431	-	2,267,431
457,154	-	457,154
630,842	104,601	735,443
224,983	326,651	551,634
18,037,045	1,682,985	19,720,030
(702,796)	1,245,992	543,196
140,846,581	13,339,036	154,185,617
\$ 140,143,785	\$ 14,585,028	\$ 154,728,813



Shoreline Park

FUND FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	ASSETS	General	Special Revenue Street Maintenance
Cash and cash equivalents		\$ 13,896,377	\$ 732,099
Receivables:			
Taxes		764,413	-
Interest		49,688	234
Notes		-	-
Other		501,030	89,472
Due from other funds		444,363	-
Prepaid items		94,175	-
Advances to other funds		16,886,970	-
Land held for development		-	-
TOTAL ASSETS		<u>\$ 32,637,016</u>	<u>\$ 821,805</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities		\$ 2,427,249	\$ 364,581
Due to other funds		-	-
Retentions payable		21,557	32,743
Deferred revenue		10,873,883	-
Advances from other funds		-	-
Deposits payable		1,227,053	-
TOTAL LIABILITIES		<u>14,549,742</u>	<u>397,324</u>
FUND BALANCES (DEFICIT):			
Reserved for:			
Reimbursement settlement agreement		-	-
Prepaid items		94,175	-
Advances to other funds		6,219,543	-
Land held for development		-	-
Housing set-aside		-	-
Habitat restoration		-	-
Unreserved:			
Designated for continuing appropriations:			
General fund		1,333,300	-
Special revenue funds		-	204,000
Capital projects funds		-	-
Undesignated and reported in:			
General fund		10,440,256	-
Special revenue funds		-	220,481
Debt service fund		-	-
Capital projects funds		-	-
Permanent fund		-	-
TOTAL FUND BALANCES (DEFICIT)		<u>18,087,274</u>	<u>424,481</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 32,637,016</u>	<u>\$ 821,805</u>

See independent auditors' report and notes to financial statements.

Debt Service Redevelopment Agency	Capital Projects Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 46,672	\$ 7,245,599	\$ 13,344,754	\$ 35,265,501
15,885	-	32,621	812,919
4	5,590	37,126	92,642
-	-	388,629	388,629
-	1,200	251,344	843,046
-	4,126	-	448,489
541,115	-	20,359	655,649
-	-	-	16,886,970
-	-	702,392	702,392
<u>\$ 603,676</u>	<u>\$ 7,256,515</u>	<u>\$ 14,777,225</u>	<u>\$ 56,096,237</u>
\$ -	\$ 49,335	283,648	\$ 3,124,813
-	-	106,350	106,350
-	-	-	54,300
-	-	388,629	11,262,512
16,886,970	-	-	16,886,970
-	-	-	1,227,053
<u>16,886,970</u>	<u>49,335</u>	<u>778,627</u>	<u>32,661,998</u>
-	-	1,000,000	1,000,000
541,115	-	20,359	655,649
-	-	-	6,219,543
-	-	702,392	702,392
-	-	1,365,359	1,365,359
-	-	43,741	43,741
-	-	-	1,333,300
-	-	206,633	410,633
-	5,682,803	759,368	6,442,171
-	-	-	10,440,256
-	-	7,689,860	7,910,341
(16,824,409)	-	-	(16,824,409)
-	1,524,377	1,848,655	3,373,032
-	-	362,231	362,231
<u>(16,283,294)</u>	<u>7,207,180</u>	<u>13,998,598</u>	<u>23,434,239</u>
<u>\$ 603,676</u>	<u>\$ 7,256,515</u>	<u>\$ 14,777,225</u>	<u>\$ 56,096,237</u>



Fred Hesse Jr. Park

CITY OF RANCHO PALOS VERDES

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

June 30, 2009

Fund balances - total governmental funds	\$ 23,434,239
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	107,549,293
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.	10,667,427
Intergovernmental revenues earned, but not available, are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	74,383
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(20,825)
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	743,591
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(7,121,149)
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>4,816,826</u>
Net assets of governmental activities	<u><u>\$ 140,143,785</u></u>

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2009

	General	Special Revenue Street Maintenance
REVENUES:		
Taxes	\$ 15,656,090	\$ -
Licenses and permits	1,754,687	-
Fines and forfeitures	213,900	-
Use of money and property	935,944	29,561
Charges for services	57,538	105,599
Revenue from other agencies	152,701	1,063,862
Other revenues	145,300	-
	<hr/>	<hr/>
TOTAL REVENUES	18,916,160	1,199,022
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
Administration	4,795,190	-
Public safety	4,200,970	-
Public works	3,034,391	2,064,955
Parks and recreation	1,353,930	-
Planning, building and code enforcement	2,412,150	-
Pass through to other agencies	-	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	15,796,631	2,064,955
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,119,529	(865,933)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Transfers in	177,546	711,825
Transfers out	(5,304,138)	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(5,126,592)	711,825
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	(2,007,063)	(154,108)
	<hr/>	<hr/>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	20,094,337	578,589
	<hr/>	<hr/>
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 18,087,274	\$ 424,481
	<hr/>	<hr/>

See independent auditors' report and notes to financial statements.

<u>Debt Service Redevelopment Agency</u>	<u>Capital Projects Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 900,840	\$ -	\$ 1,016,192	\$ 17,573,122
-	-	-	1,754,687
-	-	-	213,900
222	45,986	228,171	1,239,884
-	-	-	163,137
-	658,198	1,700,629	3,575,390
-	-	321,870	467,170
<u>901,062</u>	<u>704,184</u>	<u>3,266,862</u>	<u>24,987,290</u>
18,509	-	101,089	4,914,788
-	-	32,285	4,233,255
-	-	1,975,703	7,075,049
-	-	-	1,353,930
-	-	311,322	2,723,472
187,211	-	-	187,211
-	1,501,477	957,790	2,459,267
349,627	-	-	349,627
1,100,566	-	-	1,100,566
<u>1,655,913</u>	<u>1,501,477</u>	<u>3,378,189</u>	<u>24,397,165</u>
<u>(754,851)</u>	<u>(797,293)</u>	<u>(111,327)</u>	<u>590,125</u>
-	4,608,507	317,542	5,815,420
-	-	(511,282)	(5,815,420)
-	4,608,507	(193,740)	-
(754,851)	3,811,214	(305,067)	590,125
(15,528,443)	3,395,966	14,303,665	22,844,114
<u>\$ (16,283,294)</u>	<u>\$ 7,207,180</u>	<u>\$ 13,998,598</u>	<u>\$ 23,434,239</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

For the year ended June 30, 2009

Net change in fund balances - total governmental funds \$ 590,125

Amounts reported for governmental activities in the Statement of Activities are different 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 reconciled as follows:	
Cost of assets capitalized	1,895,345
Depreciation expense	(3,346,081)
Unpaid accrued interest income is deferred in the governmental funds since it is not available. This income is accrued in the Statement of Activities.	832,441
Intergovernmental revenues earned, but not available are deferred in the fund financial statements.	(7,822)
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.	58
Increases in long-term notes receivable use current financial resources and are included in the expenditures of governmental funds. Repayments of long-term notes receivables 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.	(26,556)
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.	(530)
Principal payments on debt are recorded as expenditures in the funds. The expenditure is not recognized in the Statement of Activities since it reduces the liability reported on the Statement of Net Assets. Principal payments consisted of the following:	
Redevelopment Agency tax increment bond	55,000
Redevelopment Agency deferred interest payable	294,627
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.	<u>(989,403)</u>
Change in net assets of governmental activities	<u>\$ (702,796)</u>

See independent auditors' report and 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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 16,245,100	\$ 15,810,100	\$ 15,656,090	\$ (154,010)
Licenses and permits	1,601,913	1,691,913	1,754,687	62,774
Fines and forfeitures	276,600	241,600	213,900	(27,700)
Use of money and property	1,020,950	860,950	935,944	74,994
Charges for services	58,200	58,200	57,538	(662)
Revenue from other agencies	332,500	222,500	152,701	(69,799)
Other revenues	145,300	145,300	145,300	-
TOTAL REVENUES	19,680,563	19,030,563	18,916,160	(114,403)
EXPENDITURES:				
Current:				
Administration	5,216,637	5,093,555	4,795,190	298,365
Public safety	4,300,890	4,322,370	4,200,970	121,400
Public works	3,675,857	3,354,494	3,034,391	320,103
Parks and recreation	1,440,990	1,434,260	1,353,930	80,330
Planning, building and code enforcement	2,753,620	2,584,430	2,412,150	172,280
TOTAL EXPENDITURES	17,387,994	16,789,109	15,796,631	992,478
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,292,569	2,241,454	3,119,529	878,075
OTHER FINANCING SOURCES (USES):				
Transfers in	230,246	206,246	177,546	(28,700)
Transfers out	(2,453,386)	(5,381,288)	(5,304,138)	77,150
TOTAL OTHER FINANCING SOURCES (USES)	(2,223,140)	(5,175,042)	(5,126,592)	48,450
NET CHANGE IN FUND BALANCE	69,429	(2,933,588)	(2,007,063)	926,525
FUND BALANCE - BEGINNING OF YEAR	20,094,337	20,094,337	20,094,337	-
FUND BALANCE - END OF YEAR	\$ 20,163,766	\$ 17,160,749	\$ 18,087,274	\$ 926,525

See independent auditors' report and 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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 9,000	\$ 9,000	\$ 29,561	\$ 20,561
Charges for services	4,000	4,000	105,599	101,599
Revenue from other agencies	1,210,829	1,210,829	1,063,862	(146,967)
TOTAL REVENUES	1,223,829	1,223,829	1,199,022	(24,807)
EXPENDITURES:				
Current:				
Public works	1,964,845	2,097,145	2,064,955	32,190
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(741,016)	(873,316)	(865,933)	7,383
OTHER FINANCING SOURCES:				
Transfers in	641,825	711,825	711,825	-
NET CHANGE IN FUND BALANCE	(99,191)	(161,491)	(154,108)	7,383
FUND BALANCE - BEGINNING OF YEAR	578,589	578,589	578,589	-
FUND BALANCE - END OF YEAR	\$ 479,398	\$ 417,098	\$ 424,481	\$ 7,383

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2009

	<u>Business-type Activity- Water Quality Flood Protection Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,252,469	\$ 4,414,401
Receivables:		
Interest	11,689	11,646
Other	21,931	-
Prepaid items	-	530,508
	<u>4,286,089</u>	<u>4,956,555</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets, not being depreciated:		
Land	1,408,493	-
Construction in progress	7,419,621	-
Capital assets, being depreciated:		
Property and equipment	11,813	1,346,194
Infrastructure	3,850,856	-
Accumulated depreciation	(214,119)	(1,028,417)
	<u>12,476,664</u>	<u>317,777</u>
TOTAL NONCURRENT ASSETS		
	<u>16,762,753</u>	<u>5,274,332</u>
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Due to other funds	-	342,139
Accounts payable and accrued liabilities	1,800,439	115,367
Retentions payable	377,286	-
	<u>2,177,725</u>	<u>457,506</u>
TOTAL CURRENT LIABILITIES		
NET ASSETS		
Invested in capital assets	12,476,664	317,777
Unrestricted	2,108,364	4,499,049
	<u>14,585,028</u>	<u>4,816,826</u>
TOTAL NET ASSETS		

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2009

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES:		
Charges for services	-	\$ 1,795,734
OPERATING EXPENSES:		
Personnel services	8,902	2,318,464
Materials and supplies	60,645	186,188
Maintenance	281,664	223,940
Depreciation	85,782	142,663
TOTAL OPERATING EXPENSES	<u>436,993</u>	<u>2,871,255</u>
OPERATING INCOME (LOSS)	<u>(436,993)</u>	<u>(1,075,521)</u>
NONOPERATING REVENUES:		
Other revenues	326,651	1,580
Interest income	104,601	84,538
Storm drain user fees	1,251,733	-
TOTAL NONOPERATING REVENUES	<u>1,682,985</u>	<u>86,118</u>
CHANGE IN NET ASSETS	1,245,992	(989,403)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>13,339,036</u>	<u>5,806,229</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 14,585,028</u>	<u>\$ 4,816,826</u>

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended June 30, 2009

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ 1,795,734
Payments to suppliers	(342,309)	(306,993)
Payments to employees	(8,902)	(2,717,372)
	<u>(351,211)</u>	<u>(1,228,631)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(5,862,744)	(84,801)
	<u>(5,862,744)</u>	<u>(84,801)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from storm drain user fees	1,253,920	342,139
	<u>1,253,920</u>	<u>342,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	453,786	99,293
	<u>453,786</u>	<u>99,293</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,506,249)	(872,000)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,758,718	5,286,401
	<u>8,758,718</u>	<u>5,286,401</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,252,469</u>	<u>\$ 4,414,401</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (436,993)	\$ (1,075,521)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	85,782	142,663
Changes in operating assets and liabilities:		
Increase in prepaid items	-	(382,011)
Decrease in accrued liabilities	-	86,238
	<u>(351,211)</u>	<u>(1,228,631)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (351,211)</u>	<u>\$ (1,228,631)</u>

See independent auditors' report and notes to financial statements.



