



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2010

**CITY OF RANCHO PALOS VERDES,
CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2010

Prepared By:

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

Cover photo provides a view of the coastal trail at Lower Point Vicente

INTRODUCTORY SECTION



Abalone Cove

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Table of Contents	i-iii
Letter of Transmittal	iv-viii
Directory of City Officials	ix
Organization Chart	x
GFOA Certificate of Achievement for Excellence in Financial Reporting	xi

FINANCIAL SECTION:

Independent Auditor’s Report	3
Management Discussion and Analysis	7
Government-Wide Financial Statements	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements	
Governmental Funds	
Balance Sheet	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	30
General Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	31
Street Maintenance Special Revenue Fund	
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	33
Redevelopment Agency Housing Set-Aside Special Revenue Fund	
Statement of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual	34
Proprietary Funds	
Statement of Net Assets	35
Statement of Revenues, Expenses, and Changes in Fund Net Assets	36
Statement of Cash Flows	37
Notes to the Financial Statements	40

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Supplementary Information

Major Fund Budgetary Comparison Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual	
RDA Debt Service Fund	70
Capital Improvements Capital Projects Fund	71

Non-Major Governmental Funds

Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual – Special Revenue Funds	
Air Quality Management Fund	90
Community Development Block Grant Fund	91
Community Development Block Grant Fund Recovery Act	92
El Prado Fund	93
Proposition A Fund	94
Proposition C Fund	95
Measure R	96
Beautification Fund	97
Waste Reduction Fund	98
Public Safety Grants Fund	99
1972 Act Fund	100
1911 Act Fund	101
JPIA – Portuguese Bend Fund	102
Habitat Restoration Fund	103
Subregion One Maintenance Fund	104
Measure A Fund	105
Abalone Cove Sewer Assessment District	106
Rancho Palos Verdes TV Channel	107
Dr. Allen and Charlotte Ginsburg Cultural Arts Building	108
Donor Restricted Contributions	109
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
- Budget and Actual – Capital Projects Funds	
Bikeways Fund	110
RDA Abalone Cove Fund	111
Environmental Excise Tax Fund	112
Quimby Fund	113
Affordable Housing Fund	114
RDA Portuguese Bend Fund	115
Utility Undergrounding Fund	116
Roadway Beautification Fund	117

CITY OF RANCHO PALOS VERDES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Permanent Fund JPIA – Abalone Cove Fund	118
Internal Service Funds	
Combining Statement of Net Assets	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	121
Combining Statement of Cash Flows	122
 STATISTICAL SECTION (Unaudited)	
 Financial Trends	
Net Assets by Component	126
Changes in Net Assets	127
Governmental Activities Tax Revenue By Source	129
Fund Balances of Governmental Funds	130
Changes in Fund Balances of Governmental Funds	131
General Governmental Tax Revenues By Source	132
 Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	133
Property Tax Rates - Direct and Overlapping Governments	134
Principal Property Tax Payers	135
Property Tax Levies and Collections	136
 Debt Capacity	
Ratios of Outstanding Debt by Type	137
Direct and Overlapping Governmental Activities Debt	138
Legal Debt Margin Information	139
 Demographic and Economic Information	
Demographic and Economic Statistics	140
Principal Sales Tax Payers	141
Principal Employers	142
 Operating Information	
Full-time Equivalent City Government Employees by Function	143
Operating Indicators by Function	144
Capital Asset Statistics by Function	145



Sail Boats

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CITY OF RANCHO PALOS VERDES

January 19, 2011

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, 2010, 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

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.

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.

Community Development

- The City together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve, implemented a Preserve Trails Plan and successfully acquired the last major parcel of open space for completion of 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 presenting Draft General Plan Elements to the Planning Commission for initial review. Staff expects the General Plan Update to be completed in 2011.
- The City continued to implement its Housing Element by working with a developer to secure tax credit financing to fund the "Mirandela" 34 unit affordable housing project. 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. Construction of the project began in November 2009. The project will be completed in December 2010 with occupancy also expected beginning in December 2010.
- The City continued to work with the Annenberg Foundation to improve Lower Point Vicente Park with the construction of an animal education facility, outdoor exhibits and other public site improvements.
- The City implemented the approved Vision Plan, a coordinated master plan consisting of program, design and linkage concepts for land located within the coastal region of the City.

Public Works

- Completed the City Hall emergency power generator system installation.
- Arranged more than \$6.1 million of restricted funding for the successful acquisition of about 191 acres of open space known as Upper Filiorum. Funding sources included \$5.5 million from the Wildlife Conservation Board; a contribution of \$400,000 from the Palos Verdes Peninsula Land Conservancy; and \$220,000 of bond proceeds from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002.
- Completed roadway resurfacing of Hawthorne Boulevard and Palos Verdes Drive West with rubber asphalt pavement. Federal funding from the American Recovery and Reinvestment Act of 2009 and rubber recycling grant money assisted with the funding of the project.
- Completed construction of median improvements along Hawthorne Boulevard and Palos Verdes Drive West.
- The City Council awarded a seven-year residential solid waste and recycling agreement to EDCO Disposal Corporation effective July 1, 2010. The new agreement included:
 - Savings for residents of about \$870,000 annually compared to the previous agreement;
 - Use of new alternative fuel (CNG) trucks; and
 - A decrease of trash truck traffic on the streets, thereby reducing road wear and tear.
- City Council approved the Palos Verdes Drive East Preliminary Study Report, which documents and recommends safety improvements to achieve a multi-modal corridor.
- Implemented the first year of the Oversized Vehicle parking permit program.

- Received City Council approval to conduct a project study report for the Lower San Ramon Canyon drainage project.
- Completed the Sanitary Sewer System Master Plan Update and updated the City's Geographic Information System (GIS) for the sanitary sewer system.

Parks and Recreation

- Staff worked with the Palos Verdes Peninsula Land Conservancy to create a webpage dedicated to the Palos Verdes Nature Preserve, complete with trail maps for individual reserves.
- Throughout Point Vicente Interpretive Center's Phase 2 and 3 improvements completed this past year, the center remained very popular, attracting approximately 40,000 visitors.
- In concert with coordinating annual special events open to the public, such as the July 4th Independence Day Celebration, Whale of a Day Celebration, and Shakespeare by the Sea performance, the Recreation and Parks Department strives to implement new programs each year based on the community's need. Some of the new programs implemented this year include, the Junior Ranger Program, Egg Hunt Eggstravaganza, Night at the Museum, and the Learning by the Shore Lecture Series.
- The City's volunteer organization, Los Serenos de Point Vicente, continued its successful docent-led hike program at several locations, including the ocean trails at Trump National, the tide pools at Abalone Cove Shoreline Park, and Discovery Room at Ladera Linda.
- Through the City's Gifts for Parks program, Recreation and Parks staff and the Los Serenos de Point volunteer organization, continued to pursue donations for PVIC exhibits, the Fourth of July Celebration, and the REACH program for developmentally disabled young adults.
- Staff assisted in the development of the City's Volunteer Handbook and assumed responsibility for the City Hall reception area.
- In accordance with the Recreational Facilities' Tactical Goals set by the City Council, Recreation and Parks staff facilitated community workshops to solicit input for the Lower Hesse and Grandview Park conceptual plans. Final adoptions of plans are scheduled to be considered by the City Council in late 2010.

Administration

- Staff presented a report to the City Council in November 2009 to initiate a formal Master Plan of the Civic Center site (Upper Point Vicente) by preparation of a space analysis, master site plan, and funding alternatives. The City Council also conducted a workshop in June 2010 on the various funding alternatives for the project.
- 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 Council conducted a Tactical Planning Workshop in January 2010 which identified the City's major initiatives for a two-year period ending December 2011.
- The City retained a federal advocacy firm to seek federal funding for the San Ramon Canyon Stabilization Project in August 2009.
- The City Council adopted a Retirement Health Savings Plan for employees in November 2009.
- The City hosted a City Council Team Building Workshop with all Councilmembers and Management Staff in January 2010 to develop core values and leadership protocols.
- The City hosted Community Leaders' Breakfast in April 2010 to gather input on the development of Conceptual Design Plans for Lower Hesse and Grandview Parks.

- The City continued to work with a consultant to pursue promising grant opportunities. Most notably, the City received a \$500,000 grant from the Coastal Conservancy to improve the portion of the California Coastal Trail within our jurisdiction.
- The City completed a salary survey in May 2010 to adjust salary ranges to maintain the City's desired market position to attract and retain employees.
- The City Council reviewed the benefits and detriments of becoming a Charter City and placed the issue of adopting a charter on the March 8, 2011 ballot in September 2010.
- The City conducted an Emergency Preparedness Drill in October 2010 in conjunction with the state-wide "Great California Shake Out" and adopted the Standardized Emergency Management System (SEMS)/National Incident Management System (NIMS) Multi-Hazard Functional Emergency Operations Plan in November 2010.

FINANCIAL INFORMATION

Internal Control. 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.

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 an overall \$940,720 favorable budget variance in the General fund for the fiscal year ended June 30, 2010. Favorable expenditure variances including a retroactive adjustment for general liability insurance and various maintenance savings were the drivers of the overall favorable variance. Many of the favorable expenditure variances were permanent savings resulting from conservative budget practices and the continued careful management of resources during FY09-10.

Significant Financial Events. The City acquired 191 acres of open space at a total cost of about \$6.5 million, funded by more than \$6.1 million of grants and contributions. In addition, the Redevelopment Agency loaned approximately \$6.3 million of affordable housing monies to the developer of a senior housing project. As a part of the affordable housing loan, land held by the Redevelopment Agency with an original cost of \$702,392 was sold to the developer for \$2,990,000. Both transactions have been included in the Statement of Net Assets and the Statement of Activities in the Financial Section of this report. There were no changes to financial policies that resulted in a significant impact on the June 30, 2010 financial statements.

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.

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, 2010, \$1,602,155 was expended on Federal financial assistance programs; and therefore a Single Audit will be completed by March 31, 2011.

Audit Committee. The City Council appointed two Council members to an ad-hoc Audit Committee for 2010. The Audit Committee 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, 2009. This was the 17th 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, 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: 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



CITY OF RANCHO PALOS VERDES

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2010

CITY COUNCIL

Stefan Wolowicz, Mayor

Thomas D. Long, Mayor Pro-Tem

Brian Campbell, Councilman

Anthony M. Misetich, Councilman

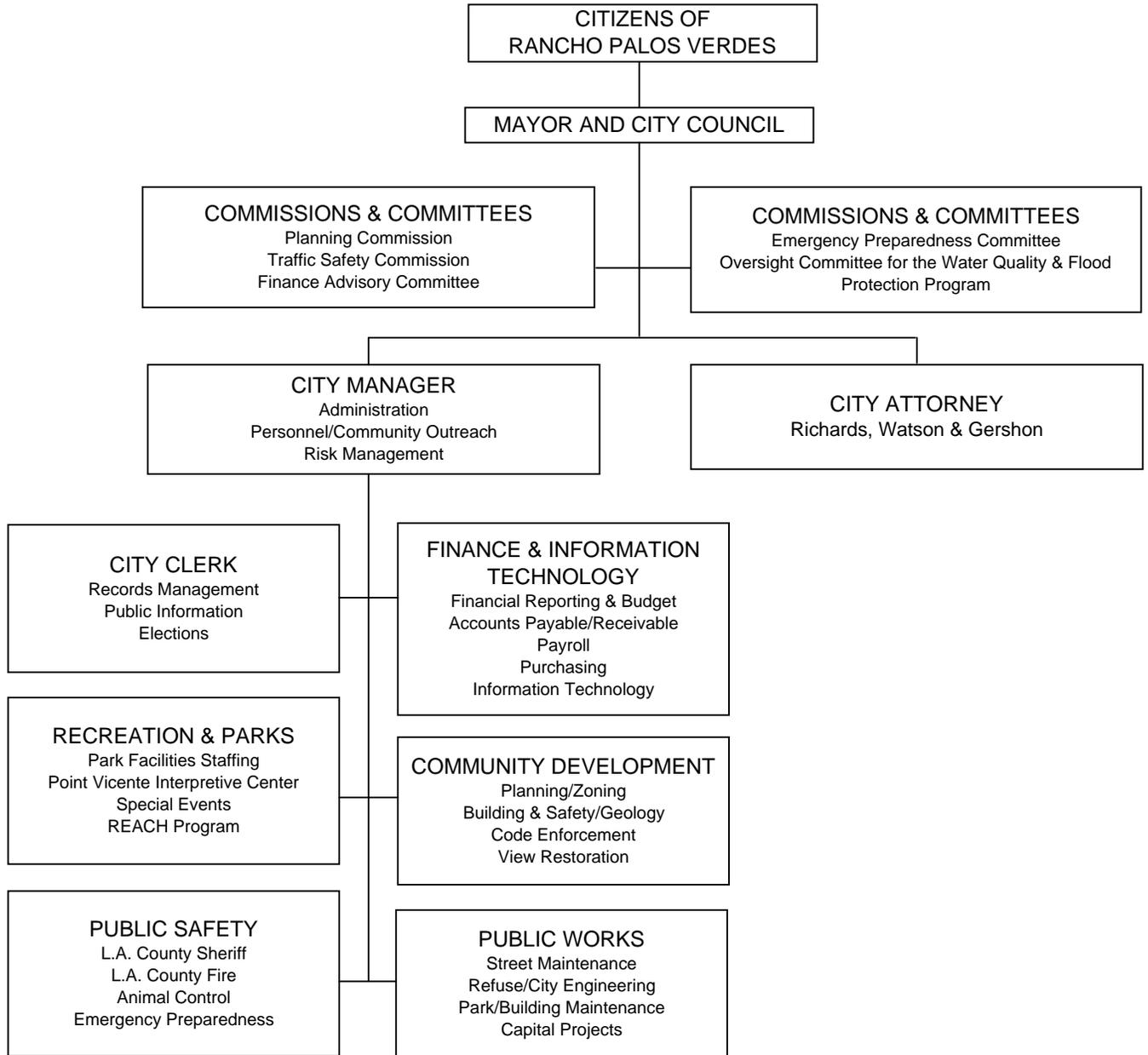
Douglas W. Stern, Councilman

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
Interim Director of Public Works Ray Holland
Interim Director of Recreation and Parks Tom Odom
City AttorneyRichards, 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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



City Hall Emergency Operating Center



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 *HARVEY J. SCHROEDER, CPA
 KENNETH R. AMES, CPA
 WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

January 19, 2011

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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Street Maintenance Special Revenue and Redevelopment Agency Housing Set-Aside Special Revenue major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER OFFICES AT:

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 CARLSBAD, CALIFORNIA 92008-2389
 (760) 729-2343 • FAX (760) 729-2234

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 ESCONDIDO, CALIFORNIA 92025-2598
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In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2011, 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 and analysis, as listed in the table of contents as required supplementary information, 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. This information is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the City of Rancho Palos Verdes, California as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Diehl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION & ANALYSIS



Emergency Response to Local Fire

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

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, 2010. 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-viii 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, 2010, by \$163,468,852 (*Net Assets*). Of this amount, \$34,679,238 (*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 \$8,740,039. The majority of the increase is attributable to two factors: 1) capital grants and contributions revenue totaling \$6,130,913 was used to purchase additional open space; and 2) the Redevelopment Agency (RDA) recognized a \$2,287,608 gain for the sale of land held for development as part of a senior housing project.
- As of June 30, 2010, the City's Governmental Funds reported combined ending Fund Balances of \$23,147,222, a decrease of \$287,017 (1.22%). In general, sources were equivalent to uses for FY09-10; however, the City accrued a contingent liability of \$320,000 for a potential settlement of litigation.
- As of June 30, 2010, unreserved/undesignated Fund Balance for the General Fund was \$10,744,126 or 54% of total General Fund expenditures and transfers out.
- The City's total debt decreased by \$440,363 (6%) during the current Fiscal Year. The decrease was primarily attributable to a \$354,606 principal payment of the RDA deferred interest payable and a \$65,000 principal payment of the RDA Tax Allocation Bonds.