Trump National Golf Course

NOTES TO FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 entities, the RDA and the Authority are so intertwined with the City, they are, in substance, part of the City's operations.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accordingly, the balances and transactions of the RDA are reported as separate Special Revenue, Debt Service, and Capital Projects Funds. The balances and transactions of the Authority are reported as separate Permanent and Special Revenue Funds. 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 subsidizes maintenance operations performed by the Authority. 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.

Separately issued 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). 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 upon request from the Authority by emailing

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

pvtransit@palosverdes.com or mailing a request to P.O. Box 2656, Palos Verdes Peninsula, CA 90274.

B. Accounting and Reporting Policies

The City has conformed to the pronouncements of the Governmental Accounting Standards Board (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.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *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 Types

- *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”. These two 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, infrastructure, and 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. Program revenue transactions for the City are reported in three categories: 1) Charges for Services, 2) Operating Grants and Contributions, and 3) Capital Grants and Contributions. Charges for Services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating Grants and Contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital Grants and Contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Governmental Fund Financial Statements

Governmental fund financial statements include a “Balance Sheet – Governmental Funds” and “Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds” for all major and other governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the Net 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 City’s primary operating fund. It accounts for all financial resources of the City, except those that are required to be accounted for in another fund.

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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

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. Fund equity is presented as total net assets. The operating statement of proprietary funds presents 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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for services. Operating expenses for the enterprise and internal service funds include the costs of services, employee benefits, maintenance of capital assets, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major enterprise fund

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

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. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the department/function level. 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 \$7,516,017. This increase resulted primarily from the amount carried over from FY07-08 for the McCarrell Canyon storm drain project.

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, 2009, 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, for which there is no immediately available resources to pay, is deferred in the advancing governmental fund and the principal portion of the advance is reported as a reservation of fund balance.

G. Capital Assets

Capital assets include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.); and 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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2009, vested accrued vacation and compensatory time amounted to \$315,240. The General Fund will primarily be used to liquidate the liability for compensated absences in future years.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 short-term U.S. Treasury securities and the State Treasurer's Local Agency Investment Fund, which is a highly liquid investment pool available to local governmental agencies. 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, 2009, 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" (IBNR) claims. 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and are recorded as prepaid items using the consumption method. In governmental funds, the prepaid assets recorded do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reserved. The City had a total of \$1,186,157 (\$655,649 in governmental funds and \$530,508 in internal service funds) of prepaid items as of June 30, 2009.

M. 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.

N. 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.

NOTE #2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets
Total cash and cash equivalents	<u>\$ 43,932,371</u>
Cash and investments as of June 30, 2009 consist of the following:	
Petty Cash	\$ 2,500
Deposits with Financial Institutions	4,336,392
Investments	<u>39,593,479</u>
Total cash and investments	<u>\$ 43,932,371</u>

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #2 – CASH AND INVESTMENTS (continued)

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Amount or Percent of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	3 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	15%	None
Money Market Mutual Funds	N/A	15%	15%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Savings/Demand Deposits	N/A	\$5 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, there is a greater sensitivity of its fair value to changes in market interest rates. The City manages its exposure to interest rate risk by purchasing a combination of U.S. Treasury securities and investing with the Local Agency Investment Fund (LAIF) such that the portfolio provides cash flows and liquidity need for operations. The City’s investment is represented by shares in the pool, which can be withdrawn in one business day. The average maturity of the pool is less than one year.

<u>Investment Type</u>	<u>Remaining Maturity (in Months) 12 Months or Less</u>
State Investment Pool	\$ 30,274,905
U.S. Treasury Securities	9,318,574
	<u>\$ 39,593,479</u>

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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; and U.S. Treasury Securities are exempt from disclosure.

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. As of June 30, 2009, the City's investments in LAIF and U.S. Treasury Securities were exempt from concentration of credit risk disclosure.

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 \$4,095,665 at June 30, 2009.

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #2 – CASH AND INVESTMENTS (continued)

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 pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

NOTE #3 – INTERFUND TRANSACTIONS

Inter-fund balances consisted of the following at June 30, 2009:

		Due To		
		Capital		
		General	Improvement	
		Fund	Capital Project	
		Funds	Funds	Totals
Due From	Other Governmental Funds	\$ 102,224	\$ 4,126	\$ 106,350
	Internal Service Funds	342,139	-	342,139
	Totals:	<u>\$ 444,363</u>	<u>\$ 4,126</u>	<u>\$ 448,489</u>

General fund cash was used to cover the prepayment of the employer pension contribution for FY09-10 in the Employee Benefits Fund. General fund cash was also used to cover grant expenditures in the other Governmental Funds (CDBG and Measure A Funds) until reimbursement is received from the grant agencies. Capital Improvement Projects Fund cash was used to cover TDA Article 3 expenditures in the Bikeways fund that are expected to be reimbursed during FY09-10.

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #3 – INTERFUND TRANSACTIONS (continued)

Inter-fund Advances

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Advances to the Redevelopment Agency	\$ 16,010,044	\$ 876,926	\$ -	\$ 16,886,970

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, 2009, no revenue was available to the RDA to repay the advances due to the City, nor is sufficient revenue expected to be available to repay advances in the immediate future. Variable interest was accrued at a rate of 5.185 percent during the fiscal year ended June 30, 2009. Of the \$16,886,970 advance, \$13,082,972 relates to the Portuguese Bend portion of the RDA, while \$3,803,998 relates to the Abalone Cove portion. During the year ended June 30, 2009, accrued interest of \$644,923 was added to the balance of the advance to the Portuguese Bend Fund, while principal of \$44,485 and accrued interest of \$187,518 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.

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2009, consisted of the following:

		Transfer From		
		Other		
		General Fund	Governmental Funds	Totals
Transfer To	General Fund	\$ -	\$ 177,546	\$ 177,546
	Street Maintenance	455,025	256,800	711,825
	Capital Improvement Projects	4,531,571	76,936	4,608,507
	Other Governmental Funds	317,542	-	317,542
	Totals:	<u>\$ 5,304,138</u>	<u>\$ 511,282</u>	<u>\$ 5,815,420</u>

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #3 – INTERFUND TRANSACTIONS (continued)

Transfers are used to: 1) move revenues from the fund that statute or budget requires for collection to the fund that statute or budget requires for expenditure; 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 infrastructures, whereby depreciation expense and accumulated depreciation has been recorded. The following tables present the capital assets activity for the year ended June 30, 2009.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	32,139,008			32,139,008
Construction in progress	156,354	1,134,335	(1,094,515)	196,174
Total capital assets not being depreciated	<u>32,295,362</u>	<u>1,134,335</u>	<u>(1,094,515)</u>	<u>32,335,182</u>
Capital assets being depreciated:				
Buildings and improvements	8,798,564	761,010		9,559,574
Vehicles	286,392	24,929	(12,092)	299,229
Computer equipment	575,430	13,622	(54,610)	534,442
Furniture, fixtures and equipment	466,266	46,250		512,517
Infrastructure				
Roadway system	81,694,552	980,231		82,674,783
Sewer system	25,755,463			25,755,463
Storm drain system	13,148,416			13,148,416
Parks system	6,169,367	114,284		6,283,651
Total capital assets being depreciated	<u>136,894,450</u>	<u>1,940,326</u>	<u>(66,702)</u>	<u>138,768,075</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,623,815)	(210,372)		(1,834,187)
Vehicles	(122,982)	(46,452)	12,092	(157,342)
Computer equipment	(505,861)	(54,382)	54,610	(505,633)
Furniture, fixtures and equipment	(323,607)	(41,829)		(365,436)
Infrastructure				
Roadway system	(35,011,684)	(2,178,775)		(37,190,459)
Sewer system	(15,942,661)	(455,109)		(16,397,770)
Storm drain system	(2,216,038)	(250,479)		(2,466,517)
Parks system	(4,067,497)	(251,346)		(4,318,843)
Total accumulated depreciation	<u>(59,814,145)</u>	<u>(3,488,744)</u>	<u>66,702</u>	<u>(63,236,187)</u>
Total capital assets being depreciated, net	<u>77,080,305</u>	<u>(1,548,418)</u>	<u>-</u>	<u>75,531,888</u>
Governmental activities capital assets, net	<u>109,375,667</u>	<u>(414,083)</u>	<u>(1,094,515)</u>	<u>107,867,070</u>

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION (continued)

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

Administration	\$ 210,372
Public Works (including depreciation of general infrastructure Assets)	2,884,363
Recreation Services	251,346
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>142,663</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,488,744</u>

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	1,408,493			1,408,493
Construction in progress	<u>1,850,425</u>	<u>6,963,418</u>	<u>(1,394,222)</u>	<u>7,419,621</u>
Total capital assets not being depreciated	<u>3,258,918</u>	<u>6,963,418</u>	<u>(1,394,222)</u>	<u>8,828,114</u>
Capital assets being depreciated:				
Equipment	11,813			11,813
Storm drain system	<u>2,456,634</u>	<u>1,394,222</u>		<u>3,850,856</u>
Total capital assets being depreciated	<u>2,468,447</u>	<u>1,394,222</u>	<u>-</u>	<u>3,862,669</u>
Less accumulated depreciation for:				
Equipment	(3,544)	(2,363)		(5,907)
Storm drain system	<u>(124,793)</u>	<u>(83,419)</u>		<u>(208,212)</u>
Total accumulated depreciation	<u>(128,337)</u>	<u>(85,782)</u>	<u>-</u>	<u>(214,119)</u>
Total capital assets being depreciated, net	<u>2,340,110</u>	<u>1,308,440</u>	<u>-</u>	<u>3,648,550</u>
Business-type activities capital assets, net	<u>5,599,028</u>	<u>8,271,858</u>	<u>(1,394,222)</u>	<u>12,476,664</u>

Depreciation expense of \$85,782 is included in the Water Quality Flood Protection enterprise fund.

NOTE #5 – LONG-TERM DEBT

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amount Due in 2009
RDA Tax Increment Bond	\$ 5,370,000	\$ -	\$ (55,000)	\$ 5,315,000	\$ 65,000
RDA Deferred Interest Payable	1,785,536	-	(294,627)	1,490,909	-
Employee Compensated Absences	314,710	233,046	(232,516)	315,240	232,908
Totals	<u>\$ 7,470,246</u>	<u>\$ 233,046</u>	<u>\$ (582,143)</u>	<u>\$ 7,121,149</u>	<u>\$ 297,908</u>

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #5 – LONG-TERM DEBT (continued)

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.

Per the terms of the Agreement, \$1,000,000 of the proceeds was deposited in the Abalone Cove Permanent Fund of the Joint Powers Improvement Authority. The remainder of the proceeds was accounted for in the 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 ended June 30, 2002 with no additional interest. The remaining balance of \$10,274,119 was scheduled for payment to the County over a 20-year period beginning in the fiscal year ended June 30, 2002, with interest at 7.7654 percent.

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #5 – LONG-TERM DEBT (continued)

On November 1, 1997, the City, the RDA and the County of Los Angeles entered into a Memorandum of Understanding (MOU) agreeing to restructure the repayment schedule of the debt owed to the County by the RDA. In accordance with the terms of the MOU, the \$10,000,000 loan principal owed to the County was cancelled. As consideration for the loan cancellation, the 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 began maturing in installments each December 2nd, commencing December 2, 2004. Interest accrues at a rate of 5 percent per annum and is payable in arrears each June 2nd and December 2nd.

Additionally, both the accrued interest and deferred interest on the \$10,000,000 Loan previously owed the County was retroactively recalculated from the Loan origination date at a rate of approximately 5 percent compared to 7.7654 percent per the original Agreement. The recalculated deferred interest was \$3,111,400. In accordance with the MOU, the recalculated deferred interest does not accrue additional interest. As of June 30, 2009, a total of \$1,620,491 in accumulated tax increment has been applied against this balance, including \$294,627 applied during fiscal year 2008-09. The remaining balance at June 30, 2009, was \$1,490,909. 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, 2009.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #5 – LONG-TERM DEBT (continued)

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, and 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 Ending June 30,	Principal	Interest	Total
2010	65,000	265,125	330,125
2011	85,000	260,375	345,375
2012	100,000	255,750	355,750
2013	120,000	250,250	370,250
2014	135,000	243,875	378,875
2015-2019	1,020,000	1,087,500	2,107,500
2020-2024	1,730,000	748,250	2,478,250
2025-2028	2,060,000	216,750	2,276,750
Totals	<u>5,315,000</u>	<u>3,327,875</u>	<u>8,642,875</u>

B. Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$232,908 is estimated to be the amount that will be used and/or paid out during fiscal year 2009-10.

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, Net of Related Debt

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

**NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE
(continued)**

category as does any outstanding balance on debt incurred in acquiring or constructing the capital assets.

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.

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, 2009 are presented below, followed by explanations of the nature and purpose of each reserve and designation.

	General Fund	Street Maintenance Fund	RDA Debt Service Fund	Capital Improvement Fund	Other Governmental Funds
Reserved:					
Reimbursement settlement agreement	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Advances to other funds	6,219,545	-	-	-	-
Prepaid items	94,175	-	541,115	-	20,359
Land held for development	-	-	-	-	702,392
Housing set-aside	-	-	-	-	1,365,359
Habitat restoration	-	-	-	-	43,741
Totals Reserved	\$ 6,313,720	\$ -	\$ 541,115	\$ -	\$ 3,131,851
Designated:					
Continuing Appropriations:					
General fund	\$ 1,333,300	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	204,000	-	-	206,633
Capital projects funds	-	-	-	5,682,803	759,368
Totals Designated	\$ 1,333,300	\$ 204,000	\$ -	\$ 5,682,803	\$ 966,001

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

***NOTE #6 – CLASSIFICATIONS OF NET ASSETS AND FUND BALANCE
(continued)***

A. Reserved for Reimbursement Settlement Agreement

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

B. 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 \$10,667,427 recorded as deferred revenue (see Note #11).

C. 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.

D. 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.

E. Reserved for Housing Set-Aside

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

F. Reserved for Habitat Restoration

These funds are reserved as required by the City's Natural Community Conservation Plan to provide for future habitat restoration in the City's open space preserve.

G. Designated for Continuing Appropriations

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #7 – PENSION PLAN

Plan Description

The City provides a defined benefit pension plan that includes retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Miscellaneous 2.5% at 55 Risk Pool of the California Public Employee's Retirement System (CalPERS), a cost-sharing, multi-employer public employee defined benefit pension plan administered by CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814 or downloaded from their website at www.calpers.gov.

Funding Policy

The contribution requirements of plan members are established by State statute and the employer contribution rate is established and amended by CalPERS. Active City employees are required to contribute 8% of their annual covered salary. The City pays 6.5% of the contribution for all the full-time positions, and 1% of the contribution for part-time employees. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The FY08-09 rate was 15.275% of covered payroll. The City's contributions to CalPERS for the years ending June 30, 2009, 2008 and 2007 were \$1,508,304, \$747,183 and \$631,220, respectively, and were equal to the required contribution for each year.

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. The City's pooled employer contribution rate is the same as the stand-alone employer contribution rate. At the time of joining the mandatory pooled plan, CalPERS established an employer side fund to account for the difference between the funded status of the pooled plan and the funded status of the City's plan. The amortization of the side fund is included in the determination of the City's annual required contribution.

The funded status of the pooled plan may be obtained from CalPERS.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #8 – LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION

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 122 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, 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.

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). 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's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$2,000,000 to \$50,000,000 are currently paid by excess insurance subject to a \$3,000,000 annual aggregate deductible and a quota-sharing agreement whereby CJPIA is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. Costs of covered claims for subsidence losses are paid by excess insurance with \$25,000,000 sub-limits per member per occurrence and a \$15,000,000 annual aggregate. The overall protection for each member is \$50,000,000 per occurrence. Administrative expenses are paid from CJPIA investment earnings.

Workers' Compensation

The City also participates in the workers' compensation pool administered by CJPIA. Each member pays a primary deposit to cover estimated losses for a

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #8 – LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION (continued)

fiscal year (claims year). After the close of the fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. 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 the loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Administrative expenses are paid from CJPIA investment earnings.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

Purchased Insurance

Environmental Insurance

The City participates in the pollution legal liability and remediation legal liability insurance, which is available through 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, 2008 through July 1, 2011. 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. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. The City currently has all-risk property insurance protection in the amount of \$12,469,951. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #8 – LIABILITY, INSURED PROGRAMS AND WORKERS' COMPENSATION PROTECTION (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 \$12,437,404. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

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, 2009.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #9 – CONTINGENCIES AND COMMITMENTS (continued)

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 citywide emergency repairs were required, including those to repair sinkholes along Western Avenue. The City received reimbursement from the Federal Emergency Management Agency in the amount of approximately \$1.2 million. Of that amount, \$274,430 is currently reserved in the Capital Improvement Projects Fund, 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.

The repairs of the sinkholes, noted above, 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.

Building Moratorium

There is longstanding building moratorium in the landslide area of the City. Several landowners with parcels in this area filed a lawsuit claiming an unconstitutional taking of their property due to the building moratorium and the City's adoption in 2002 of a safety standard that must be satisfied before development could occur in this area. The landowners claim that the City has made it impossible for them to satisfy the exception to the moratorium that would allow development of the parcels.

Judgment was entered for the City after a three-month trial in the Superior Court. However, the California Court of Appeal reversed the trial court's decision. The landowners are seeking a trial on the issue of damages, which they assert exceed \$32 million. The trial is currently scheduled for February 2010. The City has repealed the resolution that was adopted in 2002 and intends to demonstrate to the court that it has adopted a reasonable process to enable development of the parcels in question; which is designed to negate the plaintiffs' claims for monetary damages.

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CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #9 – CONTINGENCIES AND COMMITMENTS (continued)

Supplemental Educational Revenue Augmentation Funds Contributions for the Fiscal Years 2009-2010 and 2010-2011

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$ 1.7 billion for the fiscal year 2009-2010 and \$ 350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the CRA filed a class action lawsuit in behalf of all California redevelopment agencies, challenging the SERAF obligations as unconstitutional.

The Agency's proposed SERAF contributions under AB 26 4x are \$330,125 for the fiscal year 2009-2010 and approximately \$68,000 for 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. However, if the class action lawsuit is unsuccessful, and if the Agency were required to make these SERAF contributions, Agency officials have estimated that the Agency would have sufficient funds to make the required contributions.

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	January 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, 2009 consisted of the following:

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #11 – DEFERRED REVENUES (continued)

General Fund:

Accrued interest from long-term advance to the RDA	\$ 10,667,427
Advance on federal grant	108,034
Revenue earned but not available	97,465
Cash on deposit for the Del Cerro lighting district	957

Capital Improvements Projects Fund:

Advance on local grant

Other Governmental Funds:

Long-term notes receivable offset (loans expended when made) 388,629

Total Deferred Revenues \$ 11,262,512

NOTE #12 – LAND HELD FOR DEVELOPMENT

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

A developer submitted an application for a senior condominium housing project with an affordable housing component. The project was planned to utilize a parcel owned by the Agency and a neighboring private parcel. The developer withdrew the application, and currently the property owner of the neighboring private parcel is moving forward with a senior condominium project on only that parcel. In September 2007, the City/Agency made a decision to move forward with development of only the Agency parcel with a senior affordable housing project. In September 2008, the Agency entered into an Exclusive Negotiating Agreement with AMCAL: Multi-Housing Inc. On March 3, 2009, the City Council/Agency Board approved AMCAL's proposed 34-unit senior affordable housing project, which includes 33 rental units of affordable housing and 1 market rate rental unit for an on-site manager. On March 17, 2009, the Agency approved a Disposition and Development Agreement (DDA) with AMCAL. In September 2009 the project was awarded Tax Credits from the California Tax Credit Allocation Committee, which will be an important funding source for the project. Per the DDA, the Agency anticipates transferring the Agency's land to the developer for construction of the proposed senior affordable housing project in December 2009. The fund balance in the RDA Housing Set-Aside fund has been reserved for an amount equal to the purchase price of the land. Remaining funds in the RDA Housing Set-Aside fund will be used towards the development of this project, as well as other affordable housing.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following funds had deficit fund balances as of June 30, 2009:

Major Fund:

RDA Debt Service Fund	\$16,283,294
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Other Governmental Fund:

CDBG	6
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Rancho Palos Verdes TV Channel	4,714
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The City plans to finance those fund deficits through future revenues and transfers from other funds.

SUPPLEMENTARY INFORMATION

CITY OF RANCHO PALOS VERDES

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

REDEVELOPMENT AGENCY DEBT SERVICE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 826,800	\$ 826,800	\$ 900,840	\$ 74,040
Use of money and property	-	-	222	222
TOTAL REVENUES	<u>826,800</u>	<u>826,800</u>	<u>901,062</u>	<u>74,262</u>
EXPENDITURES:				
Current:				
Administration	13,900	13,900	18,509	(4,609)
Pass through to other agencies	175,700	175,700	187,211	(11,511)
Debt service:				
Principal	382,975	382,975	349,627	33,348
Interest and fiscal charges	1,153,084	1,153,084	1,100,566	52,518
TOTAL EXPENDITURES	<u>1,725,659</u>	<u>1,725,659</u>	<u>1,655,913</u>	<u>69,746</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(898,859)	(898,859)	(754,851)	144,008
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(15,528,443)</u>	<u>(15,528,443)</u>	<u>(15,528,443)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (16,427,302)</u></u>	<u><u>\$ (16,427,302)</u></u>	<u><u>\$ (16,283,294)</u></u>	<u><u>\$ 144,008</u></u>

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 21,200	\$ 21,200	\$ 45,986	\$ 24,786
Revenue from other agencies	252,000	892,620	658,198	(234,422)
TOTAL REVENUES	273,200	913,820	704,184	(209,636)
EXPENDITURES:				
Capital outlay	3,008,772	2,262,081	1,501,477	760,604
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,735,572)	(1,348,261)	(797,293)	550,968
OTHER FINANCING SOURCES:				
Transfers in	2,524,942	6,521,942	4,608,507	(1,913,435)
NET CHANGE IN FUND BALANCE	(210,630)	5,173,681	3,811,214	(1,362,467)
FUND BALANCE - BEGINNING OF YEAR	3,395,966	3,395,966	3,395,966	-
FUND BALANCE - END OF YEAR	<u>\$ 3,185,336</u>	<u>\$ 8,569,647</u>	<u>\$ 7,207,180</u>	<u>\$ (1,362,467)</u>

See independent auditors' report.



Trump National Golf Course

CITY OF RANCHO PALOS VERDES

JUNE 30, 2009

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 to the common area of the El Prado neighborhood.

Redevelopment Agency 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 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 (1972 Act) – to account for revenues and costs associated with the City's landscaping and lighting district.

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

CITY OF RANCHO PALOS VERDES

JUNE 30, 2009

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues Fund Descriptions (continued)

Joint Powers Improvement Authority - 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 habitat restoration efforts on City owned property.

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 also known as Oceanfront Estates.

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.

Rancho Palos Verdes TV Channel – to account for donations and General Fund subsidies used to operate the City's cable television channel.

Dr. Allen and Charlotte Ginsburg Cultural Arts Building (Ginsburg Cultural Art Bldg) – to account for a private donation to be used for either construction of a building at the Upper Point Vicente Civic Center to be used for dancing and other cultural activities, or for the purchase of open space within the City for habitat conservation and passive recreational purposes.

Donor Restricted Contributions – to account for donations received to construct or acquire recreational facilities within the City.

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 that are used for the construction of bikeways and pedestrian facilities.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2009

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds Descriptions (continued)

Redevelopment Agency - Abalone Cove – to account for monies used for landslide abatement in the Abalone Cove area of the Redevelopment Agency Project Area.

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

Quimby – to account for developer paid fees or the dedication of land for park and recreation purposes.

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

Redevelopment Agency - Portuguese Bend – to account for monies used for landslide abatement in the Portuguese Bend area of the Redevelopment Agency 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.