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 other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type*

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

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 34 individual Governmental Funds during the Fiscal Year ended June 30, 2010. 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 RDA Housing Set-Aside Fund, the Capital Improvements Fund and the RDA Debt-Service Fund, all of which are considered to be major funds. Data from the other 29 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic Governmental Fund Financial Statements can be found on pages 24-34 of this report.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

Center building replacement/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 35-37 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 40-68 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 70-122 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 \$163,468,852 at June 30, 2010. By far, the largest portion of the City's Net Assets (78%) 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, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Current and other assets	\$ 48,704,202	\$ 44,072,296	\$ 2,942,185	\$ 4,286,089	\$ 51,646,387	\$ 48,358,385
Capital assets	115,331,309	107,867,070	12,458,305	12,476,664	127,789,614	120,343,734
Total assets	164,035,511	151,939,366	15,400,490	16,762,753	179,436,001	168,702,119
Long-term liabilities outstanding	6,680,786	7,121,149	-	-	6,680,786	7,121,149
Other liabilities	9,168,799	4,674,432	117,564	2,177,725	9,286,363	6,852,157
Total liabilities	15,849,585	11,795,581	117,564	2,177,725	15,967,149	13,973,306
Invested in capital assets	115,331,309	107,867,070	12,458,305	12,476,664	127,789,614	120,343,734
Restricted	1,000,000	1,000,000	-	-	1,000,000	1,000,000
Unrestricted	31,854,617	31,276,715	2,824,621	2,108,364	34,679,238	33,385,079
Total net assets	\$ 148,185,926	\$ 140,143,785	\$ 15,282,926	\$ 14,585,028	\$ 163,468,852	\$ 154,728,813

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 (\$34,679,238 or 21%) may be used to meet the government's ongoing obligations to its citizens and creditors.

Governmental Activities. Governmental Activities increased the City's Net Assets by \$8,042,141.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

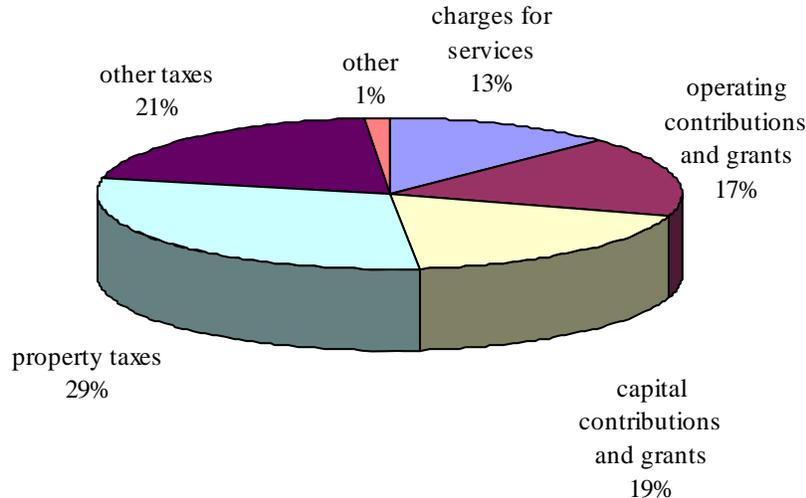
City of Rancho Palos Verdes Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Program revenues:						
Charges for services	\$ 4,925,684	\$ 3,369,955	\$ -	\$ -	\$ 4,925,684	\$ 3,369,955
Operating contributions and grants	6,633,280	2,963,037	-	-	6,633,280	2,963,037
Capital contributions and grants	7,178,874	642,020	-	-	7,178,874	642,020
General revenues:						
Property taxes	11,431,192	11,462,079	-	-	11,431,192	11,462,079
Other taxes	8,019,118	5,719,141	-	-	8,019,118	5,719,141
Other	513,698	855,825	1,277,747	1,682,985	1,791,445	2,538,810
Total revenues	38,701,846	25,012,057	1,277,747	1,682,985	39,979,593	26,695,042
Expenses:						
Administration	7,823,738	6,356,695	-	-	7,823,738	6,356,695
Public safety	4,242,085	4,233,255	-	-	4,242,085	4,233,255
Public works	13,633,475	10,555,058	-	-	13,633,475	10,555,058
Parks and recreation	1,826,200	1,605,276	-	-	1,826,200	1,605,276
Community development	2,549,490	2,696,502	-	-	2,549,490	2,696,502
Non-departmental	320,000	-	-	-	320,000	-
Interest on long-term debt	264,717	268,067	-	-	264,717	268,067
Water Quality Flood Protection	-	-	579,849	436,993	579,849	436,993
Total expenses	30,659,705	25,714,853	579,849	436,993	31,239,554	26,151,846
Increase in net assets before transfers	8,042,141	(702,796)	697,898	1,245,992	8,740,039	543,196
Transfers	-	-	-	-	-	-
Increase in net assets	8,042,141	(702,796)	697,898	1,245,992	8,740,039	543,196
Net assets - beginning of fiscal year	140,143,785	140,846,581	14,585,028	13,339,036	154,728,813	154,185,617
Net assets - end of fiscal year	\$ 148,185,926	\$ 140,143,785	\$ 15,282,926	\$ 14,585,028	\$ 163,468,852	\$ 154,728,813

Key elements of this increase are as follows:

- About 191 acres of open space land, known as Upper Filiorum, was acquired during FY09-10 at the cost of about \$6.5 million using capital grants and contributions revenue of about \$6.1 million.
- The RDA sold its land held for development, known as the Crestridge property, to a developer for \$2,990,000. The land had a cost of \$702,392; therefore, the transaction resulted in a \$2,287,608 increase of net assets.

Revenues by Source – Governmental Activities



See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

Business-Type Activities. Business-type activities increased the City's net assets by \$697,898 primarily due to collection of storm drain user fees that will be utilized during FY10-11 for projects continued from FY09-10.

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 \$23,147,222, a decrease of \$287,017 in comparison with the prior year. Approximately 42% of the combined ending Fund Balances (about \$10 million) constitutes 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 Deficit of \$17,796,775. 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 (\$8,072,744), and 2) for a variety of other restricted purposes (\$5,453,980).

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 \$12,206,576, while total Fund Balance reached \$19,373,042. 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 61% of total General Fund uses, while total Fund Balance represents 96% of that same amount.

During Fiscal Year 09-10, the Fund Balance of the City's General Fund increased by \$1,285,768. In addition to the budgeted increase of \$355,000, there was a favorable General Fund expenditure variance of more than \$940,000. The most notable variance was related to a retrospective general liability insurance adjustment resulting in total insurance expenditure savings of about \$333,000. The remaining \$607,000 of expenditure savings was comprised of insignificant amounts spread among a large number of the General Fund's 30 budget programs. About \$411,000 of this remaining expenditure variance was concentrated in the Parks and Building Maintenance programs, which are budgeted conservatively to provide for unforeseen costs driven by unavoidable factors such as weather and failure of aging facilities. Most of the expenditure variances were permanent savings for FY09-10 programs.

Compared with the prior year, the Street Maintenance Fund Balance was increased by \$351,537. Street maintenance in the landslide area of the City was subsidized with an accumulated balance of Proposition C revenue, which was required to be spent by June 30, 2010. The accumulated Street Maintenance Fund Balance will be used to fund future street maintenance, as very little Proposition C money is expected to be available for this purpose in FY10-11.

The Redevelopment Agency's Housing Set-Aside Fund Balance decreased by \$643,040. The decrease was directly related to the loan made to the developer of the senior housing project. Over \$3 million was advanced to the developer in the form of a construction loan, which was partially offset by the \$2.3 million gain on the sale of the Crestridge property.

The Debt Service Fund has a net negative Fund Balance of \$17,256,214. 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 \$972,920, which primarily represents accumulated interest on the advance from the City to the Redevelopment Agency.

The Capital Improvement Projects (CIP) Fund had an ending fund balance of \$7,081,597. Of this amount, \$3.7 million is held for street improvement projects continued from FY09-10 to FY10-11 and \$3.0 million is held in reserve for emergency projects as directed by City Council policy.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

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 \$2,824,621. Unrestricted Net Assets of the Internal Service Funds at the end of the year amounted to \$4,219,712. The total growth in Proprietary Fund type net assets was \$364,131 or 5% of unrestricted Net Assets.

General Fund Budgetary Highlights

The difference between original budgeted expenditures and the final amended budget was a decrease of \$296,334; and is briefly summarized as follows:

- A decrease of \$1,462,450 was attributable to appropriations continued to FY10-11.
- An increase of \$1,333,300 was attributable to appropriations continued from FY08-09.
- Salary and benefit budgets across a number of programs were reduced by about \$277,000 to account for vacant positions.
- Other immaterial adjustments resulted in net increases of approximately \$100,000.

Capital Asset and Debt Administration

Capital Assets. The City's investment in Capital Assets for its governmental activities as of June 30, 2010, amounts to \$115,331,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current Fiscal Year, the City's investment in governmental capital assets increased by about \$7.5 million or about 6.9%.

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.
- About 191 acres of open space land was acquired at a cost of about \$6.5 million.
- Residential street overlay was completed with a total cost of about \$1.1 million.
- Improvements to Hawthorne Boulevard and Palos Verdes Drive West were completed with a total cost of about \$2.6 million.

The Capital Assets (net of accumulated depreciation) for Business-type activities as of June 30, 2010 was \$12,458,305.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

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

	Governmental Activities		Business-type Activities		Total	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Capital assets not being depreciated						
Land	\$ 38,808,553	\$ 32,139,008	\$ 1,408,493	\$ 1,408,493	\$ 40,217,046	\$ 33,547,501
Construction in progress	66,290	196,174	149,081	7,419,621	215,371	7,615,795
Total capital assets not being depreciated	38,874,843	32,335,182	1,557,574	8,828,114	40,432,417	41,163,296
Capital assets being depreciated, net						
Buildings	7,756,992	7,725,387	-	-	7,756,992	7,725,387
Vehicles	92,942	153,979	-	-	92,942	153,979
Computer equipment	62,538	71,327	-	-	62,538	71,327
Furniture, fixtures and equipment	107,867	92,471	3,543	5,906	111,410	98,377
Infrastructure						
Roadway system	47,063,335	45,484,324	-	-	47,063,335	45,484,324
Sewer system	8,902,584	9,357,693	-	-	8,902,584	9,357,693
Storm drain system	10,431,420	10,681,899	10,897,188	3,642,644	21,328,608	14,324,543
Park system	2,038,788	1,964,808	-	-	2,038,788	1,964,808
Total capital assets being depreciated, net	76,456,466	75,531,888	10,900,731	3,648,550	87,357,197	79,180,438
Capital Assets, net	\$ 115,331,309	\$ 107,867,070	\$ 12,458,305	\$ 12,476,664	\$ 127,789,614	\$ 120,343,734

Additional information on the City's Capital Assets can be found in Note # 4 on pages 54-55 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 \$6,680,786. Of this amount, \$6,386,303 is a liability of the Redevelopment Agency.

City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2010	June 30, 2009
RDA Tax Increment Bond	\$ 5,250,000	\$ 5,315,000
RDA Deferred Interest Payable	1,136,303	1,490,909
Employee compensated absences	294,483	315,240
Total	\$ 6,680,786	\$ 7,121,149

The City's total debt decreased by \$440,363 (6.2%) during the current Fiscal Year, primarily due to partial payment of the RDA deferred interest payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,351,617,000. Additional information on the City's long-term debt can be found in Note # 5 on pages 55-58 of this report.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis
June 30, 2010

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. Los Angeles County saw an overall decrease in property assessments of about 1.9% for FY10-11, while the City of Rancho Palos Verdes experienced an overall increase in property assessments of 2.3%.
- At the time of this report, there is no significant impact to the City's FY10-11 revenue as a result of the State's ongoing budget crisis. Staff continues to monitor state impacts closely, and will report to City Council if the state takes any actions that necessitate City adjustment.
- The Consumer Price Index for Los Angeles County increased by 0.9% for the 12 months ended June 2010; therefore, the City's overall FY10-11 expenditure budget was limited to an increase of about 1% as compared to FY09-10. Revenue in excess of budgeted expenditures will fund capital projects such as improvements to residential streets and the City's parks.

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.

See independent auditors' report.