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 - 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

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2009

	Special Revenue Funds			
	Air Quality Management	CDBG	El Prado	Redevelopment Agency Housing Set-Aside
ASSETS				
Cash and cash equivalents	\$ 39,270	\$ -	\$ 11,081	\$ 1,357,928
Receivables:				
Taxes	-	-	84	3,922
Interest	74	-	30	4,454
Notes	-	388,629	-	-
Other	13,432	57,309	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	702,392
TOTAL ASSETS	\$ 52,776	\$ 445,938	\$ 11,195	\$ 2,068,696
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ 5,937	\$ 57	\$ 945
Due to other funds	-	51,378	-	-
Deferred revenue	-	388,629	-	-
TOTAL LIABILITIES	-	445,944	57	945
FUND BALANCES:				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	702,392
Housing set-aside	-	-	-	1,365,359
Habitat restoration	-	-	-	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Undesignated reported in:				
Special revenue funds	52,776	(6)	11,138	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	52,776	(6)	11,138	2,067,751
TOTAL LIABILITIES AND FUND BALANCES	\$ 52,776	\$ 445,938	\$ 11,195	\$ 2,068,696

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition A	Proposition C	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ 197,388	\$ 2,558,650	\$ 1,351,728	\$ 178,626	\$ 9,278	\$ 54,323
-	-	-	-	-	4,752
431	6,475	3,563	606	262	564
-	-	-	-	-	-
-	-	47,452	28,835	25,000	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 197,819</u>	<u>\$ 2,565,125</u>	<u>\$ 1,402,743</u>	<u>\$ 208,067</u>	<u>\$ 34,540</u>	<u>\$ 59,639</u>
\$ 125	\$ 126	\$ 35,492	\$ 33,962	\$ -	\$ 980
-	-	-	-	-	-
-	-	-	-	-	-
<u>125</u>	<u>126</u>	<u>35,492</u>	<u>33,962</u>	<u>-</u>	<u>980</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11,000	60,000	33,633	-
-	-	-	-	-	-
197,694	2,564,999	1,356,251	114,105	907	58,659
-	-	-	-	-	-
-	-	-	-	-	-
<u>197,694</u>	<u>2,564,999</u>	<u>1,367,251</u>	<u>174,105</u>	<u>34,540</u>	<u>58,659</u>
<u>\$ 197,819</u>	<u>\$ 2,565,125</u>	<u>\$ 1,402,743</u>	<u>\$ 208,067</u>	<u>\$ 34,540</u>	<u>\$ 59,639</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2009

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
ASSETS				
Cash and cash equivalents	\$ 1,662,300	\$ 238,158	\$ 278,873	\$ 773,101
Receivables:				
Taxes	22,653	-	-	-
Interest	4,528	516	426	1,879
Notes	-	-	-	-
Other	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
TOTAL ASSETS	\$ 1,689,481	\$ 238,674	\$ 279,299	\$ 774,980
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 56,874	\$ 7,061	\$ 54,119	\$ 7,644
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	56,874	7,061	54,119	7,644
FUND BALANCES:				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
Housing set-aside	-	-	-	-
Habitat restoration	-	-	43,741	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	70,000	-
Capital projects funds	-	-	-	-
Undesignated reported in:				
Special revenue funds	1,632,607	231,613	111,439	767,336
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	1,632,607	231,613	225,180	767,336
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,689,481	\$ 238,674	\$ 279,299	\$ 774,980

See independent auditors' report.

Special Revenue Funds (Continued)

Measure A	Abalone Cove Sewer Assessment District	Rancho Palos Verdes TV Channel	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions	Total Special Revenue Funds
\$ 7,440	\$ 125,884	\$ 20,179	\$ 499,196	\$ 2,077	\$ 9,365,480
-	1,210	-	-	-	32,621
89	300	-	1,307	5	25,509
-	-	-	-	-	388,629
77,245	-	-	-	-	249,273
-	-	3,051	-	-	3,051
-	-	-	-	-	702,392
<u>\$ 84,774</u>	<u>\$ 127,394</u>	<u>\$ 23,230</u>	<u>\$ 500,503</u>	<u>\$ 2,082</u>	<u>\$ 10,766,955</u>
\$ -	\$ 33,800	\$ 27,944	\$ -	\$ -	\$ 265,066
50,846	-	-	-	-	102,224
-	-	-	-	-	388,629
<u>50,846</u>	<u>33,800</u>	<u>27,944</u>	<u>-</u>	<u>-</u>	<u>755,919</u>
-	-	-	-	-	-
-	-	3,051	-	-	3,051
-	-	-	-	-	702,392
-	-	-	-	-	1,365,359
-	-	-	-	-	43,741
-	32,000	-	-	-	206,633
-	-	-	-	-	-
33,928	61,594	(7,765)	500,503	2,082	7,689,860
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,928</u>	<u>93,594</u>	<u>(4,714)</u>	<u>500,503</u>	<u>2,082</u>	<u>10,011,036</u>
<u>\$ 84,774</u>	<u>\$ 127,394</u>	<u>\$ 23,230</u>	<u>\$ 500,503</u>	<u>\$ 2,082</u>	<u>\$ 10,766,955</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2009

	Capital Projects Funds			
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby
ASSETS				
Cash and cash equivalents	\$ 1,998	\$ 6,149	\$ 852,397	\$ 25,105
Receivables:				
Taxes	-	-	-	-
Interest	57	22	2,214	65
Notes	-	-	-	-
Other	2,071	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
TOTAL ASSETS	\$ 4,126	\$ 6,171	\$ 854,611	\$ 25,170
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 15,318	\$ -
Due to other funds	4,126	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	4,126	-	15,318	-
FUND BALANCES:				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
Housing set-aside	-	-	-	-
Habitat restoration	-	-	-	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	92,000	-
Undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	6,171	747,293	25,170
Permanent funds	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	-	6,171	839,293	25,170
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,126	\$ 6,171	\$ 854,611	\$ 25,170

See independent auditors' report.

Capital Projects Funds (Continued)					Permanent Fund		
Affordable Housing	Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds	
\$ 836,166	\$ 522,131	\$ 273,063	\$ 101,291	\$ 2,618,300	\$ 1,360,974	\$ 13,344,754	
-	-	-	-	-	-	32,621	
2,167	1,707	707	262	7,201	4,416	37,126	
-	-	-	-	-	-	388,629	
-	-	-	-	2,071	-	251,344	
-	17,308	-	-	17,308	-	20,359	
-	-	-	-	-	-	702,392	
<u>\$ 838,333</u>	<u>\$ 541,146</u>	<u>\$ 273,770</u>	<u>\$ 101,553</u>	<u>\$ 2,644,880</u>	<u>\$ 1,365,390</u>	<u>\$ 14,777,225</u>	
\$ -	\$ 105	\$ -	\$ -	\$ 15,423	\$ 3,159	\$ 283,648	
-	-	-	-	4,126	-	106,350	
-	-	-	-	-	-	388,629	
<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>19,549</u>	<u>3,159</u>	<u>778,627</u>	
-	-	-	-	-	1,000,000	1,000,000	
-	17,308	-	-	17,308	-	20,359	
-	-	-	-	-	-	702,392	
-	-	-	-	-	-	1,365,359	
-	-	-	-	-	-	43,741	
-	-	-	-	-	-	206,633	
667,368	-	-	-	759,368	-	759,368	
-	-	-	-	-	-	7,689,860	
170,965	523,733	273,770	101,553	1,848,655	-	1,848,655	
-	-	-	-	-	362,231	362,231	
<u>838,333</u>	<u>541,041</u>	<u>273,770</u>	<u>101,553</u>	<u>2,625,331</u>	<u>1,362,231</u>	<u>13,998,598</u>	
<u>\$ 838,333</u>	<u>\$ 541,146</u>	<u>\$ 273,770</u>	<u>\$ 101,553</u>	<u>\$ 2,644,880</u>	<u>\$ 1,365,390</u>	<u>\$ 14,777,225</u>	

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2009

	Special Revenue Funds			
	Air Quality Management	CDBG	El Prado	Redevelopment Agency Housing Set-Aside
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,827	\$ 220,201
Use of money and property	455	-	173	27,391
Revenue from other agencies	50,124	113,021	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	50,579	113,021	2,000	247,592
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	-	434	-
Planning, building and code enforcement	-	-	-	308,806
Capital outlay	-	92,364	-	432,094
TOTAL EXPENDITURES	50,000	92,364	434	740,900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	579	20,657	1,566	(493,308)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(20,646)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(20,646)	-	-
NET CHANGE IN FUND BALANCES	579	11	1,566	(493,308)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	52,197	(17)	9,572	2,561,059
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 52,776	\$ (6)	\$ 11,138	\$ 2,067,751

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition A	Proposition C	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,138
2,351	36,944	22,672	4,582	1,625	1,877
621,569	557,794	-	134,546	100,000	-
-	-	198,398	-	-	-
<u>623,920</u>	<u>594,738</u>	<u>221,070</u>	<u>139,128</u>	<u>101,625</u>	<u>259,015</u>
-	-	-	-	-	-
-	-	-	-	32,285	-
635,047	6,095	168,226	284,573	-	67,661
-	-	-	-	-	-
-	-	-	-	-	-
<u>635,047</u>	<u>6,095</u>	<u>168,226</u>	<u>284,573</u>	<u>32,285</u>	<u>67,661</u>
<u>(11,127)</u>	<u>588,643</u>	<u>52,844</u>	<u>(145,445)</u>	<u>69,340</u>	<u>191,354</u>
-	-	-	-	-	-
(15,150)	-	(12,784)	-	(100,000)	(180,000)
<u>(15,150)</u>	<u>-</u>	<u>(12,784)</u>	<u>-</u>	<u>(100,000)</u>	<u>(180,000)</u>
(26,277)	588,643	40,060	(145,445)	(30,660)	11,354
<u>223,971</u>	<u>1,976,356</u>	<u>1,327,191</u>	<u>319,550</u>	<u>65,200</u>	<u>47,305</u>
<u>\$ 197,694</u>	<u>\$ 2,564,999</u>	<u>\$ 1,367,251</u>	<u>\$ 174,105</u>	<u>\$ 34,540</u>	<u>\$ 58,659</u>

(Continued)

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2009

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
REVENUES:				
Taxes	\$ 492,705	\$ -	\$ -	\$ -
Use of money and property	27,552	3,969	2,585	12,331
Revenue from other agencies	-	-	-	-
Other revenues	-	-	6,528	-
TOTAL REVENUES	520,257	3,969	9,113	12,331
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	402,551	82,253	124,687	50,755
Planning, building and code enforcement	-	-	-	-
Capital outlay	-	-	7,503	-
TOTAL EXPENDITURES	402,551	82,253	132,190	50,755
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	117,706	(78,284)	(123,077)	(38,424)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	82,252	115,000	55,000
Transfers out	(76,800)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(76,800)	82,252	115,000	55,000
NET CHANGE IN FUND BALANCES	40,906	3,968	(8,077)	16,576
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	1,591,701	227,645	233,257	750,760
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,632,607	\$ 231,613	\$ 225,180	\$ 767,336

See independent auditors' report.

Special Revenue Funds (Continued)

Measure A	Abalone Cove Sewer Assessment District	Rancho Palos Verdes TV Channel	Dr. Allen and Charlotte Ginsburg Cultural Arts Building	Donor Restricted Contributions	Total Special Revenue Funds
\$ -	\$ 44,321	\$ -	\$ -	\$ -	\$ 1,016,192
1,478	2,021	192	8,458	34	156,690
98,945	-	-	-	-	1,675,999
-	7,829	-	-	-	212,755
<u>100,423</u>	<u>54,171</u>	<u>192</u>	<u>8,458</u>	<u>34</u>	<u>3,061,636</u>
-	-	101,089	-	-	101,089
-	-	-	-	-	32,285
-	50,355	-	-	-	1,922,637
-	-	-	-	-	308,806
-	38,635	-	-	-	570,596
<u>-</u>	<u>88,990</u>	<u>101,089</u>	<u>-</u>	<u>-</u>	<u>2,935,413</u>
<u>100,423</u>	<u>(34,819)</u>	<u>(100,897)</u>	<u>8,458</u>	<u>34</u>	<u>126,223</u>
-	10,700	54,590	-	-	317,542
<u>(75,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(481,280)</u>
<u>(75,900)</u>	<u>10,700</u>	<u>54,590</u>	<u>-</u>	<u>-</u>	<u>(163,738)</u>
24,523	(24,119)	(46,307)	8,458	34	(37,515)
<u>9,405</u>	<u>117,713</u>	<u>41,593</u>	<u>492,045</u>	<u>2,048</u>	<u>10,048,551</u>
<u>\$ 33,928</u>	<u>\$ 93,594</u>	<u>\$ (4,714)</u>	<u>\$ 500,503</u>	<u>\$ 2,082</u>	<u>\$ 10,011,036</u>

(Continued)

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2009

	Capital Projects Funds			
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	174	119	14,237	416
Revenue from other agencies	24,630	-	-	-
Other revenues	-	-	59,111	-
TOTAL REVENUES	24,804	119	73,348	416
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Planning, building and code enforcement	-	-	-	-
Capital outlay	-	-	58,278	-
TOTAL EXPENDITURES	-	-	58,278	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,804	119	15,070	416
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(30,002)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(30,002)	-	-	-
NET CHANGE IN FUND BALANCES	(5,198)	119	15,070	416
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	5,198	6,052	824,223	24,754
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 6,171	\$ 839,293	\$ 25,170

See independent auditors' report.

Capital Projects Funds (Continued)				Permanent Fund		
Affordable Housing	Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,192
14,534	9,712	4,529	1,678	45,399	26,082	228,171
-	-	-	-	24,630	-	1,700,629
-	50,004	-	-	109,115	-	321,870
<u>14,534</u>	<u>59,716</u>	<u>4,529</u>	<u>1,678</u>	<u>179,144</u>	<u>26,082</u>	<u>3,266,862</u>
-	-	-	-	-	-	101,089
-	-	-	-	-	-	32,285
-	17,934	-	-	17,934	35,132	1,975,703
2,516	-	-	-	2,516	-	311,322
<u>328,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,194</u>	<u>-</u>	<u>957,790</u>
<u>331,432</u>	<u>17,934</u>	<u>-</u>	<u>-</u>	<u>407,644</u>	<u>35,132</u>	<u>3,378,189</u>
<u>(316,898)</u>	<u>41,782</u>	<u>4,529</u>	<u>1,678</u>	<u>(228,500)</u>	<u>(9,050)</u>	<u>(111,327)</u>
-	-	-	-	-	-	317,542
-	-	-	-	(30,002)	-	(511,282)
-	-	-	-	(30,002)	-	(193,740)
<u>(316,898)</u>	<u>41,782</u>	<u>4,529</u>	<u>1,678</u>	<u>(258,502)</u>	<u>(9,050)</u>	<u>(305,067)</u>
<u>1,155,231</u>	<u>499,259</u>	<u>269,241</u>	<u>99,875</u>	<u>2,883,833</u>	<u>1,371,281</u>	<u>14,303,665</u>
<u>\$ 838,333</u>	<u>\$ 541,041</u>	<u>\$ 273,770</u>	<u>\$ 101,553</u>	<u>\$ 2,625,331</u>	<u>\$ 1,362,231</u>	<u>\$ 13,998,598</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,310	\$ 1,310	\$ 455	\$ (855)
Revenue from other agencies	50,000	50,000	50,124	124
TOTAL REVENUES	51,310	51,310	50,579	(731)
EXPENDITURES:				
Current:				
Public works	50,000	50,000	50,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,310	1,310	579	(731)
FUND BALANCE - BEGINNING OF YEAR	52,197	52,197	52,197	-
FUND BALANCE - END OF YEAR	\$ 53,507	\$ 53,507	\$ 52,776	\$ (731)

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 188,908	\$ 188,908	\$ 113,021	\$ (75,887)
EXPENDITURES:				
Capital outlay	168,262	168,262	92,364	75,898
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,646	20,646	20,657	11
OTHER FINANCING USES:				
Transfers out	(20,646)	(20,646)	(20,646)	-
NET CHANGE IN FUND BALANCE	-	-	11	11
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(17)	(17)	(17)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (17)	\$ (17)	\$ (6)	\$ 11

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,820	\$ 1,820	\$ 1,827	\$ 7
Use of money and property	210	210	173	(37)
TOTAL REVENUES	2,030	2,030	2,000	(30)
EXPENDITURES:				
Current:				
Public works	900	900	434	466
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,130	1,130	1,566	436
FUND BALANCE - BEGINNING OF YEAR	9,572	9,572	9,572	-
FUND BALANCE - END OF YEAR	\$ 10,702	\$ 10,702	\$ 11,138	\$ 436

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

REDEVELOPMENT AGENCY HOUSING SET-ASIDE SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 204,600	\$ 204,600	\$ 220,201	\$ 15,601
Use of money and property	31,400	31,400	27,391	(4,009)
TOTAL REVENUES	236,000	236,000	247,592	11,592
EXPENDITURES:				
Current:				
Planning, building and code enforcement	25,000	174,670	308,806	(134,136)
Land	-	-	432,094	(432,094)
Capital outlay	-	1,212,637	-	1,212,637
TOTAL EXPENDITURES	25,000	1,387,307	740,900	646,407
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	211,000	(1,151,307)	(493,308)	657,999
FUND BALANCE - BEGINNING OF YEAR	2,561,059	2,561,059	2,561,059	-
FUND BALANCE - END OF YEAR	\$ 2,772,059	\$ 1,409,752	\$ 2,067,751	\$ 657,999

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,600	\$ 5,600	\$ 2,351	\$ (3,249)
Revenue from other agencies	721,300	721,300	621,569	(99,731)
TOTAL REVENUES	726,900	726,900	623,920	(102,980)
EXPENDITURES:				
Current:				
Public works	644,893	644,893	635,047	9,846
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,007	82,007	(11,127)	(93,134)
OTHER FINANCING USES:				
Transfers out	(18,200)	(18,200)	(15,150)	3,050
NET CHANGE IN FUND BALANCE	63,807	63,807	(26,277)	(90,084)
FUND BALANCE - BEGINNING OF YEAR	223,971	223,971	223,971	-
FUND BALANCE - END OF YEAR	\$ 287,778	\$ 287,778	\$ 197,694	\$ (90,084)

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 15,300	\$ 15,300	\$ 36,944	\$ 21,644
Revenue from other agencies	601,100	601,100	557,794	(43,306)
TOTAL REVENUES	616,400	616,400	594,738	(21,662)
EXPENDITURES:				
Current:				
Public works	5,700	5,700	6,095	(395)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	610,700	610,700	588,643	(22,057)
OTHER FINANCING USES:				
Transfers out	(608,671)	(2,408,671)	-	2,408,671
NET CHANGE IN FUND BALANCE	2,029	(1,797,971)	588,643	2,386,614
FUND BALANCE - BEGINNING OF YEAR	1,976,356	1,976,356	1,976,356	-
FUND BALANCE - END OF YEAR	\$ 1,978,385	\$ 178,385	\$ 2,564,999	\$ 2,386,614

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 22,300	\$ 22,300	\$ 22,672	\$ 372
Other revenues	195,000	195,000	198,398	3,398
TOTAL REVENUES	217,300	217,300	221,070	3,770
EXPENDITURES:				
Current:				
Public works	265,940	467,784	168,226	299,558
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(48,640)	(250,484)	52,844	303,328
OTHER FINANCING USES:				
Transfers out	(155,200)	(160,200)	(12,784)	147,416
NET CHANGE IN FUND BALANCE	(203,840)	(410,684)	40,060	450,744
FUND BALANCE - BEGINNING OF YEAR	1,327,191	1,327,191	1,327,191	-
FUND BALANCE - END OF YEAR	\$ 1,123,351	\$ 916,507	\$ 1,367,251	\$ 450,744

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,540	\$ 5,540	\$ 4,582	\$ (958)
Revenue from other agencies	135,000	172,500	134,546	(37,954)
TOTAL REVENUES	140,540	178,040	139,128	(38,912)
EXPENDITURES:				
Current:				
Public works	337,160	314,660	284,573	30,087
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(196,620)	(136,620)	(145,445)	(8,825)
OTHER FINANCING USES:				
Transfers out	(7,000)	(7,000)	-	7,000
NET CHANGE IN FUND BALANCE	(203,620)	(143,620)	(145,445)	(1,825)
FUND BALANCE - BEGINNING OF YEAR	319,550	319,550	319,550	-
FUND BALANCE - END OF YEAR	\$ 115,930	\$ 175,930	\$ 174,105	\$ (1,825)

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 720	\$ 720	\$ 1,625	\$ 905
Revenue from other agencies	100,000	100,000	100,000	-
TOTAL REVENUES	100,720	100,720	101,625	905
EXPENDITURES:				
Current:				
Public safety	-	32,285	32,285	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,720	68,435	69,340	905
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	720	(31,565)	(30,660)	905
FUND BALANCE - BEGINNING OF YEAR	65,200	65,200	65,200	-
FUND BALANCE - END OF YEAR	\$ 65,920	\$ 33,635	\$ 34,540	\$ 905

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 257,273	\$ 257,273	\$ 257,138	\$ (135)
Use of money and property	800	800	1,877	1,077
TOTAL REVENUES	258,073	258,073	259,015	942
EXPENDITURES:				
Current:				
Public works	67,900	67,900	67,661	239
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	190,173	190,173	191,354	1,181
OTHER FINANCING USES:				
Transfers out	(180,000)	(180,000)	(180,000)	-
NET CHANGE IN FUND BALANCE	10,173	10,173	11,354	1,181
FUND BALANCE - BEGINNING OF YEAR	47,305	47,305	47,305	-
FUND BALANCE - END OF YEAR	\$ 57,478	\$ 57,478	\$ 58,659	\$ 1,181

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 375,000	\$ 375,000	\$ 492,705	\$ 117,705
Use of money and property	35,000	35,000	27,552	(7,448)
TOTAL REVENUES	410,000	410,000	520,257	110,257
EXPENDITURES:				
Current:				
Public works	480,000	480,000	402,551	77,449
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(70,000)	(70,000)	117,706	187,706
OTHER FINANCING USES:				
Transfers out	(76,800)	(76,800)	(76,800)	-
NET CHANGE IN FUND BALANCE	(146,800)	(146,800)	40,906	187,706
FUND BALANCE - BEGINNING OF YEAR	1,591,701	1,591,701	1,591,701	-
FUND BALANCE - END OF YEAR	\$ 1,444,901	\$ 1,444,901	\$ 1,632,607	\$ 187,706

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

JOINT POWERS IMPROVEMENT AUTHORITY PORTUGUESE BEND SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,880	\$ 3,880	\$ 3,969	\$ 89
EXPENDITURES:				
Current:				
Public works	135,100	135,100	82,253	52,847
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,220)	(131,220)	(78,284)	52,936
OTHER FINANCING SOURCES:				
Transfers in	91,500	91,500	82,252	(9,248)
NET CHANGE IN FUND BALANCE	(39,720)	(39,720)	3,968	43,688
FUND BALANCE - BEGINNING OF YEAR	227,645	227,645	227,645	-
FUND BALANCE - END OF YEAR	\$ 187,925	\$ 187,925	\$ 231,613	\$ 43,688

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,400	\$ 4,400	\$ 2,585	\$ (1,815)
Other revenues	-	-	6,528	6,528
TOTAL REVENUES	4,400	4,400	9,113	4,713
EXPENDITURES:				
Current:				
Public works	123,200	123,200	124,687	(1,487)
Capital outlay	5,000	38,877	7,503	31,374
TOTAL EXPENDITURES	128,200	162,077	132,190	29,887
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(123,800)	(157,677)	(123,077)	(25,174)
OTHER FINANCING SOURCES:				
Transfers in	115,000	115,000	115,000	-
NET CHANGE IN FUND BALANCE	(8,800)	(42,677)	(8,077)	(25,174)
FUND BALANCE - BEGINNING OF YEAR	233,257	233,257	233,257	-
FUND BALANCE - END OF YEAR	\$ 224,457	\$ 190,580	\$ 225,180	\$ (25,174)

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 18,900	\$ 12,000	\$ 12,331	\$ 331
EXPENDITURES:				
Current:				
Public works	65,900	65,900	50,755	15,145
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(47,000)	(53,900)	(38,424)	15,476
OTHER FINANCING SOURCES:				
Transfers in	40,000	55,000	55,000	-
NET CHANGE IN FUND BALANCE	(7,000)	1,100	16,576	15,476
FUND BALANCE - BEGINNING OF YEAR	750,760	750,760	750,760	-
FUND BALANCE - END OF YEAR	\$ 743,760	\$ 751,860	\$ 767,336	\$ 15,476