BASIC FINANCIAL STATEMENTS



Founders Park

GOVERNMENT-WIDE STATEMENTS



Fourth of July

CITY OF RANCHO PALOS VERDES

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments	\$ 37,707,058	\$ 2,908,666	\$ 40,615,724
Receivables:			
Taxes	931,990	-	931,990
Interest	43,199	3,206	46,405
Notes	7,387,430	-	7,387,430
Other	1,092,419	30,313	1,122,732
Inventory	46,648	-	46,648
Prepaid costs	1,495,458	-	1,495,458
Capital assets, not being depreciated:			
Land	38,808,553	1,408,493	40,217,046
Construction in progress	66,290	149,081	215,371
Capital assets, being depreciated, net:			
Property and equipment	263,347	3,544	266,891
Buildings and improvements	7,756,992	-	7,756,992
Infrastructure	68,436,127	10,897,187	79,333,314
TOTAL ASSETS	164,035,511	15,400,490	179,436,001
LIABILITIES:			
Accounts payable and accrued liabilities	4,149,374	57,761	4,207,135
Interest payable	20,417	-	20,417
Retentions payable	321,967	59,803	381,770
Unearned revenue	3,767,132	-	3,767,132
Deposits payable	909,909	-	909,909
Long-term liabilities:			
Due within one year	317,429	-	317,429
Due beyond one year	6,363,357	-	6,363,357
TOTAL LIABILITIES	15,849,585	117,564	15,967,149
NET ASSETS:			
Invested in capital assets, net of related debt	115,331,309	12,458,305	127,789,614
Restricted for:			
Community development:			
Nonexpendable	1,000,000	-	1,000,000
Unrestricted	31,854,617	2,824,621	34,679,238
TOTAL NET ASSETS	\$ 148,185,926	\$ 15,282,926	\$ 163,468,852

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Administration	\$ 7,823,738	\$ 680,920	\$ 25,003	\$ -
Public safety	4,242,085	229,055	103,984	-
Public works	13,633,475	1,355,493	6,176,906	7,178,874
Parks and recreation	1,826,200	896,159	28,928	-
Community development	2,549,490	1,764,057	298,459	-
Non-departmental	320,000	-	-	-
Interest on long-term debt	264,717	-	-	-
Total governmental activities	30,659,705	4,925,684	6,633,280	7,178,874
Business-type Activity:				
Water Protection Flood Control	579,849	-	-	-
Total Primary Government	\$ 31,239,554	\$ 4,925,684	\$ 6,633,280	\$ 7,178,874

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
\$ (7,117,815)	\$ -	\$ (7,117,815)
(3,909,046)	-	(3,909,046)
1,077,798	-	1,077,798
(901,113)	-	(901,113)
(486,974)	-	(486,974)
(320,000)	-	(320,000)
(264,717)	-	(264,717)
(11,921,867)	-	(11,921,867)
-	(579,849)	(579,849)
(11,921,867)	(579,849)	(12,501,716)
10,352,931	-	10,352,931
1,078,261	-	1,078,261
-	1,263,572	1,263,572
1,954,507	-	1,954,507
1,245,666	-	1,245,666
1,711,458	-	1,711,458
127,660	-	127,660
2,395,109	-	2,395,109
584,718	-	584,718
207,003	14,175	221,178
306,695	-	306,695
19,964,008	1,277,747	21,241,755
8,042,141	697,898	8,740,039
140,143,785	14,585,028	154,728,813
\$ 148,185,926	\$ 15,282,926	\$ 163,468,852



Hesse Park Playground

FUND FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

			Special Revenue
	ASSETS	General	Street Maintenance
Cash and investments		\$ 13,920,332	\$ 1,097,773
Receivables:			
Taxes		887,251	-
Interest		18,513	8
Notes		-	-
Other		516,695	107,652
Due from other funds		238,613	-
Inventory		46,648	-
Prepaid items		813,442	-
Advances to other funds		17,594,675	-
TOTAL ASSETS		<u>\$ 34,036,169</u>	<u>\$ 1,205,433</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities		\$ 2,191,211	\$ 429,415
Due to other funds		-	-
Retentions payable		3,421	-
Deferred revenue		11,558,586	-
Advances from other funds		-	-
Deposits payable		909,909	-
TOTAL LIABILITIES		<u>14,663,127</u>	<u>429,415</u>
FUND BALANCES (DEFICIT):			
Reserved for:			
Reimbursement settlement agreement		-	-
Prepaid items		813,442	-
Advances to other funds		6,306,376	-
Long term receivables		-	-
Habitat restoration		-	-
Inventory		46,648	-
Unreserved:			
Designated for continuing appropriations:			
General fund		1,462,450	-
Special revenue funds		-	-
Capital projects funds		-	-
Undesignated and reported in:			
General fund		10,744,126	-
Special revenue funds		-	776,018
Debt service fund		-	-
Capital projects funds		-	-
Permanent fund		-	-
TOTAL FUND BALANCES (DEFICIT)		<u>19,373,042</u>	<u>776,018</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 34,036,169</u>	<u>\$ 1,205,433</u>

See independent auditors' report and notes to financial statements.

Special Revenue	Debt Service	Capital Projects	Other	Total
RDA Housing Set-Aside	Redevelopment Agency	Capital Improvements	Governmental Funds	Governmental Funds
\$ 1,200,467	\$ -	\$ 7,268,453	\$ 9,956,455	\$ 33,443,480
2,624	10,494	-	31,621	931,990
1,982	9	4,861	13,219	38,592
6,344,139	-	-	738,333	7,082,472
-	-	270,349	197,723	1,092,419
-	-	2,681	-	241,294
-	-	-	-	46,648
1,086	540,561	-	18,502	1,373,591
-	-	-	1,774,203	19,368,878
<u>\$ 7,550,298</u>	<u>\$ 551,064</u>	<u>\$ 7,546,344</u>	<u>\$ 12,730,056</u>	<u>\$ 63,619,364</u>

\$ 686,532	\$ 647	\$ 464,747	206,482	\$ 3,979,034
-	211,956	-	29,338	241,294
318,546	-	-	-	321,967
3,346,306	-	-	746,168	15,651,060
1,774,203	17,594,675	-	-	19,368,878
-	-	-	-	909,909
<u>6,125,587</u>	<u>17,807,278</u>	<u>464,747</u>	<u>981,988</u>	<u>40,472,142</u>

-	-	-	1,000,000	1,000,000
1,086	540,561	-	18,502	1,373,591
-	-	-	1,766,368	8,072,744
2,990,000	-	-	-	2,990,000
-	-	-	43,741	43,741
-	-	-	-	46,648
-	-	-	-	1,462,450
-	-	-	85,000	85,000
-	-	6,939,260	554,675	7,493,935
-	-	-	-	10,744,126
(1,566,375)	-	-	6,848,711	6,058,354
-	(17,796,775)	-	-	(17,796,775)
-	-	142,337	1,097,848	1,240,185
-	-	-	333,223	333,223
<u>1,424,711</u>	<u>(17,256,214)</u>	<u>7,081,597</u>	<u>11,748,068</u>	<u>23,147,222</u>
<u>\$ 7,550,298</u>	<u>\$ 551,064</u>	<u>\$ 7,546,344</u>	<u>\$ 12,730,056</u>	<u>\$ 63,619,364</u>



Founders Park Memorial

CITY OF RANCHO PALOS VERDES

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

June 30, 2010

Fund balances - total governmental funds	\$ 23,147,222
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.	115,067,962
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.	11,288,300
Intergovernmental revenues earned, but not available, are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	162,253
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(20,417)
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	738,333
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(6,680,786)
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>4,483,059</u>
Net assets of governmental activities	<u><u>\$ 148,185,926</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, 2010

	General	Special Revenue Street Maintenance
	<u>General</u>	<u>Maintenance</u>
REVENUES:		
Taxes	\$ 17,962,533	\$ -
Licenses and permits	1,953,825	-
Fines and forfeitures	178,949	-
Use of money and property	816,037	16,958
Charges for services	73,008	8,420
Revenue from other agencies	170,676	1,081,457
Other revenues	148,200	-
	<u>21,303,228</u>	<u>1,106,835</u>
TOTAL REVENUES		
EXPENDITURES:		
Current:		
Administration	5,090,575	-
Public safety	4,242,085	-
Public works	3,109,253	1,856,210
Parks and recreation	1,401,803	-
Community development	2,554,650	-
Non-departmental	320,000	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	<u>16,718,366</u>	<u>1,856,210</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,584,862</u>	<u>(749,375)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	168,107	1,100,912
Transfers out	(3,467,201)	-
	<u>(3,299,094)</u>	<u>1,100,912</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	1,285,768	351,537
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>18,087,274</u>	<u>424,481</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 19,373,042</u>	<u>\$ 776,018</u>

See independent auditors' report and notes to financial statements.

<u>Special Revenue RDA Housing Set-Aside</u>	<u>Debt Service Redevelopment Agency</u>	<u>Capital Projects Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 215,652	\$ 862,609	\$ -	\$ 803,159	\$ 19,843,953
-	-	-	-	1,953,825
-	-	-	-	178,949
8,303	183	466,967	292,720	1,601,168
-	-	-	-	81,428
-	-	6,998,875	1,928,843	10,179,851
2,990,000	-	-	1,667,635	4,805,835
<u>3,213,955</u>	<u>862,792</u>	<u>7,465,842</u>	<u>4,692,357</u>	<u>38,645,009</u>
-	530,108	-	99,122	5,719,805
-	-	-	-	4,242,085
-	-	-	1,930,122	6,895,585
-	-	-	300,000	1,701,803
46,056	-	-	3,531	2,604,237
-	-	-	-	320,000
3,810,939	-	10,484,860	271,607	14,567,406
-	419,606	-	-	419,606
-	885,998	-	-	885,998
<u>3,856,995</u>	<u>1,835,712</u>	<u>10,484,860</u>	<u>2,604,382</u>	<u>37,356,525</u>
<u>(643,040)</u>	<u>(972,920)</u>	<u>(3,019,018)</u>	<u>2,087,975</u>	<u>1,288,484</u>
-	-	2,893,435	453,700	4,616,154
-	-	-	(2,724,454)	(6,191,655)
-	-	2,893,435	(2,270,754)	(1,575,501)
(643,040)	(972,920)	(125,583)	(182,779)	(287,017)
<u>2,067,751</u>	<u>(16,283,294)</u>	<u>7,207,180</u>	<u>11,930,847</u>	<u>23,434,239</u>
<u>\$ 1,424,711</u>	<u>\$ (17,256,214)</u>	<u>\$ 7,081,597</u>	<u>\$ 11,748,068</u>	<u>\$ 23,147,222</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, 2010

Net change in fund balances - total governmental funds \$ (287,017)

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	10,865,549
Depreciation expense	(3,346,880)
Unpaid accrued interest income is deferred in the governmental funds since it is not available. This income is accrued in the Statement of Activities.	620,873
Intergovernmental revenues earned, but not available are deferred in the fund financial statements	87,869
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	408
Increases in long-term notes receivable use current financial resources and are included in the expenditure of governmental funds. Repayments of long-term notes receivables provide current financial resource 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	(5,257)
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	20,757
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 bonds	65,000
Redevelopment Agency deferred interest payable	354,606
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	(333,767)
Change in net assets of governmental activities	<u>\$ 8,042,141</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 15,992,975	\$ 17,916,975	\$ 17,962,533	\$ 45,558
Licenses and permits	2,007,100	1,992,100	1,953,825	(38,275)
Fines and forfeitures	246,500	218,500	178,949	(39,551)
Use of money and property	860,900	691,900	816,037	124,137
Charges for services	58,900	58,900	73,008	14,108
Revenue from other agencies	320,471	202,972	170,676	(32,296)
Other revenues	148,200	148,200	148,200	-
TOTAL REVENUES	19,635,046	21,229,547	21,303,228	73,681
EXPENDITURES:				
General Government				
City council	97,378	106,768	105,935	833
City manager	1,492,856	1,544,156	1,375,577	168,579
City attorney	1,165,000	1,075,000	1,048,721	26,279
Community outreach	100,650	89,650	85,961	3,689
City clerk	372,463	387,463	379,289	8,174
Personnel	206,583	211,583	206,212	5,371
Finance	1,242,180	1,272,180	1,269,290	2,890
Information technology - Data	638,340	568,340	545,915	22,425
Information technology - Voice	81,705	81,705	73,675	8,030
Total General Government	5,397,155	5,336,845	5,090,575	246,270
Public safety				
Sheriff	3,995,750	3,995,750	3,939,997	55,753
Special programs	56,000	42,000	38,294	3,706
Animal control	125,250	125,250	92,529	32,721
Emergency preparedness	114,177	172,177	171,265	912
Total Public Safety	4,291,177	4,335,177	4,242,085	93,092
Public Works				
Public works administration	1,886,021	1,711,021	1,658,617	52,404
Traffic management	407,000	220,600	209,778	10,822
Storm water quality	173,900	221,900	122,283	99,617
Building maintenance	528,200	572,200	447,825	124,375
Park/Trail/Open Space maintenance	1,184,893	899,893	613,556	286,337
Sewer maintenance	60,300	131,300	57,194	74,106
Total Public Works	4,240,314	3,756,914	3,109,253	647,661

CITY OF RANCHO PALOS VERDES

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

GENERAL FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and Recreation				
Recreation administration	605,756	639,756	593,127	46,629
Recreation facilities	402,296	430,296	419,836	10,460
Special events	40,904	40,904	25,787	15,117
PVIC	330,331	335,331	294,565	40,766
REACH	74,672	74,672	68,488	6,184
Total Parks and Recreation	<u>1,453,959</u>	<u>1,520,959</u>	<u>1,401,803</u>	<u>119,156</u>
Community Development				
Planning services	1,245,118	1,310,944	1,320,867	(9,923)
Building & safety	591,177	646,177	611,145	35,032
Code enforcement	201,658	201,658	179,496	22,162
View restoration/preservation	321,288	326,288	324,139	2,149
NCCP	-	10,550	10,550	-
Geology	200,000	200,000	108,453	91,547
Total Community Development	<u>2,559,241</u>	<u>2,695,617</u>	<u>2,554,650</u>	<u>140,967</u>
Non-Departmental	-	-	320,000	(320,000)
TOTAL EXPENDITURES	<u>17,941,846</u>	<u>17,645,512</u>	<u>16,718,366</u>	<u>927,146</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,693,200</u>	<u>3,584,035</u>	<u>4,584,862</u>	<u>1,000,827</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	292,648	292,648	168,107	(124,541)
Transfers out	<u>(1,773,500)</u>	<u>(3,531,625)</u>	<u>(3,467,201)</u>	<u>64,424</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,480,852)</u>	<u>(3,238,977)</u>	<u>(3,299,094)</u>	<u>(60,117)</u>
NET CHANGE IN FUND BALANCE	212,348	345,058	1,285,768	940,710
FUND BALANCE - BEGINNING OF YEAR	<u>18,087,274</u>	<u>18,087,274</u>	<u>18,087,274</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 18,299,622</u>	<u>\$ 18,432,332</u>	<u>\$ 19,373,042</u>	<u>\$ 940,710</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**

STREET MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 8,500	\$ 8,500	\$ 16,958	\$ 8,458
Charges for services	4,100	4,100	8,420	4,320
Revenue from other agencies	1,173,288	1,078,788	1,081,457	2,669
TOTAL REVENUES	1,185,888	1,091,388	1,106,835	15,447
EXPENDITURES:				
Public Works				
Street landscape maintenance	1,506,674	1,631,674	1,228,618	403,056
Traffic signal maintenance	84,000	84,000	72,824	11,176
Portuguese Bend road maintenance	277,000	556,000	554,768	1,232
TOTAL EXPENDITURES	1,867,674	2,271,674	1,856,210	415,464
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(681,786)	(1,180,286)	(749,375)	430,911
OTHER FINANCING SOURCES:				
Transfers in	811,000	1,033,000	1,100,912	67,912
NET CHANGE IN FUND BALANCE	129,214	(147,286)	351,537	498,823
FUND BALANCE - BEGINNING OF YEAR	424,481	424,481	424,481	-
FUND BALANCE - END OF YEAR	\$ 553,695	\$ 277,195	\$ 776,018	\$ 498,823

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**

REDEVELOPMENT AGENCY HOUSING SET-ASIDE SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 205,200	\$ 211,700	\$ 215,652	\$ 3,952
Use of money and property	10,600	10,600	8,303	(2,297)
Proceeds of sale of land	-	-	2,990,000	2,990,000
TOTAL REVENUES	215,800	222,300	3,213,955	2,991,655
EXPENDITURES:				
Community Development				
Redevelopment	12,500	12,500	46,056	(33,556)
Capital outlay	907,000	3,587,496	3,810,939	(223,443)
TOTAL EXPENDITURES	919,500	3,599,996	3,856,995	(256,999)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(703,700)	(3,377,696)	(643,040)	2,734,656
OTHER FINANCING SOURCES:				
Transfers in	-	1,766,368	-	(1,766,368)
NET CHANGE IN FUND BALANCE	(703,700)	(1,611,328)	(643,040)	968,288
FUND BALANCE - BEGINNING OF YEAR	2,067,751	2,067,751	2,067,751	-
FUND BALANCE - END OF YEAR	\$ 1,364,051	\$ 456,423	\$ 1,424,711	\$ 968,288

See independent auditors' report and notes to financial statements.