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

MEASURE A SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 1,478	\$ 678
Revenue from other agencies	66,000	166,000	98,945	(67,055)
TOTAL REVENUES	66,800	166,800	100,423	(66,377)
OTHER FINANCING USES:				
Transfers out	(99,900)	(175,900)	(75,900)	100,000
NET CHANGE IN FUND BALANCE	(33,100)	(9,100)	24,523	33,623
FUND BALANCE - BEGINNING OF YEAR	9,405	9,405	9,405	-
FUND BALANCE - END OF YEAR	\$ (23,695)	\$ 305	\$ 33,928	\$ 33,623

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 44,750	\$ 44,750	\$ 44,321	\$ (429)
Use of money and property	460	460	2,021	1,561
Other revenues	-	-	7,829	7,829
TOTAL REVENUES	45,210	45,210	54,171	8,961
EXPENDITURES:				
Current:				
Public works	65,800	65,800	50,355	15,445
Capital Outlay	-	38,000	38,635	(635)
TOTAL EXPENDITURE	65,800	103,800	88,990	14,810
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,590)	(58,590)	(34,819)	(5,849)
OTHER FINANCING SOURCES:				
Transfers in	10,700	10,700	10,700	-
NET CHANGE IN FUND BALANCE	(9,890)	(47,890)	(24,119)	(5,849)
FUND BALANCE - BEGINNING OF YEAR	117,713	117,713	117,713	-
FUND BALANCE - END OF YEAR	\$ 107,823	\$ 69,823	\$ 93,594	\$ (5,849)

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

RANCHO PALOS VERDES TV CHANNEL SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 150	\$ 150	\$ 192	\$ 42
Other revenues	1,000	1,000	-	(1,000)
TOTAL REVENUES	1,150	1,150	192	(958)
EXPENDITURES:				
Current:				
Administration	116,890	101,090	101,089	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(115,740)	(99,940)	(100,897)	(957)
OTHER FINANCING SOURCES:				
Transfers in	119,590	54,590	54,590	-
NET CHANGE IN FUND BALANCE	3,850	(45,350)	(46,307)	(957)
FUND BALANCE - BEGINNING OF YEAR	41,593	41,593	41,593	-
FUND BALANCE - END OF YEAR	\$ 45,443	\$ (3,757)	\$ (4,714)	\$ (957)

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

DR. ALLEN AND CHARLOTTE GINSBURG CULTURAL ARTS BUILDING SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 12,200	\$ 12,200	\$ 8,458	\$ (3,742)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,200	12,200	8,458	(3,742)
FUND BALANCE - BEGINNING OF YEAR	492,045	492,045	492,045	-
FUND BALANCE - END OF YEAR	\$ 504,245	\$ 504,245	\$ 500,503	\$ (3,742)

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

DONOR RESTRICTED CONTRIBUTIONS SPECIAL REVENUE FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 34	\$ 34
FUND BALANCE - BEGINNING OF YEAR	<u>2,048</u>	<u>2,048</u>	<u>2,048</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,048</u>	<u>\$ 2,048</u>	<u>\$ 2,082</u>	<u>\$ 34</u>

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 174	\$ 174
Revenue from other agencies	25,000	26,802	24,630	(2,172)
TOTAL REVENUES	25,000	26,802	24,804	(1,998)
OTHER FINANCING USES:				
Transfers out	(25,000)	(32,000)	(30,002)	1,998
NET CHANGE IN FUND BALANCE	-	(5,198)	(5,198)	-
FUND BALANCE - BEGINNING OF YEAR	5,198	5,198	5,198	-
FUND BALANCE - END OF YEAR	\$ 5,198	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

REDEVELOPMENT AGENCY ABALONE COVE CAPITAL PROJECTS FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 150	\$ 150	\$ 119	\$ (31)
FUND BALANCE - BEGINNING OF YEAR	6,052	6,052	6,052	-
FUND BALANCE - END OF YEAR	<u>\$ 6,202</u>	<u>\$ 6,202</u>	<u>\$ 6,171</u>	<u>\$ (31)</u>

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 19,600	\$ 19,600	\$ 14,237	\$ (5,363)
Other revenues	74,240	74,240	59,111	(15,129)
TOTAL REVENUES	93,840	93,840	73,348	(20,492)
EXPENDITURES:				
Capital outlay	-	58,295	58,278	17
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	93,840	35,545	15,070	(20,475)
OTHER FINANCING USES:				
Transfers out	(29,000)	(29,000)	-	29,000
NET CHANGE IN FUND BALANCE	64,840	6,545	15,070	8,525
FUND BALANCE - BEGINNING OF YEAR	824,223	824,223	824,223	-
FUND BALANCE - END OF YEAR	<u>\$ 889,063</u>	<u>\$ 830,768</u>	<u>\$ 839,293</u>	<u>\$ 8,525</u>

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 310	\$ 310	\$ 416	\$ 106
Other	12,000	12,000	-	(12,000)
TOTAL REVENUES	12,310	12,310	416	(11,894)
EXPENDITURES:				
Current:				
Capital outlay	-	25,000	-	25,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,310	(12,690)	416	13,106
FUND BALANCE - BEGINNING OF YEAR	24,754	24,754	24,754	-
FUND BALANCE - END OF YEAR	\$ 37,064	\$ 12,064	\$ 25,170	\$ 13,106

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 19,500	\$ 19,500	\$ 14,534	\$ (4,966)
EXPENDITURES:				
Current:				
Planning, building and code enforcement	-	-	2,516	(2,516)
Land	-	-	328,916	(328,916)
Capital outlay	-	331,432	-	331,432
TOTAL EXPENDITURE	-	331,432	331,432	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,500	(311,932)	(316,898)	(4,966)
FUND BALANCE - BEGINNING OF YEAR	1,155,231	1,155,231	1,155,231	-
FUND BALANCE - END OF YEAR	<u>\$ 1,174,731</u>	<u>\$ 843,299</u>	<u>\$ 838,333</u>	<u>\$ (4,966)</u>

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

REDEVELOPMENT AGENCY PORTUGUESE BEND CAPITAL PROJECTS FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,900	\$ 10,900	\$ 9,712	\$ (1,188)
Other revenues	-	-	50,004	50,004
TOTAL REVENUES	10,900	10,900	59,716	48,816
EXPENDITURES:				
Current:				
Public works	26,300	26,300	17,934	8,366
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,400)	(15,400)	41,782	57,182
FUND BALANCE - BEGINNING OF YEAR	499,259	499,259	499,259	-
FUND BALANCE - END OF YEAR	\$ 483,859	\$ 483,859	\$ 541,041	\$ 57,182

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,800	\$ 6,800	\$ 4,529	\$ (2,271)
FUND BALANCE - BEGINNING OF YEAR	269,241	269,241	269,241	-
FUND BALANCE - END OF YEAR	<u>\$ 276,041</u>	<u>\$ 276,041</u>	<u>\$ 273,770</u>	<u>\$ (2,271)</u>

See independent auditors' report.

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 1,678	\$ (822)
FUND BALANCE - BEGINNING OF YEAR	99,875	99,875	99,875	-
FUND BALANCE - END OF YEAR	<u>\$ 102,375</u>	<u>\$ 102,375</u>	<u>\$ 101,553</u>	<u>\$ (822)</u>

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

JOINT POWERS IMPROVEMENT AUTHORITY ABALONE COVE PERMANENT FUND

For the year ended June 30, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 32,900	\$ 32,900	\$ 26,082	\$ (6,818)
EXPENDITURES:				
Current:				
Public works	106,776	106,776	35,132	71,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(73,876)	(73,876)	(9,050)	64,826
FUND BALANCE - BEGINNING OF YEAR	1,371,281	1,371,281	1,371,281	-
FUND BALANCE - END OF YEAR	\$ 1,297,405	\$ 1,297,405	\$ 1,362,231	\$ 64,826

See independent auditors' report.



Terranea Resort

CITY OF RANCHO PALOS VERDES

JUNE 30, 2009

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 for all employees charged to various City departments.

CITY OF RANCHO PALOS VERDES

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

June 30, 2009

ASSETS	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,049,521	\$ 1,364,880	\$ -	\$ 4,414,401
Receivables:				
Interest	7,957	3,606	83	11,646
Prepaid items	-	-	530,508	530,508
	<u>3,057,478</u>	<u>1,368,486</u>	<u>530,591</u>	<u>4,956,555</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS:				
Capital assets:				
Property and equipment	1,346,194	-	-	1,346,194
Accumulated depreciation	(1,028,417)	-	-	(1,028,417)
	<u>317,777</u>	<u>-</u>	<u>-</u>	<u>317,777</u>
TOTAL NONCURRENT ASSETS				
TOTAL ASSETS				
	<u>3,375,255</u>	<u>1,368,486</u>	<u>530,591</u>	<u>5,274,332</u>
LIABILITIES				
CURRENT LIABILITIES:				
Due to other funds	-	-	342,139	342,139
Accounts payable and accrued liabilities	89,321	42,435	(16,389)	115,367
	<u>89,321</u>	<u>42,435</u>	<u>325,750</u>	<u>457,506</u>
TOTAL LIABILITIES				
NET ASSETS				
Invested in capital assets	317,777	-	-	317,777
Unrestricted	2,968,157	1,326,051	204,841	4,499,049
	<u>\$ 3,285,934</u>	<u>\$ 1,326,051</u>	<u>\$ 204,841</u>	<u>\$ 4,816,826</u>
TOTAL NET ASSETS				

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS**

For the year ended June 30, 2009

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
OPERATING REVENUES:				
Charges for services	\$ 180,600	\$ -	\$ 1,615,134	\$ 1,795,734
OPERATING EXPENSES:				
Personnel services	-	-	2,318,464	2,318,464
Materials and supplies	186,188	-	-	186,188
Maintenance	17,842	206,098	-	223,940
Depreciation	142,663	-	-	142,663
TOTAL OPERATING EXPENSES	346,693	206,098	2,318,464	2,871,255
OPERATING INCOME (LOSS)	(166,093)	(206,098)	(703,330)	(1,075,521)
NONOPERATING REVENUES:				
Other revenues	1,580	-	-	1,580
Investment income	51,192	24,419	8,927	84,538
TOTAL NONOPERATING REVENUES	52,772	24,419	8,927	86,118
CHANGE IN NET ASSETS	(113,321)	(181,679)	(694,403)	(989,403)
TOTAL NET ASSETS - BEGINNING OF YEAR	3,399,255	1,507,730	899,244	5,806,229
TOTAL NET ASSETS - END OF YEAR	\$ 3,285,934	\$ 1,326,051	\$ 204,841	\$ 4,816,826

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the year ended June 30, 2009

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 180,600	\$ -	\$ 1,615,134	\$ 1,795,734
Payments to suppliers	(139,242)	(167,751)	-	(306,993)
Payments to employees	-	-	(2,717,372)	(2,717,372)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
	41,358	(167,751)	(1,102,238)	(1,228,631)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(84,801)	-	-	(84,801)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds			342,139	342,139
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends	59,074	27,960	12,259	99,293
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	15,631	(139,791)	(747,840)	(872,000)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR				
	3,033,890	1,504,671	747,840	5,286,401
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 3,049,521</u>	<u>\$ 1,364,880</u>	<u>\$ -</u>	<u>\$ 4,414,401</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (166,093)	\$ (206,098)	\$ (703,330)	\$ (1,075,521)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	142,663	-	-	142,663
Changes in operating assets and liabilities:				
(Increase) decrease in prepaid items	-	-	(382,011)	(382,011)
Increase (decrease) in accrued liabilities	64,788	38,347	(16,897)	86,238
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
	<u>\$ 41,358</u>	<u>\$ (167,751)</u>	<u>\$ (1,102,238)</u>	<u>\$ (1,228,631)</u>

See independent auditors' report.

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>	120
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	127
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>	131
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>	134
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>	136

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 Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 93,636	\$ 94,895	\$ 92,499	\$ 94,023	\$ 109,991	\$ 109,746	\$ 109,376	\$ 107,867
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000	1,000
Unrestricted	13,666	13,004	14,271	15,659	16,024	17,823	30,471	31,277
Total governmental activities net assets	<u>\$ 117,629</u>	<u>\$ 118,560</u>	<u>\$ 118,356</u>	<u>\$ 121,757</u>	<u>\$ 138,432</u>	<u>\$ 139,732</u>	<u>\$ 140,847</u>	<u>\$ 140,144</u>
Business-type activities								
Invested in capital assets, net of related debt					\$ 1,311	\$ 2,158	\$ 5,599	\$ 12,477
Restricted								
Unrestricted				\$ 2,000	2,799	5,258	7,740	2,108
Total business-type activities net assets				<u>\$ 2,000</u>	<u>\$ 4,110</u>	<u>\$ 7,416</u>	<u>\$ 13,339</u>	<u>\$ 14,585</u>
Primary government								
Invested in capital assets, net of related debt	\$ 93,636	\$ 94,895	\$ 92,499	\$ 94,023	\$ 111,302	\$ 111,904	\$ 114,975	\$ 120,344
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000	1,000
Unrestricted	13,666	13,004	14,271	17,659	18,823	23,081	38,211	33,385
Total primary government net assets	<u>\$ 117,629</u>	<u>\$ 118,560</u>	<u>\$ 118,356</u>	<u>\$ 123,757</u>	<u>\$ 142,542</u>	<u>\$ 147,148</u>	<u>\$ 154,186</u>	<u>\$ 154,729</u>

The information in this table is not available prior to Fiscal Year 2002, as the City did not implement GASB 34 until Fiscal Year 2002.

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
Administration	\$ 3,069	\$ 3,294	\$ 3,499	\$ 4,055	\$ 4,350	\$ 4,953	\$ 4,724	\$ 6,357
Public safety	2,898	3,094	3,024	3,079	3,437	3,751	4,044	4,233
Public works	7,283	7,954	7,462	9,488	9,290	9,969	9,026	10,555
Parks and recreation	687	809	948	1,065	1,659	1,439	1,396	1,605
Planning, building and code enforcement	1,916	2,170	2,296	2,223	2,060	2,631	2,441	2,697
Interest on long-term debt	273	273	273	272	270	271	270	268
Total governmental activities expenses	<u>16,126</u>	<u>17,594</u>	<u>17,502</u>	<u>20,182</u>	<u>21,066</u>	<u>23,014</u>	<u>21,901</u>	<u>25,715</u>
Business-type activities:								
Water Quality Flood Protection					47	271	301	437
Total primary government expenses	<u>\$ 16,126</u>	<u>\$ 17,594</u>	<u>\$ 17,502</u>	<u>\$ 20,182</u>	<u>\$ 21,113</u>	<u>\$ 23,285</u>	<u>\$ 22,202</u>	<u>\$ 26,152</u>
Program Revenues								
Governmental activities:								
Charges for services:								
Administration	\$ 157	\$ 87	\$ 69	\$ 62	\$ 35	\$ 29	\$ 538	\$ 555
Public safety	433	235	165	163	224	332	316	267
Public works	78	252	217	131	37	185	1,002	422
Parks and recreation	10	8	6	41	45	51	483	483
Planning, building and code enforcement	979	1,202	1,363	1,188	1,319	1,599	1,760	1,643
Operating grants and contributions	6,877	2,971	2,836	2,728	3,894	4,200	3,570	2,963
Capital grants and contributions	706	131	37	4,524	17,299	317	1,472	642
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>	<u>6,713</u>	<u>9,141</u>	<u>6,975</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>	<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>	<u>\$ 6,713</u>	<u>\$ 9,141</u>	<u>\$ 6,975</u>
Net (expense)/revenue								
Governmental activities	\$ (6,886)	\$(12,708)	\$(12,809)	\$(11,345)	\$ 1,787	\$(16,301)	\$(12,760)	\$(18,740)
Business-type activities	-	-	-	-	(47)	(271)	(301)	(437)
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>	<u>\$ (16,572)</u>	<u>\$ (13,061)</u>	<u>\$ (19,177)</u>

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

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 5,253	\$ 5,335	\$ 5,706	\$ 5,840	\$ 9,621	\$ 10,235	\$ 10,935	\$ 11,462
Franchise taxes	1,139	1,087	1,275	1,307	1,454	1,512	1,599	1,709
Sales taxes	1,093	1,003	1,205	1,276	1,214	1,381	1,056	1,053
Utility user taxes	1,812	1,832	1,851	1,901	2,191	2,271	2,329	2,267
Other taxes	2,744	3,495	2,867	4,545	727	363	820	690
Investment income	814	371	331	594	997	1,615	1,555	735
Other	(67)	517	2,481	1,283	793	2,101	300	225
Transfers				(2,000)	(2,109)	(2,017)	(4,719)	-
Total governmental activities	<u>12,788</u>	<u>13,640</u>	<u>15,716</u>	<u>14,746</u>	<u>14,888</u>	<u>17,461</u>	<u>13,875</u>	<u>18,141</u>
Business-type activities:								
Investment income					48	51	283	105
User Fees					-	1,188	1,222	1,578
Other					-	320		
Transfers				2,000	2,109	2,017	4,719	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,157</u>	<u>3,576</u>	<u>6,224</u>	<u>1,683</u>
Total primary government	<u>\$ 12,788</u>	<u>\$ 13,640</u>	<u>\$ 15,716</u>	<u>\$ 16,746</u>	<u>\$ 17,045</u>	<u>\$ 21,037</u>	<u>\$ 20,099</u>	<u>\$ 19,824</u>
Change in Net Assets								
Governmental activities	\$ 5,902	\$ 932	\$ 2,907	\$ 3,401	\$ 16,675	\$ 1,160	\$ 1,115	\$ (599)
Business-type activities	-	-	-	2,000	2,110	3,305	5,923	1,246
Total primary government net expense	<u>\$ 5,902</u>	<u>\$ 932</u>	<u>\$ 2,907</u>	<u>\$ 5,401</u>	<u>\$ 18,785</u>	<u>\$ 4,465</u>	<u>\$ 7,038</u>	<u>\$ 647</u>

The information in this table is not available prior to Fiscal Year 2002, as the City did not implement GASB 34 until Fiscal Year 2002.

**City of Rancho Palos Verdes
Governmental Activities Tax Revenues By Source
Last Eight 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	1,214	2,191	727 ¹	15,207
2007	10,235	1,512	1,381	2,271	363	15,762
2008	10,935	1,599	1,056	2,329	820	16,739
2009	11,462	1,709	1,053	2,267	690	17,181

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

The information in this table is not available prior to Fiscal Year 2002, as the City did not implement GASB 34 until Fiscal Year 2002.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 6,367	\$ 6,317	\$ 6,571	\$ 6,854	\$ 6,639	\$ 6,021	\$ 6,165	\$ 6,586	\$ 6,645	\$ 6,400
Designated						675	876	786	1,278	1,333
Unreserved, Undesignated	6,791	7,043	7,234	9,607	14,066	14,209	13,649	14,376	12,171	10,354
Total General Fund	<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>\$20,690</u>	<u>\$21,748</u>	<u>\$20,094</u>	<u>\$18,087</u>
All other Governmental Funds										
Reserved	\$ 3,922	\$ 3,406	\$11,256	\$ 7,584	\$ 7,229	\$ 3,147	\$ 3,315	\$ 2,396	\$ 2,724	\$ 3,672
Designated										
Special Revenue Funds						615	744	1,849	1,896	411
Capital Projects Funds	12,163	10,472				2,416	2,799	3,158	4,347	6,442
Permanent Fund							75	65		
Debt Service Fund										
Unreserved, Undesignated, reported in:										
Special Revenue Funds	4,283	4,697	4,753	5,012	5,040	5,902	6,615	6,426	7,494	7,910
Capital Projects Funds			332	534	2,430	3,320	2,077	1,869	1,908	3,373
Permanent Fund			443	460	418	426	329	325	371	362
Debt Service Fund			(10,477)	(10,915)	(12,070)	(12,793)	(13,741)	(14,873)	(15,990)	(16,823)
Total all other Governmental Funds	<u>\$20,368</u>	<u>\$18,575</u>	<u>\$ 6,307</u>	<u>\$ 2,675</u>	<u>\$ 3,047</u>	<u>\$ 3,033</u>	<u>\$ 2,213</u>	<u>\$ 1,215</u>	<u>\$ 2,750</u>	<u>\$ 5,347</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)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues										
Taxes	\$ 9,530	\$ 10,309	\$ 10,677	\$ 11,046	\$ 12,081	\$ 13,573	\$ 15,238	\$ 16,453	\$ 17,062	\$ 17,573
Licenses and permits	1,090	1,164	1,245	1,463	1,310	1,326	1,440	1,763	1,914	1,755
Fines and forfeitures	157	139	117	115	102	108	171	237	260	214
Use of money and property	1,704	1,971	1,153	804	733	1,306	7,038	3,480	2,108	1,240
Charges for services	203	197	217	205	379	152	49	61	60	163
Revenues from other agencies	3,655	4,816	8,170	4,318	3,453	7,848	15,511	4,118	4,647	3,575
Other Revenues	2,137	882	563	554	2,363	1,038	155	201	1,563	467
Total Revenues	<u>18,476</u>	<u>19,478</u>	<u>22,142</u>	<u>18,505</u>	<u>20,421</u>	<u>25,351</u>	<u>39,602</u>	<u>26,313</u>	<u>27,614</u>	<u>24,987</u>
Expenditures										
Administration	1,846	3,052	2,915	3,092	3,328	3,852	4,041	4,607	4,411	4,915
Public Safety	2,662	2,733	2,898	3,094	3,039	3,092	3,438	3,751	4,044	4,233
Public Works	5,552	4,972	7,449	5,292	4,801	6,302	5,277	6,864	5,768	7,075
Parks and Recreation	597	596	669	786	946	965	1,593	1,319	1,281	1,354
Planning, Building and Code Enforcement	1,647	1,778	1,950	2,194	2,362	2,302	2,361	2,681	2,496	2,723
Pass Through to other agencies	85	91	102	137	156	188	200	152	169	187
Capital Outlay	2,157	7,015	8,246	3,893	368	4,912	20,202	3,124	3,112	2,459
Debt Service										
Principal						184	200	248	316	350
Interest	985	1,128	930	836	805	905	1,150	1,390	1,370	1,101
Total Expenditures	<u>15,531</u>	<u>21,365</u>	<u>25,159</u>	<u>19,324</u>	<u>15,805</u>	<u>22,702</u>	<u>38,462</u>	<u>24,136</u>	<u>22,967</u>	<u>24,397</u>
Excess of Revenues over (under) Expenditures	2,945	(1,887)	(3,017)	(819)	4,616	2,649	1,140	2,177	4,647	590
Other Financing Sources (uses)										
Transfers in	3,687	5,013	4,294	1,676	1,844	6,180	4,989	4,489	3,158	5,815
Transfers out	(4,469)	(5,165)	(4,877)	(1,833)	(1,844)	(8,180)	(7,247)	(6,606)	(7,924)	(5,815)
Bond Proceeds										
Advances to the Redevelopment Agency	982	855								
Total Other Financing Sources (uses)	<u>200</u>	<u>703</u>	<u>(583)</u>	<u>(157)</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,258)</u>	<u>(2,117)</u>	<u>(4,766)</u>	<u>-</u>
Net change in Fund Balances	<u>\$ 3,145</u>	<u>\$ (1,184)</u>	<u>\$ (3,600)</u>	<u>\$ (976)</u>	<u>\$ 4,616</u>	<u>\$ 649</u>	<u>\$ (1,118)</u>	<u>\$ 60</u>	<u>\$ (119)</u>	<u>\$ 590</u>
Cost of Assets Capitalized	-	-	¹ 11,047	4,184	379	4,623	19,465	2,800	2,764	1,895
Debt Services as a percentage of Non-Capital Expenditures	-	-	¹ 6.6%	5.5%	5.2%	6.0%	7.1%	7.7%	8.3%	6.4%

1: The cost of assets capitalized from Governmental Fund expenditures is not available prior to Fiscal Year 2002, as the City did not implement GASB 34 until Fiscal Year 2002.

City of Rancho Palos Verdes
General Governmental Tax Revenues By Source
Last Ten 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	995	2,191	1,177	15,238
2007	10,385	1,511	1,020	2,272	1,265	16,453
2008	10,898	1,599	1,077	2,329	1,159	17,062
2009	11,462	1,709	1,060	2,267	1,075	17,573

Source: City General Ledger

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

The information in this table is not available prior to Fiscal Year 2000, as the City has not retained detailed general ledger information sufficient to provide tax revenue by type prior to Fiscal Year 2000.