CITY OF RANCHO PALOS VERDES

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2010

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 2,908,666	\$ 4,263,578
Receivables:		
Interest	3,206	4,607
Other	30,313	-
Prepaid items	-	121,867
	<u>2,942,185</u>	<u>4,390,052</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets, not being depreciated:		
Land	1,408,493	-
Construction in progress	149,081	-
Capital assets, being depreciated:		
Property and equipment	11,813	1,401,374
Infrastructure	11,338,573	-
Accumulated depreciation	(449,655)	(1,138,027)
	<u>12,458,305</u>	<u>263,347</u>
TOTAL NONCURRENT ASSETS		
	<u>15,400,490</u>	<u>4,653,399</u>
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	57,761	170,340
Retentions payable	59,803	-
	<u>117,564</u>	<u>170,340</u>
TOTAL CURRENT LIABILITIES		
NET ASSETS		
Invested in capital assets	12,458,305	263,347
Unrestricted	2,824,621	4,219,712
	<u>15,282,926</u>	<u>4,483,059</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, 2010

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES:		
Charges for services	-	\$ 2,196,372
OPERATING EXPENSES:		
Personnel services	132,040	3,548,913
Materials and supplies	100,265	118,999
Maintenance	112,008	347,315
Depreciation	235,536	119,385
TOTAL OPERATING EXPENSES	<u>579,849</u>	<u>4,134,612</u>
OPERATING LOSS	<u>(579,849)</u>	<u>(1,938,240)</u>
NONOPERATING REVENUES:		
Other revenues	-	6,806
Interest income	14,175	22,166
Storm drain user fees	1,263,572	-
TOTAL NONOPERATING REVENUES	<u>1,277,747</u>	<u>28,972</u>
Transfer in	-	1,575,501
CHANGE IN NET ASSETS	697,898	(333,767)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>14,585,028</u>	<u>4,816,826</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 15,282,926</u>	<u>\$ 4,483,059</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, 2010

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from interfund services provided	\$ -	\$ 2,196,372
Payments to suppliers	(212,273)	(462,594)
Payments to employees	(132,040)	(3,089,019)
	<u>(344,313)</u>	<u>(1,355,241)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(2,277,338)	(64,955)
	<u>(2,277,338)</u>	<u>(64,955)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from storm drain user fees	1,255,190	-
Receipts from other funds	-	1,240,168
NET CASH PROVIDED FROM NON-CAPITAL FINANCING ACTIVITIES	<u>1,255,190</u>	<u>1,240,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	22,658	29,205
	<u>22,658</u>	<u>29,205</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,343,803)	(150,823)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,252,469</u>	<u>4,414,401</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,908,666</u>	<u>\$ 4,263,578</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (579,849)	\$ (1,938,240)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	235,536	119,385
Changes in operating assets and liabilities:		
Decrease in prepaid items	-	408,641
Increase in accrued liabilities	-	54,973
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (344,313)</u>	<u>\$ (1,355,241)</u>

See independent auditors' report and notes to financial statements.



Ladera Linda Park Playground

NOTES TO FINANCIAL STATEMENTS

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010

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, 2010

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 both the government-wide and proprietary fund financial statements, 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.
- *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.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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 employee benefits costs and purchases and maintenance of equipment on behalf of all City departments, as well as the accumulation of funds for replacement of certain buildings on behalf of the City.

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 among program revenues are reported instead as general revenues. As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements.

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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, 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.

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.

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

The Redevelopment Agency Housing Set-Aside Special Revenue Fund is used 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.

The RDA Debt Service Fund is used to account for the accumulation of resources and for the payment of principal and interest on the Redevelopment Agency'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,

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

the cost of these services is reported in the appropriate functional activity (administration, public safety, public works, etc.).

The City reports the following major enterprise fund

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

E. Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the program level. Throughout the year, the City Council made several 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 \$13,294,328. This increase resulted primarily for the purchase of upper Filiorum open space.

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, 2010, 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,

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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 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, 2010, vested accrued vacation and compensatory time amounted to \$294,483. The General Fund will primarily be used to liquidate the liability for compensated absences in future years.

I. Investments

Investments are stated at fair value (quoted market price of the best available estimate, thereof), except for the City's investments in U.S. Treasury Securities

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

which are reported at cost since they have short-term maturities and the City intends to hold them to maturity.

J. Cash and Cash Equivalents

The Water Quality Flood Protection Enterprise Fund and the Internal Service Funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. Therefore the cash and investments reported in these funds are considered to be cash and cash equivalents for purpose of the statement of cash flows. 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. 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 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 \$1,495,458 (\$1,373,591 in governmental funds and \$121,867 in internal service funds) of prepaid items as of June 30, 2010.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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, 2010, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets
Total cash and investments	<u><u>\$ 40,615,724</u></u>

Cash and investments as of June 30, 2010 consist of the following:

Petty Cash	\$ 2,500
Deposits with Financial Institutions	2,699,972
Investments	<u>37,913,252</u>
Total cash and investments	<u><u>\$ 40,615,724</u></u>

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

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #2 – CASH AND INVESTMENTS (continued)

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	\$ 33,247,252
U.S. Treasury Securities	4,666,000
	<u>\$ 37,913,252</u>

Disclosures Relating to Credit Risk

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

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #2 – CASH AND INVESTMENTS (continued)

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, 2010, 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 \$2,452,184 at June 30, 2010.

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

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #2 – CASH AND INVESTMENTS (continued)

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

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

NOTE #3 – INTERFUND TRANSACTIONS

Inter-fund balances consisted of the following at June 30, 2010:

		Due To		
		Capital		
		General	Improvement	
		Fund	Capital Project	
		Funds	Funds	Totals
Due From				
	Redevelopment Agency Debt Service Fund	\$ 211,956	\$ -	\$ 211,956
	Other Governmental Funds	26,657	2,681	29,338
	Totals:	\$ 238,613	\$ 2,681	\$ 241,294

General fund cash was used to cover grant expenditures in the other Governmental Funds (CDBG and Measure A Funds) until reimbursement is received from the grant agencies. General fund cash was also used to pay the Redevelopment Agency's FY09-10 Supplemental Educational Revenue Augmentation Fund contribution required by the State. Capital Improvement Projects Fund cash was used to cover TDA Article 3 expenditures in the Bikeways Fund that are expected to be reimbursed during FY10-11.

Inter-fund Advances

The General Fund and Affordable Housing Capital Projects Fund have advanced the Redevelopment Agency amounts as described below:

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #3 – INTERFUND TRANSACTIONS (continued)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Advances to the Redevelopment Agency	\$ 16,886,970	\$ 2,481,908	\$ -	\$ 19,368,878

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, 2010, 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 3.658 percent during the fiscal year ended June 30, 2010. Of the \$17,594,675 advance, \$13,561,525 relates to the Portuguese Bend portion of the RDA, while \$4,033,149 relates to the Abalone Cove portion. During the year ended June 30, 2010, accrued interest of \$478,553 was added to the balance of the advance to the Portuguese Bend Fund, while principal of \$86,831 and accrued interest of \$142,320 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.

In connection with the development of the senior affordable housing project, the City agreed to advance funds to the Redevelopment Agency for use in providing financial assistance to the developer in the form of a construction loan. The balance of these advances at June 30, 2010 was \$1,774,203.

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2010, consisted of the following:

	Transfer From			
	General Fund	Other Governmental Funds	Totals	
Transfer To	General Fund	\$ -	\$ 168,107	\$ 168,107
	Street Maintenance	22,000	1,078,912	1,100,912
	Capital Improvement Projects	1,416,000	1,477,435	2,893,435
	Other Governmental Funds	453,700	-	453,700
	Internal Service Funds	1,575,501	-	1,575,501
	Totals:	\$ 3,467,201	\$ 2,724,454	\$ 6,191,655

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 32,139,008	\$ 6,669,545		\$ 38,808,553
Construction in progress	196,174	2,684,926	\$ (2,814,810)	66,290
Total capital assets not being depreciated	<u>32,335,182</u>	<u>9,354,471</u>	<u>(2,814,810)</u>	<u>38,874,843</u>
Capital assets being depreciated:				
Building and improvements	9,559,574	252,059		9,811,633
Vehicles	299,229		(9,775)	289,454
Computer equipment	534,442	64,955		599,397
Furniture, fixtures and equipment	512,517			512,517
Infrastructure				
Roadway system	82,674,783	3,875,452		86,550,235
Sewer system	25,755,463			25,755,463
Storm drain system	13,148,416			13,148,416
Parks system	6,283,651	198,377		6,482,028
Total capital assets being depreciated	<u>138,768,075</u>	<u>4,390,843</u>	<u>(9,775)</u>	<u>143,149,143</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,834,187)	(220,454)		(2,054,641)
Vehicles	(157,342)	(48,945)	9,775	(196,512)
Computer equipment	(505,633)	(31,226)		(536,859)
Furniture, fixtures and equipment	(365,436)	(39,214)		(404,650)
Infrastructure				
Roadway system	(37,190,459)	(2,296,441)		(39,486,900)
Sewer system	(16,397,770)	(455,109)		(16,852,879)
Storm drain system	(2,466,517)	(250,479)		(2,716,996)
Parks system	(4,318,843)	(124,397)		(4,443,240)
Total accumulated depreciation	<u>(63,236,187)</u>	<u>(3,466,265)</u>	<u>9,775</u>	<u>(66,692,677)</u>
Total capital assets being depreciated, net	75,531,888	924,578	-	76,456,466
Governmental activities capital assets, net	<u>\$ 107,867,070</u>	<u>\$ 10,279,049</u>	<u>\$ (2,814,810)</u>	<u>\$ 115,331,309</u>

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #4 – CAPITAL ASSETS AND DEPRECIATION (continued)

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

Administration	\$ 220,454
Public Works (including depreciation of general infrastructure assets)	3,002,029
Recreation Services	124,397
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>119,385</u>
Total Depreciation Expense – Governmental Activities	<u>\$3,466,265</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>7,419,621</u>	<u>\$ 217,177</u>	<u>\$(7,487,717)</u>	<u>149,081</u>
Total capital assets not being depreciated	<u>8,828,114</u>	<u>217,177</u>	<u>(7,487,717)</u>	<u>1,557,574</u>
Capital assets being depreciated:				
Equipment	11,813			11,813
Storm drain system	<u>3,850,856</u>	<u>7,487,717</u>		<u>11,338,573</u>
Total capital assets being depreciated	<u>3,862,669</u>	<u>7,487,717</u>	<u>-</u>	<u>11,350,386</u>
Less accumulated depreciation for:				
Equipment	(5,907)	(2,363)		(8,270)
Storm drain system	<u>(208,212)</u>	<u>(233,173)</u>		<u>(441,385)</u>
Total accumulated depreciation	<u>(214,119)</u>	<u>(235,536)</u>	<u>-</u>	<u>(449,655)</u>
Total capital assets being depreciated, net	<u>3,648,550</u>	<u>7,252,181</u>	<u>-</u>	<u>10,900,731</u>
Business-type activities capital assets, net	<u>\$ 12,476,664</u>	<u>\$ 7,469,358</u>	<u>\$(7,487,717)</u>	<u>\$ 12,458,305</u>

Depreciation expense of \$235,536 is included in the Water Quality Flood Protection enterprise fund.

NOTE #5 – LONG-TERM DEBT

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due in One Year
RDA Tax Increment Bond	\$ 5,315,000	\$ -	\$ (65,000)	\$ 5,250,000	\$ 85,000
RDA Deferred Interest Payable	1,490,909	-	(354,606)	1,136,303	-
Employee Compensated Absences	315,240	228,055	(248,812)	294,483	232,429
Totals	<u>\$ 7,121,149</u>	<u>\$ 228,055</u>	<u>\$(668,418)</u>	<u>\$ 6,680,786</u>	<u>\$ 317,429</u>

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, a total of \$1,975,097 in accumulated tax increment has been applied against this balance, including \$354,606 applied during fiscal year 2009-10. The remaining balance at June 30, 2010, was \$1,136,303. 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, 2010.

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, 2010

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
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	155,000	236,625	391,625
2016-2020	1,145,000	1,033,375	2,178,375
2021-2025	1,900,000	657,500	2,557,500
2026-2028	1,610,000	125,000	1,735,000
Totals	<u>\$ 5,250,000</u>	<u>\$ 3,062,750</u>	<u>\$ 8,312,750</u>

B. Employee Compensated Absences

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$232,429 estimated to be the amount that will be used and/or paid out during fiscal year 2010-11.

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, 2010

**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, 2010 are presented below, followed by explanations of the nature and purpose of each reserve and designation.

	General Fund	Street Maintenance Fund	RDA Housing Set-Aside Fund	RDA Debt Service Fund	Capital Improvement Fund	Other Governmental Funds
Reserved:						
Reimbursement settlement agreement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Prepaid items	813,442	-	1,086	540,561	-	18,502
Advances to other funds	6,306,376	-	-	-	-	1,766,368
Long term receivables	-	-	2,990,000	-	-	-
Habitat restoration	-	-	-	-	-	43,741
Inventory	46,648	-	-	-	-	-
Totals Reserved	\$ 7,166,466	\$ -	\$ 2,991,086	\$ 540,561	\$ -	\$ 2,828,611
Designated:						
Continuing Appropriations:						
General fund	\$ 1,462,450	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-	85,000
Capital projects funds	-	-	-	-	6,939,260	554,675
Totals Designated	\$ 1,462,450	\$ -	\$ -	\$ -	\$ 6,939,260	\$ 639,675

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 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.

C. Reserved for Advances to Other Funds

This reserve represents the long-term portion of loans from the City's General Fund to the RDA less \$11,288,299 recorded as deferred revenue (see Note #12)

D. Reserved for Long Term Receivables

The RDA sold land held for development known as the Crestridge property to the developer of an affordable senior housing project for \$2,990,000. The repayment terms are based on the project's net available cash flow each year. As the timing and amounts of repayment are not yet identifiable, the fund balance is reserved for the outstanding amount of the note receivable.

E. 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.

F. Reserved for Inventory

Fund balance has been reserved for the carrying amount of inventory held at Point Vicente Interpretive Center gift shop, as this asset is not available to satisfy the liabilities of the City.

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, 2010

NOTE #7 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS

Pension 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.

Pension Plan 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 FY09-10 rate was 13.547% of covered payroll. The City's contributions to CalPERS for the years ending June 30, 2010, 2009 and 2008 were \$2,475,581, \$1,508,304 and \$747,183, 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, 2010

NOTE #7 – PENSION AND RETIREMENT HEALTH SAVINGS PLANS (continued)

Retirement Health Savings Plan

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

The City has no obligation to make contributions to the Plan, but as part of the annual budget process the City may elect to make contributions to the Plan. Employees are required to contribute 1% of their gross wages to their account, which is owned by the employee. During FY09-10, the City contributed a total of \$162,424 to employee accounts, which included a one-time retroactive contribution of \$129,316. During the same time, employees contributed a total of \$18,294 to their own accounts. The City originally approved establishment of the Plan during the 2007 budget process for implementation in 2008. As the Plan did not become active until January 2010, the City Council approved a one-time retroactive contribution equivalent to contributions that would have been made during 2008 and 2009 had the Plan been active.

The Plan assets are not an asset of the City. Therefore, only the City’s expense to make contributions to the Plan has been recorded in the Employee Benefits internal service fund in the City’s financial statements.

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

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Programs of the CJPIA

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 allocated 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 \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible. Costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies. Costs of covered claims for subsidence losses are paid by excess insurance with \$25,000,000 sub-limits per member per occurrence. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance with a \$15,000,000 annual aggregate. The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

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 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.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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 sub-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 \$13,783,100. 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.

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 \$13,421,569. 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.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

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, 2010.

NOTE #9 – CONTINGENCIES AND COMMITMENTS

Litigation

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. Generally, unfavorable results of these claims and legal actions are funded through the City's participation in California Joint Powers Insurance Authority (CJPIA, see Note #8) and, as such, the City believes that the ultimate liability for these legal actions and claims will not have a material adverse effect on the City's financial statements. The City is also a defendant in legal actions for which the potential losses would not be covered through participation in CJPIA. The likelihood of an unfavorable outcome or the amount of potential losses cannot be reasonably estimated by the City for these claims at this time. In the event of an unfavorable outcome the losses would likely be material to the City's financial statements.

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #9 – CONTINGENCIES AND COMMITMENTS (continued)

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.

Based on a recent audit by the Department of Homeland Security's Office of Inspector General, the City may be liable to return over \$900,000 to FEMA. The City strongly disagrees with the auditor's conclusions and intends to file all appropriate appeals in support of its claim that it should be allowed to retain the FEMA funds.

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 parties have negotiated a settlement, but the plaintiffs have refused to sign it. Trial is currently scheduled for February 2011. A liability has been accrued for the potential settlement as of June 30, 2010. The City will continue its vigorous defense of this case.

NOTE #10 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #10 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA (continued)

and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (“California Communities”), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (“Prop 1A Bonds”) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE #11 – PROPERTY TAXES

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

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

NOTE #12 – DEFERRED REVENUES

The deferred revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2010 consisted of the following:

See independent auditors’ report.

CITY OF RANCHO PALOS VERDES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE #12 – DEFERRED REVENUES (continued)

General Fund:

Accrued interest from long-term advance to the RDA	\$ 11,288,300
Advance on federal grant	108,034
Revenue earned but not available	162,252

Other Governmental Funds:

Long-term notes receivable from AMCAL	3,346,306
Accrued interest from long-term advance to RDA	7,835
Long-term notes receivable offset (loans expended when made)	<u>738,333</u>

Total Deferred Revenues \$ 15,651,060

NOTE #13 – OTHER REQUIRED FUND DISCLOSURES

The following fund had deficit fund balance as of June 30, 2010:

Major Fund:

RDA Debt Service Fund	\$17,256,214
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The City plans to finance the fund deficit through future revenues and transfers from other funds.

The following budget program had expenditures in excess of the budget for the year ended June 30, 2010, as follows:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund Non-Departmental	\$0	\$320,000	\$320,000

See independent auditors' report.

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 820,900	\$ 846,900	\$ 862,609	\$ 15,709
Use of money and property	-	-	183	183
TOTAL REVENUES	<u>820,900</u>	<u>846,900</u>	<u>862,792</u>	<u>15,892</u>
EXPENDITURES:				
Current:				
Administration	16,400	346,525	346,483	42
Pass through to other agencies	174,400	174,400	183,625	(9,225)
Debt service:				
Principal	381,375	381,375	419,606	(38,231)
Interest and fiscal charges	<u>1,025,525</u>	<u>1,025,525</u>	<u>885,998</u>	<u>139,527</u>
TOTAL EXPENDITURES	<u>1,597,700</u>	<u>1,927,825</u>	<u>1,835,712</u>	<u>92,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(776,800)	(1,080,925)	(972,920)	108,005
FUND DEFICIT - BEGINNING OF YEAR	<u>(16,283,294)</u>	<u>(16,283,294)</u>	<u>(16,283,294)</u>	-
FUND DEFICIT - END OF YEAR	<u>\$ (17,060,094)</u>	<u>\$ (17,364,219)</u>	<u>\$ (17,256,214)</u>	<u>\$ 108,005</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 858,320	\$ 2,804,720	\$ 6,998,875	\$ 4,194,155
Use of money and property	64,600	6,014,600	466,967	(5,547,633)
TOTAL REVENUES	922,920	8,819,320	7,465,842	(1,353,478)
EXPENDITURES:				
Capital Outlay				
Infrastructure administration	17,200	17,200	1,985	15,215
Street improvements	5,832,960	5,068,303	3,750,571	1,317,732
Parks/Trails/Open Space improvements	956,600	6,901,800	6,727,315	174,485
Sewer improvements	-	17,000	4,989	12,011
TOTAL EXPENDITURES	6,806,760	12,004,303	10,484,860	1,519,443
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,883,840)	(3,184,983)	(3,019,018)	165,965
OTHER FINANCING SOURCES:				
Transfers in	4,848,320	5,776,284	2,893,435	(2,882,849)
NET CHANGE IN FUND BALANCE	(1,035,520)	2,591,301	(125,583)	(2,716,884)
FUND BALANCE - BEGINNING OF YEAR	7,207,180	7,207,180	7,207,180	-
FUND BALANCE - END OF YEAR	\$ 6,171,660	\$ 9,798,481	\$ 7,081,597	\$ (2,716,884)

See independent auditors' report.



Founders Park

CITY OF RANCHO PALOS VERDES

JUNE 30, 2010

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).

Community Development Block Grant Recovery Act (CDBG-R) – to account for a special one-time federal grant funded under the American Recovery and Reinvestment Act of 2009 to provide funding for infrastructure, energy efficiency, education, health care, and job creation/retention.

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

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.

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

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.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

Special Revenues Fund Descriptions (continued)

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.

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.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds Descriptions (continued)

Bikeways – to account for state funds that are used for the construction of bikeways and pedestrian facilities.

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

CITY OF RANCHO PALOS VERDES

JUNE 30, 2010

NONMAJOR GOVERNMENTAL FUNDS

Permanent Fund Description (continued)

\$1,000,000 deposit of nonexpendable principal. The interest earnings are used to pay for maintenance and repair of Abalone Cove landslide abatement improvements.



Public Access to the Coastline

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2010

Special Revenue Funds					
	Air Quality Management	CDBG	CDBG-R	El Prado	Proposition A
ASSETS					
Cash and investments	\$ 38,364	\$ -	\$ -	\$ 12,691	\$ 126,639
Receivables:					
Taxes	-	-	-	90	-
Interest	31	-	-	14	66
Notes	-	433,375	-	-	-
Other	13,014	46,100	5,138	-	-
Prepaid items	-	-	-	-	-
Advance to other funds	-	-	-	-	-
TOTAL ASSETS	\$ 51,409	\$ 479,475	\$ 5,138	\$ 12,795	\$ 126,705
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ 31,239	\$ 5,138	\$ (55)	\$ 26,441
Due to other funds	-	14,861	-	-	-
Deferred revenue	-	433,375	-	-	-
TOTAL LIABILITIES	-	479,475	5,138	(55)	26,441
FUND BALANCES:					
Reserved:					
Reimbursement settlement agreement	-	-	-	-	-
Prepaid items	-	-	-	-	-
Long term advances	-	-	-	-	-
Habitat restoration	-	-	-	-	-
Unreserved:					
Designated for continuing appropriations:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Undesignated reported in:					
Special revenue funds	51,409	-	-	12,850	100,264
Capital projects funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
TOTAL FUND BALANCES	51,409	-	-	12,850	100,264
TOTAL LIABILITIES AND FUND BALANCES	\$ 51,409	\$ 479,475	\$ 5,138	\$ 12,795	\$ 126,705

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition C	Measure R	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ 1,692,274	\$ 272,980	\$ 808,175	\$ 210,228	\$ 27,245	\$ 43,826
-	-	-	-	-	7,891
3,284	236	1,649	267	127	253
-	-	-	-	-	-
-	-	48,525	36,272	7,548	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,695,558</u>	<u>\$ 273,216</u>	<u>\$ 858,349</u>	<u>\$ 246,767</u>	<u>\$ 34,920</u>	<u>\$ 51,970</u>
\$ -	\$ -	\$ 247	\$ 16,272	\$ -	\$ 1,225
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>247</u>	<u>16,272</u>	<u>-</u>	<u>1,225</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	75,000	-	-	-
-	-	-	-	-	-
1,695,558	273,216	783,102	230,495	34,920	50,745
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,695,558</u>	<u>273,216</u>	<u>858,102</u>	<u>230,495</u>	<u>34,920</u>	<u>50,745</u>
<u>\$ 1,695,558</u>	<u>\$ 273,216</u>	<u>\$ 858,349</u>	<u>\$ 246,767</u>	<u>\$ 34,920</u>	<u>\$ 51,970</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2010

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
ASSETS				
Cash and investments	\$ 1,671,109	\$ 288,771	\$ 275,044	\$ 782,444
Receivables:				
Taxes	23,255	-	-	-
Interest	1,907	188	149	811
Notes	-	-	-	-
Other	-	-	-	-
Prepaid items	-	-	-	-
Advance to other funds	-	-	-	-
TOTAL ASSETS	\$ 1,696,271	\$ 288,959	\$ 275,193	\$ 783,255
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 57,153	\$ 5,638	\$ -	\$ 9,335
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
TOTAL LIABILITIES	57,153	5,638	-	9,335
FUND BALANCES:				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Long term advances	-	-	-	-
Habitat restoration	-	-	43,741	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	-	10,000
Capital projects funds	-	-	-	-
Undesignated reported in:				
Special revenue funds	1,639,118	283,321	231,452	763,920
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
TOTAL FUND BALANCES	1,639,118	283,321	275,193	773,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,696,271	\$ 288,959	\$ 275,193	\$ 783,255

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	\$ 61,747	\$ 6,287	\$ 201,938	\$ 403,392	\$ 6,930,594
-	385	-	-	-	31,621
58	71	-	218	446	9,775
-	-	-	-	-	433,375
38,460	-	-	-	-	195,057
-	-	1,310	-	-	1,310
-	-	-	-	-	-
<u>\$ 45,958</u>	<u>\$ 62,203</u>	<u>\$ 7,597</u>	<u>\$ 202,156</u>	<u>\$ 403,838</u>	<u>\$ 7,601,732</u>
\$ -	\$ 3,860	\$ 6,445	\$ -	\$ -	\$ 162,938
11,796	-	-	-	-	26,657
-	-	-	-	-	433,375
<u>11,796</u>	<u>3,860</u>	<u>6,445</u>	<u>-</u>	<u>-</u>	<u>622,970</u>
-	-	-	-	-	-
-	-	1,310	-	-	1,310
-	-	-	-	-	-
-	-	-	-	-	43,741
-	-	-	-	-	85,000
-	-	-	-	-	-
34,162	58,343	(158)	202,156	403,838	6,848,711
-	-	-	-	-	-
-	-	-	-	-	-
<u>34,162</u>	<u>58,343</u>	<u>1,152</u>	<u>202,156</u>	<u>403,838</u>	<u>6,978,762</u>
<u>\$ 45,958</u>	<u>\$ 62,203</u>	<u>\$ 7,597</u>	<u>\$ 202,156</u>	<u>\$ 403,838</u>	<u>\$ 7,601,732</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2010

	Capital Projects Funds				
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby	Affordable Housing
ASSETS					
Cash and investments	\$ -	\$ 6,197	\$ 722,314	\$ 29,173	\$ 7,007
Receivables:					
Taxes	-	-	-	-	-
Interest	15	6	1,004	32	18
Notes	-	-	-	-	-
Other	2,666	-	-	-	-
Prepaid items	-	-	-	-	-
Advance to other funds	-	-	-	-	1,774,203
TOTAL ASSETS	\$ 2,681	\$ 6,203	\$ 723,318	\$ 29,205	\$ 1,781,228
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 39,067	\$ -	\$ -
Due to other funds	2,681	-	-	-	-
Deferred revenue	-	-	-	-	7,835
TOTAL LIABILITIES	2,681	-	39,067	-	7,835
FUND BALANCES:					
Reserved:					
Reimbursement settlement agreement	-	-	-	-	-
Prepaid items	-	-	-	-	-
Long term advances	-	-	-	-	1,766,368
Habitat restoration	-	-	-	-	-
Unreserved:					
Designated for continuing appropriations:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	554,675	-	-
Undesignated reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	6,203	129,576	29,205	7,025
Permanent funds	-	-	-	-	-
TOTAL FUND BALANCES	-	6,203	684,251	29,205	1,773,393
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,681	\$ 6,203	\$ 723,318	\$ 29,205	\$ 1,781,228

See independent auditors' report.