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

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Factor of Taxable Assessed Value (2)	Assessed Value as a Percentage of Actual Value
2000	\$ 4,749,269	\$ 71,044	\$ -	\$ 224,033	\$ 16,962	\$ 69,550	\$ 5,061,307	0.06892%	\$ 6,735,840	1.33085	75.14%
2001	5,065,424	74,006	-	204,529	18,423	69,733	5,362,382	0.06786%	7,136,526	1.33085	75.14%
2002	5,410,470	73,923	-	197,904	19,641	71,660	5,701,938	0.07869%	7,588,424	1.33085	75.14%
2003	5,730,464	70,475	-	191,541	21,741	73,768	6,014,221	0.07317%	8,004,026	1.33085	75.14%
2004	6,137,760	74,753	1,660	179,867	22,889	73,701	6,416,930	0.07897%	8,539,971	1.33085	75.14%
2005 *	6,528,205	76,547	1,691	201,852	22,222	73,701	6,830,517	0.07922%	9,090,393	1.33085	75.14%
2006 *	7,066,894	88,798	3,086	212,652	21,561	73,664	7,392,992	0.07893%	9,838,964	1.33085	75.14%
2007	7,655,413	111,450	3,148	275,526	20,378	77,712	8,065,915	0.07865%	10,734,523	1.33085	75.14%
2008	8,080,905	170,825	3,211	370,134	26,546	152,181	8,499,440	0.07931%	11,311,480	1.33085	75.14%
2009	8,436,947	281,813	3,275	367,999	46,858	166,268	8,970,624	0.07959%	11,938,555	1.33085	75.14%

Source: County Assessor Data and HdL Coren & Cone

2008-09 County Auditor/Controller Data, HdL Coren & Cone

*Prior Year assessed values have been revised from prior CAFR publications to comply with GASB No. 44 standards and on-going consistency in reporting methodologies.

(1) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices.

Based on these calculations a factor was extrapolated and applied to current assessed values.

(2) The Factor used to calculate Estimated Actual Value was applied to prior years for historical purposes.

**City of Rancho Palos Verdes
Property Tax Rates
Direct and Overlapping Governments
Last Ten 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 Tax Rates
2000	1.00000	0.00142	0.00176	0.00890	0.01133	-	0.03152	1.05494
2001	1.00000	0.00131	0.00156	0.00880	0.01138	-	0.05689	1.07994
2002	1.00000	0.00113	0.00107	0.00770	0.00959	0.01600	0.06361	1.09909
2003	1.00000	0.00103	0.00088	0.00670	0.00970	0.01460	0.05206	1.08498
2004	1.00000	0.00099	0.00047	0.00610	0.00896	0.01986	0.09191	1.12830
2005	1.00000	0.00092	0.00024	0.00580	0.00852	0.01810	0.10382	1.13738
2006	1.00000	0.00080	0.00005	0.00520	0.00781	0.01430	0.10384	1.13195
2007	1.00000	0.00066	0.00005	0.00470	0.00731	0.02146	0.12091	1.15510
2008	1.00000	-	-	0.00450	0.01370	0.00878	0.14310	1.17010
2009	1.00000	-	-	0.00430	0.00680	0.02212	0.14500	1.17817

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)**

<u>Taxpayer</u>	2009			2000		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Value</u>
Long Point Development LLC	\$ 141,074	1	1.57%			
PPC Villas RPV	88,138	2	0.98%			
PV Victoria Apartments LLC	45,898	3	0.51%			
*VH Property Corp. (Ocean Trails LP)	43,889	4	0.49%			
Terraces Rancho Palos Verdes LLC	34,541	5	0.39%			
Western Riviera Investors	27,939	6	0.31%			
Golden Cove LLC	25,500	7	0.28%			
COX Communication Inc. Orange	24,180	8	0.27%			
Belmont Village PRV LP	22,744	9	0.25%			
VHPS LLP	19,949	10	0.22%			
Ocean Trails LP (VH Property Corp.)				\$ 47,544	1	0.94%
PV Victoria Apartments LLC				38,436	2	0.76%
Connecticut General Life Insurance				26,308	3	0.52%
Western Riviera Investors				23,347	4	0.46%
Home for Aged of Protestant Episcopal				22,560	5	0.45%
RPV Associates				20,778	6	0.41%
York Long Point Associates				20,741	7	0.41%
P V Terraces Inc.				18,130	8	0.36%
California Water Service Company				13,490	9	0.27%
Theodore R II and Virginia T Gardner				12,917	10	0.26%
Totals	<u>\$ 473,853</u>		<u>5.27%</u>	<u>\$ 244,251</u>		<u>4.84%</u>

*Previously Ocean Trails LLP

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

**City of Rancho Palos Verdes
Property Tax Levies and Collections
Last Five 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%	\$ 144	\$ 4,145	96.76%
2006	4,643	4,506	97.06%	36	4,542	97.83%
2007	5,078	4,799	94.51%	10	4,809	94.70%
2008	5,351	5,316	99.35%	10	5,327	99.55%
2009	6,116	5,734	93.76%	10	5,744	93.92%

Source: County Assessor Data and City General Ledger

The detailed information presented in this table was not obtained by the City for fiscal years prior to 2005, and is therefore unavailable.

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

Fiscal Year	Governmental Activities		Total Primary Government	Debt Per Capita	Ratio of Debt to Property Value	Ratio of Debt to Personal Total Income
	RDA Tax Increment Bond	RDA Deferred Interest Payable				
2000	5,455	3,111	8,566	190.64	0.13%	0.0004118%
2001	5,455	3,111	8,566	208.19	0.12%	0.0004497%
2002	5,455	3,111	8,566	203.94	0.11%	0.0004405%
2003	5,455	3,111	8,566	202.40	0.11%	0.0004372%
2004	5,455	3,111	8,566	200.09	0.10%	0.0004322%
2005	5,450	2,469	7,919	181.94	0.09%	0.0003567%
2006	5,435	2,284	7,719	179.55	0.08%	0.0003520%
2007	5,410	2,061	7,471	173.37	0.07%	0.0003399%
2008	5,370	1,786	7,156	166.56	0.06%	-
2009	5,315	1,491	6,806	159.32	0.06%	0.0003008%

Source: City Financial Records

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

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt		City's Share of
	<u>6/30/2009</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/09</u>
Los Angeles County Flood Control District	\$84,705,000	0.982%	\$831,803
Metropolitan Water District	293,425,000	0.481%	1,411,374
Los Angeles Community College District	2,408,605,000	1.691%	40,729,511
Los Angeles Unified School District	8,046,220,000	0.207%	16,655,675
Palos Verdes Unified School District	68,710,681	46.941%	32,253,481
City of Rancho Palos Verdes	-	0.000%	-
Palos Verdes Library District	8,265,000	49.577%	4,097,539
Los Angeles County Regional Park and Open Space Assessment District	246,875,000	0.950%	<u>2,345,313</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			98,324,696
 <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Los Angeles County General Fund Obligations	\$928,941,195	0.950%	\$8,824,941
Los Angeles County Pension Obligations	235,690,861	0.950%	2,239,063
Los Angeles County Superintendent of Schools Certificates of Participation	15,904,264	0.950%	151,091
Los Angeles County Sanitation District No. 5 Authority	59,701,323	10.615%	6,337,295
Los Angeles County South Bay Cities Sanitation District Authority	10,171,869	4.495%	457,226
Los Angeles Unified School District Certificates of Participation	440,351,710	0.207%	<u>911,528</u>
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$18,921,144
Less: Los Angeles Unified School District self-supporting obligations			<u>(45,958)</u>
TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT			18,875,186
			 GROSS COMBINED TOTAL DEBT \$117,245,840 (2)
			NET COMBINED TOTAL DEBT \$117,199,882

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

2008-09 Assessed Valuation:	8,970,624,215
Redevelopment Incremental Valuation:	<u>99,249,253</u>
Adjusted Assessed Valuation:	\$8,871,374,962

Ratios to 2008-09 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.10%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	1.32%
Net Combined Total Debt	1.32%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$1

Source: 2008-09 MuniServices, LLC

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

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (4)	Public School Enrollment*	County Unemployment Rate (%) (3)	City Unemployment Rate (%) (3)	County Population (1)	City Population (% of County)
1999-00	44,933	\$ 2,080,128,302	\$ 46,294	44.7	-	-	-	-	-
2000-01	41,145	1,904,766,630	46.294	44.7	-	-	-	-	-
2001-02	42,002	1,944,440,588	46.294	44.7	-	-	-	-	-
2002-03	42,322	1,959,254,668	46.294	44.7	-	-	-	-	-
2003-04	42,810	1,981,846,140	46.294	44.7	-	-	-	-	-
2004-05	43,525	2,219,905,575	51.003	43.4	-	-	1.50%	-	-
2005-06	42,991	2,192,669,973	51.003	43.4	-	-	1.50%	-	-
2006-07	43,092	2,197,821,276	51.003	43.4	-	-	1.50%	-	-
2007-08	42,964	-	-	-	-	-	-	-	-
2008-09	42,720	2,262,493,920	52.961	43.4	12,033	7.50%	2.50%	10,301,658	0.41%

Source: 2008-09 MuniServices, LLC

Source: 2007-08 and prior, previously published CAFR Report

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is derived from previous income adjusted for inflation.
- 3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.
- 4.) Data provided by the United States Census Data Sets Tables.

*Student Enrollment reflects the total number of students enrolled in the Palos Verdes Unified School District. Any other school districts within the City are not accounted for in this statistic.

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

Employer	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District (1)	1,970	1	9.56%
Terranea Resort Hotel	730	2	3.54%
Trump National	300	3	1.46%
Marymount College	195	4	0.95%
Ralphs	115	5	0.56%
Keller Williams Realty	112	6	0.54%
Belmontcorp Ltd	94	7	0.46%
Green Hills Memorial Park	85	8	0.41%
American Golf Corp	70	9	0.34%
St. John Fisher	50	10	0.24%
Subtotal of Principal Employers	3,721		18.06%
Total City Employment (2)	20,600		

Source: Direct Contact with Local Businesses.

1: The number shown represents the total employee count for the entire District. The District does not track employees by location.

2: Total City Employment provided by EDD Labor Force Data.

Note: There is currently no agency or service that monitors employees by business located within City limits. All available information is for the greater Los Angeles area. The City is primarily a bedroom community with very little commercial activity. Data was obtained by making inquiries with the Planning, Building & Code Enforcement Department and the City Manager's office to determine the entities that are likely the largest employers. Then those likely employers were contacted directly to determine the number of employees. This data is not available for the previous nine years.

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

Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	41	41	42	45	45	45	47	50	55	58
Recreation Part-Time	10	10	10	10	10	10	10	10	10	18.5
Total	<u>51</u>	<u>51</u>	<u>52</u>	<u>55</u>	<u>55</u>	<u>55</u>	<u>57</u>	<u>60</u>	<u>65</u>	<u>77</u>

Source: City Budget documents and Payroll records

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

Function	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Administration								
Employee Resignations	4	-	5	4	4	4	8	4
Workers Compensation Claims	3	2	2	3	4	2	4	2
Liability Claims	14	14	14	18	31	14	16	13
Budget Adjustments	35	30	27	36	48	32	26	18
Business Licenses Issued	1,600	1,961	2,102	1,909	1,801	1,837	1,709	1,819
Web Site Page Views	88,888	119,104	133,481	224,777	1.3 mil	1.6 mil	701,004	3.8 mil
Public Safety								
Part I Crime Rates (per 10,000 population)	138	122	122	101	120	139	123	126
Public Works								
Solid Waste Diversion Rates	51%	57%	61%	59%	55%	56%	56%	55%
Pavement Rating	80	80	89	89	82	82	DNA	84.5
Recreation and Parks								
Park Events	1,022	915	825	780	937	770	692	825
Class meetings at Parks	1,774	2,134	2,935	2,893	2,856	2,647	2,772	2,708
Docent led Nature Hikes	54	45	80	65	62	98	91	105
Planning, Building and Code Enforcement								
Building Permits processed	1,264	1,327	1,399	1,233	1,382	1,244	1,692	1,404
Plan Checks	121	150	186	208	163	164	247	226
Municipal code Violations closed	138	203	214	180	159	162	216	339

Source: City Departments

DNA: Data Not Available

The information presented in this table was not collected by the City prior to Fiscal Year 2002.

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration										
Computer Workstations	DNA	DNA	DNA	DNA	DNA	81	81	85	91	92
Public safety ¹										
Public works										
Street Miles	143	143	143	143	143	143	143	143	143	143
Traffic Signals	13	13	14	15	15	15	15	15	16	16
Parks and Recreation										
Parks	13	14	15	15	15	15	16	16	16	16
Planning, Building and Code Enforcement										
Vehicles used for inspections	DNA	3	3	3	3	3	3	3	5	5

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.