Capital Projects Funds (Continued)			Permanent Fund		
Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds
\$ 549,540	\$ 274,855	\$ 101,956	\$ 1,691,042	\$ 1,334,819	\$ 9,956,455
-	-	-	-	-	31,621
574	304	112	2,065	1,379	13,219
304,958	-	-	304,958	-	738,333
-	-	-	2,666	-	197,723
17,192	-	-	17,192	-	18,502
-	-	-	1,774,203	-	1,774,203
<u>\$ 872,264</u>	<u>\$ 275,159</u>	<u>\$ 102,068</u>	<u>\$ 3,792,126</u>	<u>\$ 1,336,198</u>	<u>\$ 12,730,056</u>
\$ 1,502	\$ -	\$ -	\$ 40,569	\$ 2,975	\$ 206,482
-	-	-	2,681	-	29,338
304,958	-	-	312,793	-	746,168
<u>306,460</u>	<u>-</u>	<u>-</u>	<u>356,043</u>	<u>2,975</u>	<u>981,988</u>
-	-	-	-	1,000,000	1,000,000
17,192	-	-	17,192	-	18,502
-	-	-	1,766,368	-	1,766,368
-	-	-	-	-	43,741
-	-	-	-	-	85,000
-	-	-	554,675	-	554,675
-	-	-	-	-	6,848,711
548,612	275,159	102,068	1,097,848	-	1,097,848
-	-	-	-	333,223	333,223
<u>565,804</u>	<u>275,159</u>	<u>102,068</u>	<u>3,436,083</u>	<u>1,333,223</u>	<u>11,748,068</u>
<u>\$ 872,264</u>	<u>\$ 275,159</u>	<u>\$ 102,068</u>	<u>\$ 3,792,126</u>	<u>\$ 1,336,198</u>	<u>\$ 12,730,056</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, 2010

	Special Revenue Funds				
	Air Quality Management	CDBG	CDBG-R	El Prado	Proposition A
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 1,887	\$ -
Use of money and property	170	-	-	59	459
Revenue from other agencies	98,463	247,080	51,380	-	546,618
Other revenues	-	-	-	-	-
TOTAL REVENUES	98,633	247,080	51,380	1,946	547,077
EXPENDITURES:					
Current:					
Administration	-	-	-	-	-
Public works	100,000	-	-	234	641,707
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	220,227	51,380	-	-
TOTAL EXPENDITURES	100,000	220,227	51,380	234	641,707
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,367)	26,853	-	1,712	(94,630)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(26,847)	-	-	(2,800)
TOTAL OTHER FINANCING SOURCES (USES)	-	(26,847)	-	-	(2,800)
NET CHANGE IN FUND BALANCES	(1,367)	6	-	1,712	(97,430)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	52,776	(6)	-	11,138	197,694
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 51,409	\$ -	\$ -	\$ 12,850	\$ 100,264

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition C	Measure R	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,418
14,084	390	7,188	223,920	380	641
453,443	272,826	-	91,120	100,000	-
-	-	200,220	-	-	-
<u>467,527</u>	<u>273,216</u>	<u>207,408</u>	<u>315,040</u>	<u>100,380</u>	<u>263,059</u>
-	-	-	-	-	-
-	-	25,803	218,650	-	70,973
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>25,803</u>	<u>218,650</u>	<u>-</u>	<u>70,973</u>
<u>467,527</u>	<u>273,216</u>	<u>181,605</u>	<u>96,390</u>	<u>100,380</u>	<u>192,086</u>
-	-	-	-	-	-
(1,336,968)	-	(690,754)	(40,000)	(100,000)	(200,000)
<u>(1,336,968)</u>	<u>-</u>	<u>(690,754)</u>	<u>(40,000)</u>	<u>(100,000)</u>	<u>(200,000)</u>
(869,441)	273,216	(509,149)	56,390	380	(7,914)
<u>2,564,999</u>	<u>-</u>	<u>1,367,251</u>	<u>174,105</u>	<u>34,540</u>	<u>58,659</u>
<u>\$ 1,695,558</u>	<u>\$ 273,216</u>	<u>\$ 858,102</u>	<u>\$ 230,495</u>	<u>\$ 34,920</u>	<u>\$ 50,745</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, 2010

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
REVENUES:				
Taxes	\$ 492,606	\$ -	\$ -	\$ -
Use of money and property	8,441	1,042	5,804	3,795
Revenue from other agencies	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	501,047	1,042	5,804	3,795
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public works	421,712	59,334	124,791	52,211
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	421,712	59,334	124,791	52,211
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	79,335	(58,292)	(118,987)	(48,416)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	110,000	169,000	55,000
Transfers out	(72,824)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(72,824)	110,000	169,000	55,000
NET CHANGE IN FUND BALANCES	6,511	51,708	50,013	6,584
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	1,632,607	231,613	225,180	767,336
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 1,639,118	\$ 283,321	\$ 275,193	\$ 773,920

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
\$ -	\$ 46,248	\$ -	\$ -	\$ -	\$ 803,159
234	425	(12)	1,653	1,936	270,609
49,373	-	-	-	-	1,910,303
-	1,159	-	-	399,820	601,199
<u>49,607</u>	<u>47,832</u>	<u>(12)</u>	<u>1,653</u>	<u>401,756</u>	<u>3,585,270</u>
-	-	99,122	-	-	99,122
-	97,783	-	-	-	1,813,198
-	-	-	-	-	-
-	-	-	300,000	-	300,000
-	-	-	-	-	271,607
<u>-</u>	<u>97,783</u>	<u>99,122</u>	<u>300,000</u>	<u>-</u>	<u>2,483,927</u>
<u>49,607</u>	<u>(49,951)</u>	<u>(99,134)</u>	<u>(298,347)</u>	<u>401,756</u>	<u>1,101,343</u>
-	14,700	105,000	-	-	453,700
(49,373)	-	-	-	-	(2,519,566)
<u>(49,373)</u>	<u>14,700</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>(2,065,866)</u>
234	(35,251)	5,866	(298,347)	401,756	(964,523)
<u>33,928</u>	<u>93,594</u>	<u>(4,714)</u>	<u>500,503</u>	<u>2,082</u>	<u>7,943,285</u>
<u>\$ 34,162</u>	<u>\$ 58,343</u>	<u>\$ 1,152</u>	<u>\$ 202,156</u>	<u>\$ 403,838</u>	<u>\$ 6,978,762</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, 2010

	Capital Projects Funds				
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby	Affordable Housing
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	48	32	4,386	137	5,681
Revenue from other agencies	18,540	-	-	-	-
Other revenues	-	-	79,624	3,898	932,910
TOTAL REVENUES	18,588	32	84,010	4,035	938,591
EXPENDITURES:					
Current:					
Administration	-	-	-	-	-
Public works	-	-	52,752	-	-
Community development	-	-	-	-	3,531
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	52,752	-	3,531
EXCESS OF REVENUES OVER					
(UNDER) EXPENDITURES	18,588	32	31,258	4,035	935,060
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(18,588)	-	(186,300)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(18,588)	-	(186,300)	-	-
NET CHANGE IN FUND BALANCES	-	32	(155,042)	4,035	935,060
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	-	6,171	839,293	25,170	838,333
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 6,203	\$ 684,251	\$ 29,205	\$ 1,773,393

See independent auditors' report.

Capital Projects Funds (Continued)				Permanent Fund	
Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 803,159
2,837	1,389	515	15,025	7,086	292,720
-	-	-	18,540	-	1,928,843
50,004	-	-	1,066,436	-	1,667,635
<u>52,841</u>	<u>1,389</u>	<u>515</u>	<u>1,100,001</u>	<u>7,086</u>	<u>4,692,357</u>
-	-	-	-	-	99,122
28,078	-	-	80,830	36,094	1,930,122
-	-	-	3,531	-	3,531
-	-	-	-	-	300,000
-	-	-	-	-	271,607
<u>28,078</u>	<u>-</u>	<u>-</u>	<u>84,361</u>	<u>36,094</u>	<u>2,604,382</u>
<u>24,763</u>	<u>1,389</u>	<u>515</u>	<u>1,015,640</u>	<u>(29,008)</u>	<u>2,087,975</u>
-	-	-	-	-	453,700
-	-	-	(204,888)	-	(2,724,454)
-	-	-	(204,888)	-	(2,270,754)
24,763	1,389	515	810,752	(29,008)	(182,779)
<u>541,041</u>	<u>273,770</u>	<u>101,553</u>	<u>2,625,331</u>	<u>1,362,231</u>	<u>11,930,847</u>
<u>\$ 565,804</u>	<u>\$ 275,159</u>	<u>\$ 102,068</u>	<u>\$ 3,436,083</u>	<u>\$ 1,333,223</u>	<u>\$ 11,748,068</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 49,800	\$ 99,800	\$ 98,463	\$ (1,337)
Use of money and property	800	800	170	(630)
TOTAL REVENUES	50,600	100,600	98,633	(1,967)
EXPENDITURES:				
Public works	50,000	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	600	600	(1,367)	(1,967)
FUND BALANCE - BEGINNING OF YEAR	52,776	52,776	52,776	-
FUND BALANCE - END OF YEAR	\$ 53,376	\$ 53,376	\$ 51,409	\$ (1,967)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 301,826	\$ 336,826	\$ 247,080	\$ (89,746)
EXPENDITURES:				
Capital outlay	274,978	309,978	220,227	89,751
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,848	26,848	26,853	5
OTHER FINANCING USES:				
Transfers out	(26,848)	(26,848)	(26,847)	1
NET CHANGE IN FUND BALANCE	-	-	6	6
FUND DEFICIT - BEGINNING OF YEAR	(6)	(6)	(6)	-
FUND DEFICIT - END OF YEAR	<u>\$ (6)</u>	<u>\$ (6)</u>	<u>\$ -</u>	<u>\$ 6</u>

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 RECOVERY ACT REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ 51,380	\$ 51,380	\$ -
EXPENDITURES:				
Capital outlay	-	51,380	51,380	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,870	\$ 1,870	\$ 1,887	\$ 17
Use of money and property	160	160	59	(101)
TOTAL REVENUES	2,030	2,030	1,946	(84)
EXPENDITURES:				
Public works	11,000	11,000	234	10,766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,970)	(8,970)	1,712	10,682
FUND BALANCE - BEGINNING OF YEAR	11,138	11,138	11,138	-
FUND BALANCE - END OF YEAR	\$ 2,168	\$ 2,168	\$ 12,850	\$ 10,682

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 698,923	\$ 546,923	\$ 546,618	\$ (305)
Use of money and property	1,000	1,000	459	(541)
TOTAL REVENUES	699,923	547,923	547,077	(846)
EXPENDITURES:				
Public works	670,900	670,900	641,707	29,193
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	29,023	(122,977)	(94,630)	28,347
OTHER FINANCING USES:				
Transfers out	(2,800)	(69,800)	(2,800)	67,000
NET CHANGE IN FUND BALANCE	26,223	(192,777)	(97,430)	95,347
FUND BALANCE - BEGINNING OF YEAR	197,694	197,694	197,694	-
FUND BALANCE - END OF YEAR	\$ 223,917	\$ 4,917	\$ 100,264	\$ 95,347

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 570,384	\$ 457,384	\$ 453,443	\$ (3,941)
Use of money and property	24,900	24,900	14,084	(10,816)
TOTAL REVENUES	595,284	482,284	467,527	(14,757)
OTHER FINANCING USES:				
Transfers out	(2,259,720)	(2,963,771)	(1,336,968)	1,626,803
NET CHANGE IN FUND BALANCE	(1,664,436)	(2,481,487)	(869,441)	1,612,046
FUND BALANCE - BEGINNING OF YEAR	2,564,999	2,564,999	2,564,999	-
FUND BALANCE - END OF YEAR	\$ 900,563	\$ 83,512	\$ 1,695,558	\$ 1,612,046

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 221,267	\$ 221,267	\$ 272,826	\$ 51,559
Use of money and property	-	-	390	390
TOTAL REVENUES	221,267	221,267	273,216	51,949
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 221,267	\$ 221,267	\$ 273,216	\$ 51,949

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 150,000	\$ 150,000	\$ 200,220	\$ 50,220
Use of money and property	12,900	12,900	7,188	(5,712)
TOTAL REVENUES	162,900	162,900	207,408	44,508
EXPENDITURES:				
Public works	96,530	32,530	25,803	6,727
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	66,370	130,370	181,605	51,235
OTHER FINANCING USES:				
Transfers out	(756,000)	(1,048,000)	(690,754)	357,246
NET CHANGE IN FUND BALANCE	(689,630)	(917,630)	(509,149)	408,481
FUND BALANCE - BEGINNING OF YEAR	1,367,251	1,367,251	1,367,251	-
FUND BALANCE - END OF YEAR	\$ 677,621	\$ 449,621	\$ 858,102	\$ 408,481

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 65,000	\$ 65,000	\$ 91,120	\$ 26,120
Use of money and property	72,890	221,390	223,920	2,530
TOTAL REVENUES	137,890	286,390	315,040	28,650
EXPENDITURES:				
Public works	174,408	284,708	218,650	66,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,518)	1,682	96,390	94,708
OTHER FINANCING USES:				
Transfers out	(52,000)	(52,000)	(40,000)	12,000
NET CHANGE IN FUND BALANCE	(88,518)	(50,318)	56,390	106,708
FUND BALANCE - BEGINNING OF YEAR	174,105	174,105	174,105	-
FUND BALANCE - END OF YEAR	\$ 85,587	\$ 123,787	\$ 230,495	\$ 106,708

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	-	380	380
TOTAL REVENUES	100,000	100,000	100,380	380
EXPENDITURES:				
Public safety	-	33,635	-	33,635
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100,000	66,365	100,380	34,015
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	-	(33,635)	380	34,015
FUND BALANCE - BEGINNING OF YEAR	34,540	34,540	34,540	-
FUND BALANCE - END OF YEAR	\$ 34,540	\$ 905	\$ 34,920	\$ 34,015

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 257,559	\$ 257,559	\$ 262,418	\$ 4,859
Use of money and property	900	900	641	(259)
TOTAL REVENUES	258,459	258,459	263,059	4,600
EXPENDITURES:				
Public works	69,100	69,100	70,973	(1,873)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	189,359	189,359	192,086	2,727
OTHER FINANCING USES:				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(10,641)	(10,641)	(7,914)	2,727
FUND BALANCE - BEGINNING OF YEAR	58,659	58,659	58,659	-
FUND BALANCE - END OF YEAR	\$ 48,018	\$ 48,018	\$ 50,745	\$ 2,727

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 483,100	\$ 483,100	\$ 492,606	\$ 9,506
Use of money and property	21,700	21,700	8,441	(13,259)
TOTAL REVENUES	504,800	504,800	501,047	(3,753)
EXPENDITURES:				
Public works	493,400	493,400	421,712	71,688
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,400	11,400	79,335	67,935
OTHER FINANCING USES:				
Transfers out	(84,000)	(84,000)	(72,824)	11,176
NET CHANGE IN FUND BALANCE	(72,600)	(72,600)	6,511	79,111
FUND BALANCE - BEGINNING OF YEAR	1,632,607	1,632,607	1,632,607	-
FUND BALANCE - END OF YEAR	\$ 1,560,007	\$ 1,560,007	\$ 1,639,118	\$ 79,111

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 PORTUGUSE BEND SPECIAL REVENUE FUND

For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,820	\$ 2,820	\$ 1,042	\$ (1,778)
EXPENDITURES:				
Public works	138,700	138,700	59,334	79,366
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(135,880)	(135,880)	(58,292)	77,588
OTHER FINANCING SOURCES:				
Transfers in	110,000	110,000	110,000	-
NET CHANGE IN FUND BALANCE	(25,880)	(25,880)	51,708	77,588
FUND BALANCE - BEGINNING OF YEAR	231,613	231,613	231,613	-
FUND BALANCE - END OF YEAR	<u>\$ 205,733</u>	<u>\$ 205,733</u>	<u>\$ 283,321</u>	<u>\$ 77,588</u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,800	\$ 1,800	\$ 5,804	\$ 4,004
EXPENDITURES:				
Public works	124,791	194,791	124,791	70,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(122,991)	(192,991)	(118,987)	(65,996)
OTHER FINANCING SOURCES:				
Transfers in	115,000	169,000	169,000	-
NET CHANGE IN FUND BALANCE	(7,991)	(23,991)	50,013	(65,996)
FUND BALANCE - BEGINNING OF YEAR	225,180	225,180	225,180	-
FUND BALANCE - END OF YEAR	<u>\$ 217,189</u>	<u>\$ 201,189</u>	<u>\$ 275,193</u>	<u>\$ (65,996)</u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 11,300	\$ 11,300	\$ 3,795	\$ (7,505)
EXPENDITURES:				
Public works	67,000	67,000	52,211	14,789
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(55,700)	(55,700)	(48,416)	7,284
OTHER FINANCING SOURCES:				
Transfers in	55,000	55,000	55,000	-
NET CHANGE IN FUND BALANCE	(700)	(700)	6,584	7,284
FUND BALANCE - BEGINNING OF YEAR	767,336	767,336	767,336	-
FUND BALANCE - END OF YEAR	<u>\$ 766,636</u>	<u>\$ 766,636</u>	<u>\$ 773,920</u>	<u>\$ 7,284</u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 151,000	\$ 161,913	\$ 49,373	\$ (112,540)
Use of money and property	-	-	234	234
TOTAL REVENUES	151,000	161,913	49,607	(112,306)
OTHER FINANCING USES:				
Transfers out	(151,000)	(161,913)	(49,373)	112,540
NET CHANGE IN FUND BALANCE	-	-	234	234
FUND BALANCE - BEGINNING OF YEAR	33,928	33,928	33,928	-
FUND BALANCE - END OF YEAR	\$ 33,928	\$ 33,928	\$ 34,162	\$ 234

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 45,650	\$ 45,650	\$ 46,248	\$ 598
Other revenues	-	-	1,159	1,159
Use of money and property	570	570	425	(145)
TOTAL REVENUES	46,220	46,220	47,832	1,612
EXPENDITURES:				
Public works	62,038	66,038	97,783	(31,745)
Capital outlay	-	32,000	-	32,000
TOTAL EXPENDITURE	62,038	98,038	97,783	255
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,818)	(51,818)	(49,951)	1,357
OTHER FINANCING SOURCES:				
Transfers in	10,700	10,700	14,700	4,000
NET CHANGE IN FUND BALANCE	(5,118)	(41,118)	(35,251)	5,357
FUND BALANCE - BEGINNING OF YEAR	93,594	93,594	93,594	-
FUND BALANCE - END OF YEAR	\$ 88,476	\$ 52,476	\$ 58,343	\$ 5,357

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Use of money and property	160	160	(12)	(172)
TOTAL REVENUES	1,160	1,160	(12)	(1,172)
EXPENDITURES:				
Administration	84,750	99,750	99,122	628
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(83,590)	(98,590)	(99,134)	(544)
OTHER FINANCING SOURCES:				
Transfers in	75,000	90,000	105,000	15,000
NET CHANGE IN FUND BALANCE	(8,590)	(8,590)	5,866	14,456
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(4,714)	(4,714)	(4,714)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (13,304)</u>	<u>\$ (13,304)</u>	<u>\$ 1,152</u>	<u>\$ 14,456</u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,600	\$ 7,600	\$ 1,653	\$ (5,947)
TOTAL REVENUES	7,600	7,600	1,653	(5,947)
EXPENDITURES:				
Park and recreation	-	305,439	300,000	5,439
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,600	(297,839)	(298,347)	(11,386)
FUND BALANCE - BEGINNING OF YEAR	500,503	500,503	500,503	-
FUND BALANCE - END OF YEAR	\$ 508,103	\$ 202,664	\$ 202,156	\$ (11,386)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 600,000	\$ 600,000	399,820	(200,180)
Use of money and property	-	-	1,936	1,936
TOTAL REVENUES	600,000	600,000	401,756	(198,244)
OTHER FINANCING USES:				
Transfers out	(600,000)	(600,000)	-	600,000
NET CHANGE IN FUND BALANCE	-	-	401,756	401,756
FUND BALANCE - BEGINNING OF YEAR	2,082	2,082	2,082	-
FUND BALANCE - END OF YEAR	\$ 2,082	\$ 2,082	\$ 403,838	\$ 401,756

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 25,000	\$ 25,000	\$ 18,540	\$ (6,460)
Use of money and property	-	-	48	48
TOTAL REVENUES	25,000	25,000	18,588	(6,412)
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(18,588)	6,412
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 90	\$ 90	\$ 32	\$ (58)
FUND BALANCE - BEGINNING OF YEAR	<u>6,171</u>	<u>6,171</u>	<u>6,171</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,261</u>	<u>\$ 6,261</u>	<u>\$ 6,203</u>	<u>\$ (58)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 97,000	\$ 97,000	\$ 79,624	\$ (17,376)
Use of money and property	10,100	10,100	4,386	(5,714)
TOTAL REVENUES	107,100	107,100	84,010	(23,090)
EXPENDITURES:				
Public works	350,000	51,325	52,752	(1,427)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(242,900)	55,775	31,258	(24,517)
OTHER FINANCING USES:				
Transfers out	(332,600)	(332,600)	(186,300)	146,300
NET CHANGE IN FUND BALANCE	(575,500)	(276,825)	(155,042)	121,783
FUND BALANCE - BEGINNING OF YEAR	839,293	839,293	839,293	-
FUND BALANCE - END OF YEAR	\$ 263,793	\$ 562,468	\$ 684,251	\$ 121,783

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 1,300,000	\$ 1,300,000	\$ 3,898	\$ (1,296,102)
Use of money and property	-	-	137	137
TOTAL REVENUES	1,300,000	1,300,000	4,035	(1,295,965)
FUND BALANCE - BEGINNING OF YEAR	25,170	25,170	25,170	-
FUND BALANCE - END OF YEAR	\$ 1,325,170	\$ 1,325,170	\$ 29,205	\$ (1,295,965)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ 931,910	\$ 932,910	\$ 1,000
Use of money and property	16,600	16,600	5,681	(10,919)
TOTAL REVENUES	16,600	948,510	938,591	(9,919)
EXPENDITURES:				
Community development	12,500	12,500	3,531	8,969
Capital outlay	1,099,000	1,766,368	-	1,766,368
TOTAL EXPENDITURE	1,111,500	1,778,868	3,531	1,775,337
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,094,900)	(830,358)	935,060	(1,785,256)
FUND BALANCE - BEGINNING OF YEAR	838,333	838,333	838,333	-
FUND BALANCE - END OF YEAR	\$ (256,567)	\$ 7,975	\$ 1,773,393	\$ (1,785,256)

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	-	-	50,004	50,004
Use of money and property	\$ 7,300	\$ 7,300	\$ 2,837	\$ (4,463)
TOTAL REVENUES	7,300	7,300	52,841	45,541
EXPENDITURES:				
Public works	31,075	32,073	28,078	3,995
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,775)	(24,773)	24,763	49,536
FUND BALANCE - BEGINNING OF YEAR	541,041	541,041	541,041	-
FUND BALANCE - END OF YEAR	<u>\$ 517,266</u>	<u>\$ 516,268</u>	<u>\$ 565,804</u>	<u>\$ 49,536</u>

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,100	\$ 4,100	\$ 1,389	\$ (2,711)
FUND BALANCE - BEGINNING OF YEAR	<u>273,770</u>	<u>273,770</u>	<u>273,770</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 277,870</u>	<u>\$ 277,870</u>	<u>\$ 275,159</u>	<u>\$ (2,711)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 515	\$ (985)
FUND BALANCE - BEGINNING OF YEAR	101,553	101,553	101,553	-
FUND BALANCE - END OF YEAR	<u>\$ 103,053</u>	<u>\$ 103,053</u>	<u>\$ 102,068</u>	<u>\$ (985)</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 19,500	\$ 19,500	\$ 7,086	\$ (12,414)
EXPENDITURES:				
Public works	108,176	108,176	36,094	72,082
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(88,676)	(88,676)	(29,008)	59,668
FUND BALANCE - BEGINNING OF YEAR	1,362,231	1,362,231	1,362,231	-
FUND BALANCE - END OF YEAR	\$ 1,273,555	\$ 1,273,555	\$ 1,333,223	\$ 59,668

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

JUNE 30, 2010

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, 2010

ASSETS	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
CURRENT ASSETS:				
Cash and investments	\$ 2,857,924	\$ 1,133,864	\$ 271,790	\$ 4,263,578
Receivables:				
Interest	3,188	1,265	154	4,607
Prepaid items	-	-	121,867	121,867
	<u>2,861,112</u>	<u>1,135,129</u>	<u>393,811</u>	<u>4,390,052</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS:				
Capital assets:				
Property and equipment	1,401,374	-	-	1,401,374
Accumulated depreciation	(1,138,027)	-	-	(1,138,027)
	<u>263,347</u>	<u>-</u>	<u>-</u>	<u>263,347</u>
TOTAL NONCURRENT ASSETS				
TOTAL ASSETS				
	<u>3,124,459</u>	<u>1,135,129</u>	<u>393,811</u>	<u>4,653,399</u>
LIABILITIES				
CURRENT LIABILITIES:				
Due to other funds	-	-	-	-
Accounts payable and accrued liabilities	42,665	92,811	34,864	170,340
	<u>42,665</u>	<u>92,811</u>	<u>34,864</u>	<u>170,340</u>
TOTAL LIABILITIES				
NET ASSETS				
Invested in capital assets	263,347	-	-	263,347
Unrestricted	2,818,447	1,042,318	358,947	4,219,712
	<u>2,818,447</u>	<u>1,042,318</u>	<u>358,947</u>	<u>4,219,712</u>
TOTAL NET ASSETS				
	<u>\$ 3,081,794</u>	<u>\$ 1,042,318</u>	<u>\$ 358,947</u>	<u>\$ 4,483,059</u>

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, 2010

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
OPERATING REVENUES:				
Charges for services	\$ 69,700	\$ -	\$ 2,126,672	\$ 2,196,372
OPERATING EXPENSES:				
Personnel services	-	-	3,548,913	3,548,913
Materials and supplies	118,999	-	-	118,999
Maintenance	50,320	296,995	-	347,315
Depreciation	119,385	-	-	119,385
TOTAL OPERATING EXPENSES	288,704	296,995	3,548,913	4,134,612
OPERATING LOSS	(219,004)	(296,995)	(1,422,241)	(1,938,240)
NONOPERATING REVENUES:				
Other revenues	-	6,806	-	6,806
Investment income	14,864	6,456	846	22,166
TOTAL NONOPERATING REVENUES	14,864	13,262	846	28,972
LOSS BEFORE TRANSFERS	(204,140)	(283,733)	(1,421,395)	(1,909,268)
Transfer in	-	-	1,575,501	1,575,501
CHANGE IN NET ASSETS	(204,140)	(283,733)	154,106	(333,767)
TOTAL NET ASSETS - BEGINNING OF YEAR	3,285,934	1,326,051	204,841	4,816,826
TOTAL NET ASSETS - END OF YEAR	\$ 3,081,794	\$ 1,042,318	\$ 358,947	\$ 4,483,059

See independent auditors' report.

CITY OF RANCHO PALOS VERDES

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

For the year ended June 30, 2010

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from interfund services provided	\$ 69,700	\$ -	\$ 2,126,672	\$ 2,196,372
Payments to suppliers	(215,975)	(246,619)		(462,594)
Payments to employees	-	-	(3,089,019)	(3,089,019)
NET CASH USED BY OPERATING ACTIVITIES				
	(146,275)	(246,619)	(962,347)	(1,355,241)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(64,955)	-	-	(64,955)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from other funds	-	6,806	1,233,362	1,240,168
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends	19,633	8,797	775	29,205
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(191,597)	(231,016)	271,790	(150,823)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR				
	3,049,521	1,364,880	-	4,414,401
CASH AND CASH EQUIVALENTS - END OF YEAR				
	<u>\$ 2,857,924</u>	<u>\$ 1,133,864</u>	<u>\$ 271,790</u>	<u>\$ 4,263,578</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating loss	\$ (219,004)	\$ (296,995)	\$ (1,422,241)	\$ (1,938,240)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	119,385	-	-	119,385
Changes in operating assets and liabilities:				
decrease in prepaid items	-	-	408,641	408,641
Increase (decrease) in accrued liabilities	(46,656)	50,376	51,253	54,973
NET CASH USED BY OPERATING ACTIVITIES				
	<u>\$ (146,275)</u>	<u>\$ (246,619)</u>	<u>\$ (962,347)</u>	<u>\$ (1,355,241)</u>

See independent auditors' report.

STATISTICAL SECTION



Sacred Cove

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>	126
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	133
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>	137
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>	140
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>	143

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 115,331
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000	1,000	1,000
Unrestricted	13,666	13,004	14,271	15,659	16,024	17,823	30,471	31,277	31,855
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>	<u>\$ 148,186</u>
Business-type activities									
Invested in capital assets, net of related debt					\$ 1,311	\$ 2,158	\$ 5,599	\$ 12,477	\$ 12,458
Restricted									
Unrestricted				\$ 2,000	2,799	5,258	7,740	2,108	2,825
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>	<u>\$ 15,283</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	\$ 127,789
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000	1,000	1,000
Unrestricted	13,666	13,004	14,271	17,659	18,823	23,081	38,211	33,385	34,680
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>	<u>\$ 163,469</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 Nine Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
Administration	\$ 3,069	\$ 3,294	\$ 3,499	\$ 4,055	\$ 4,350	\$ 4,953	\$ 4,724	\$ 6,357	\$ 7,824
Public safety	2,898	3,094	3,024	3,079	3,437	3,751	4,044	4,233	4,242
Public works	7,283	7,954	7,462	9,488	9,290	9,969	9,026	10,555	13,633
Parks and recreation	687	809	948	1,065	1,659	1,439	1,396	1,605	1,826
Community development	1,916	2,170	2,296	2,223	2,060	2,631	2,441	2,697	2,550
Non-departmental	-	-	-	-	-	-	-	-	320
Interest on long-term debt	273	273	273	272	270	271	270	268	265
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>	<u>30,660</u>
Business-type activities:									
Water Quality Flood Protection					47	271	301	437	580
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>	<u>\$ 31,240</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Administration	\$ 157	\$ 87	\$ 69	\$ 62	\$ 35	\$ 29	\$ 538	\$ 555	\$ 681
Public safety	433	235	165	163	224	332	316	267	229
Public works	78	252	217	131	37	185	1,002	422	1,356
Parks and recreation	10	8	6	41	45	51	483	483	896
Community development	979	1,202	1,363	1,188	1,319	1,599	1,760	1,643	1,764
Operating grants and contributions	6,877	2,971	2,836	2,728	3,894	4,200	3,570	2,963	6,633
Capital grants and contributions	706	131	37	4,524	17,299	317	1,472	642	7,179
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>	<u>18,738</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>	<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>	<u>\$ 18,738</u>
Net (expense)/revenue									
Governmental activities	\$ (6,886)	\$ (12,708)	\$ (12,809)	\$ (11,345)	\$ 1,787	\$ (16,301)	\$ (12,760)	\$ (18,740)	\$ (11,922)
Business-type activities	-	-	-	-	(47)	(271)	(301)	(437)	(580)
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>	<u>\$ (12,502)</u>

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 11,431
Franchise taxes	1,139	1,087	1,275	1,307	1,454	1,512	1,599	1,709	1,711
Sales taxes	1,093	1,003	1,205	1,276	1,214	1,381	1,056	1,053	1,246
Utility user taxes	1,812	1,832	1,851	1,901	2,191	2,271	2,329	2,267	2,395
Other taxes	2,744	3,495	2,867	4,545	727	363	820	690	2,667
Investment income	814	371	331	594	997	1,615	1,555	631	207
Other	(67)	517	2,481	1,283	793	2,101	300	225	307
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>18,037</u>	<u>19,964</u>
Business-type activities:									
Investment income					48	51	283	105	14
User Fees					-	1,188	1,222	1,578	1,264
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>	<u>1,278</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>\$ 19,720</u>	<u>\$ 21,242</u>
Change in Net Assets									
Governmental activities	\$ 5,902	\$ 932	\$ 2,907	\$ 3,401	\$ 16,675	\$ 1,160	\$ 1,115	\$ (703)	\$ 8,042
Business-type activities	-	-	-	2,000	2,110	3,305	5,923	1,246	698
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>\$ 543</u>	<u>\$ 8,740</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 Nine 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
2010	11,431	1,711	1,246	2,395	2,667	19,450

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>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>	<u>2010</u>
General Fund										
Reserved	\$ 6,317	\$ 6,571	\$ 6,854	\$ 6,639	\$ 6,021	\$ 6,165	\$ 6,586	\$ 6,645	\$ 6,314	\$ 7,166
Designated					675	876	786	1,278	1,333	1,462
Unreserved, Undesignated	7,043	7,234	9,607	14,066	14,209	13,649	14,376	12,171	10,440	10,745
Total General Fund	<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>	<u>\$ 19,373</u>
All other Governmental Funds										
Reserved	\$ 3,406	\$ 11,256	\$ 7,584	\$ 7,229	\$ 3,147	\$ 3,315	\$ 2,396	\$ 2,724	\$ 3,672	\$ 6,361
Designated										
Special Revenue Funds					615	744	1,849	1,896	411	85
Capital Projects Funds	10,472				2,416	2,799	3,158	4,347	6,442	7,494
Permanent Fund						75	65			
Debt Service Fund										
Unreserved, Undesignated, reported in:										
Special Revenue Funds	4,697	4,753	5,012	5,040	5,902	6,615	6,426	7,494	7,910	6,058
Capital Projects Funds		332	534	2,430	3,320	2,077	1,869	1,908	3,373	1,240
Permanent Fund		443	460	418	426	329	325	371	362	333
Debt Service Fund		(10,477)	(10,915)	(12,070)	(12,793)	(13,741)	(14,873)	(15,990)	(16,823)	(17,797)
Total all other Governmental Funds	<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>	<u>\$ 3,774</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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 10,309	\$ 10,677	\$ 11,046	\$ 12,081	\$ 13,573	\$ 15,238	\$ 16,453	\$ 17,062	\$ 17,573	\$ 19,844
Licenses and permits	1,164	1,245	1,463	1,310	1,326	1,440	1,763	1,914	1,755	1,954
Fines and forfeitures	139	117	115	102	108	171	237	260	214	179
Use of money and property	1,971	1,153	804	733	1,306	7,038	3,480	2,108	1,240	1,601
Charges for services	197	217	205	379	152	49	61	60	163	81
Revenues from other agencies	4,816	8,170	4,318	3,453	7,848	15,511	4,118	4,647	3,575	10,180
Other Revenues	882	563	554	2,363	1,038	155	201	1,563	467	4,806
Total Revenues	19,478	22,142	18,505	20,421	25,351	39,602	26,313	27,614	24,987	38,645
Expenditures										
Administration	3,052	2,915	3,092	3,328	3,852	4,041	4,607	4,411	4,915	5,720
Public Safety	2,733	2,898	3,094	3,039	3,092	3,438	3,751	4,044	4,233	4,242
Public Works	4,972	7,449	5,292	4,801	6,302	5,277	6,864	5,768	7,075	6,896
Parks and Recreation	596	669	786	946	965	1,593	1,319	1,281	1,354	1,702
Community Development	1,778	1,950	2,194	2,362	2,302	2,361	2,681	2,496	2,723	2,604
Non-Departmental	-	-	-	-	-	-	-	-	-	320
Pass Through to other agencies	91	102	137	156	188	200	152	169	187	-
Capital Outlay	7,015	8,246	3,893	368	4,912	20,202	3,124	3,112	2,459	14,567
Debt Service										
Principal					184	200	248	316	350	419
Interest	1,128	930	836	805	905	1,150	1,390	1,370	1,101	886
Total Expenditures	21,365	25,159	19,324	15,805	22,702	38,462	24,136	22,967	24,397	37,356
Excess of Revenues over (under) Expenditures	(1,887)	(3,017)	(819)	4,616	2,649	1,140	2,177	4,647	590	1,289
Other Financing Sources (uses)										
Transfers in	5,013	4,294	1,676	1,844	6,180	4,989	4,489	3,158	5,815	4,616
Transfers out	(5,165)	(4,877)	(1,833)	(1,844)	(8,180)	(7,247)	(6,606)	(7,924)	(5,815)	(6,192)
Bond Proceeds										
Advances to the Redevelopment Agency	855									
Total Other Financing Sources (uses)	703	(583)	(157)	-	(2,000)	(2,258)	(2,117)	(4,766)	-	(1,576)
Net change in Fund Balances	\$ (1,184)	\$ (3,600)	\$ (976)	\$ 4,616	\$ 649	\$ (1,118)	\$ 60	\$ (119)	\$ 590	\$ (287)
Cost of Assets Capitalized	-	¹ 11,047	4,184	379	4,623	19,465	2,800	2,764	1,895	10,866
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%	4.9%

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
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
2010	11,431	1,711	1,158	2,395	3,148	19,844

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	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (3)	Assessed Value as a Percentage of Actual Value
2001	\$ 5,065,424	\$ 74,006	\$ -	\$ 204,529	\$ 18,423	\$ 69,733	\$ 5,362,382	0.00679	\$ 7,136,526	1.33085	75.14%
2002	5,410,470	73,923	-	197,904	19,641	71,660	5,701,938	0.00787	7,588,424	1.33085	75.14%
2003	5,730,464	70,475	-	191,541	21,741	73,768	6,014,221	0.00732	8,004,026	1.33085	75.14%
2004	6,137,760	74,753	1,660	179,867	22,889	73,701	6,416,930	0.00790	8,539,971	1.33085	75.14%
2005 *	6,530,448	76,445	1,691	317,463	22,222	218,193	6,730,076	0.00792	8,956,722	1.33085	75.14%
2006 *	7,034,406	88,691	3,086	365,175	21,561	218,916	7,294,003	0.00789	9,707,224	1.33085	75.14%
2007	7,548,956	111,338	3,148	513,876	20,378	226,598	7,971,098	0.00787	10,608,336	1.33085	75.14%
2008	8,080,905	170,825	3,211	370,134	26,546	152,181	8,499,440	0.00793	11,311,480	1.33085	75.14%
2009	8,436,947	281,813	3,275	367,999	46,858	166,268	8,970,624	0.00796	11,938,555	1.33085	75.14%
2010	8,333,042	263,157	3,341	598,539	49,628	236,925	9,010,782	0.00637	9,515,566	1.05602	94.70%

Source: 2009-10 & 2006-07 County Assessor data, MuniServices, LLC

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

(1) Total Direct Tax Rate is represented by TRA 001-224. This percentage is City's shared portion within 1% of County's general levy.

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

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

(3) The Factor used to calculate Estimated Actual Value was calculated for 2006-07 and applied to prior years for historical purposes.

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

Fiscal Year	General Levy (1)	Los Angeles County	Flood Control District	Metropolitan Water District	Palos Verdes Library District	Community College District	Unified School Districts	Total Direct & Overlapping Tax Rates
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
2010	1.00000	-	-	0.00430	0.00662	0.02311	0.15181	1.18539

Source: 2009-10 & 2006-07 County Auditor/Controller data, MuniServices, LLC

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

Los Angeles County Auditor/Controller TRA 001-224

- (1) In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

Taxpayer	2009-10			2000-01		
	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percentage of Total City Taxable Value (%)
Long Point Development LLC	\$ 143,871,679	1	1.60%			
PPC Villas RPV LLC	89,896,276	2	1.00%			
VHPS LLC	62,442,705	3	0.69%			
PV Victoria Apartments LLC	46,814,659	4	0.52%			
Terraces Rancho Palos Verdes LLC	35,232,103	5	0.39%			
Western Riviera Investors	28,496,134	6	0.32%			
Golden Cove LLC	26,009,990	7	0.29%			
COX Communication Inc. Orange	25,800,250	8	0.29%			
Belmont Village PRV LP	22,285,368	9	0.25%			
Johnson Eric C	20,101,293	10	0.22%			
Tridiamond LLC	13,343,138	11	0.15%			
Ruffin Phillip G	11,964,600	12	0.13%			
Gradney Stephen P	8,405,164	13	0.09%			
California Water Service Company	8,042,490	14	0.09%			
Victoria Apartments	7,781,871	15	0.09%			
Palos Verdes Terrace Ltd	7,623,193	16	0.08%			
Amdan Investment LLC Lessee	7,140,000	17	0.08%			
Gerts Igor & Anna	7,059,800	18	0.08%			
Raleigh Group One LLC	6,650,000	19	0.07%			
Saitta Christopher L	6,570,900	20	0.07%			
Ocean Trails LP				52,283,693	1	0.98%
P V Victoria Apartments LLC				39,231,584	2	0.73%
Connecticut General Life				27,002,052	3	0.50%
RPV Associates				26,893,555	4	0.50%
Western Riviera Investors				23,892,133	5	0.45%
York Long Point Associates				21,155,726	6	0.39%
P V Terraces Inc.				18,492,430	7	0.34%
American Golf, Inc.				13,400,455	8	0.25%
Gardner Theodore II				13,175,290	9	0.25%
California Water Service Company				10,263,028	10	0.19%
Palos Verdes 2 LLC				9,815,000	11	0.18%
Warmington PV Associates LP				7,908,883	12	0.15%
Victoria Apartments				6,523,049	13	0.12%
Rancho Palos Verdes Villas LLC				6,460,148	14	0.12%
Braun William				6,060,000	15	0.11%
Donahue Schriber Realty Group				5,817,843	16	0.11%
LA Barba James G Co TR				5,112,326	17	0.10%
Foster Robert D & Gina D				4,630,624	18	0.09%
Briles Richard & Keanna				4,500,000	19	0.08%
Bradford Edward T & Paullee G				4,360,095	20	0.08%
Totals	<u>\$ 585,531,613</u>		<u>6.50%</u>	<u>\$ 306,977,914</u>		<u>5.72%</u>
Total Taxable Value	<u>\$ 9,010,782,000</u>		100.00%	<u>\$ 5,362,381,799</u>		100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

City of Rancho Palos Verdes
Property Tax Levies and Collections
Last Six 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%	8	5,742	93.88%
2010	5,447	4,917	90.26%	8	4,925	90.41%

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				
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%
2010	5,250	1,136	6,386	149.76	0.07%	0.0002838%

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 6/30/2010	% Applicable (1)	City's Share of Debt 6/30/10
Los Angeles County Flood Control District	\$69,610,000	0.980%	\$682,178
Metropolitan Water District	264,220,000	0.497%	1,313,173
Los Angeles Community College District	2,365,515,000	1.701%	40,237,410
Los Angeles Unified School District	11,874,430,000	0.207%	24,580,070
Palos Verdes Unified School District	87,346,983	46.824%	38,558,151
City of Rancho Palos Verdes	-	0.000%	-
Palos Verdes Library District	7,415,000	49.442%	3,666,124
Los Angeles County Regional Park and Open Space Assessment District	222,660,000	0.966%	2,150,896
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			111,188,002
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$855,695,839	0.966%	\$8,266,022
Los Angeles County Pension Obligations	118,486,192	0.966%	1,144,577
Los Angeles County Superintendent of Schools Certificates of Participation	13,185,458	0.966%	127,372
Los Angeles County Sanitation District No. 5 Authority	56,909,182	10.628%	6,048,308
Los Angeles County South Bay Cities Sanitation District Authority	9,696,146	4.455%	431,963
Los Angeles Unified School District Certificates of Participation	456,780,324	0.207%	945,535
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$16,963,777
Less: Los Angeles Unified School District QZABs supported by investment fund			(71,833)
TOTAL NET OVERLAPPING GENERAL FUND DEBT			16,891,944
	GROSS COMBINED TOTAL DEBT		\$128,151,779 (2)
	NET COMBINED TOTAL DEBT		\$128,079,946

(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.

2009-10 Assessed Valuation:	9,088,977,877
Redevelopment Incremental Valuation:	<u>107,701,529</u>
Adjusted Assessed Valuation:	\$8,981,276,348

Ratios to 2009-10 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.22%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt	1.43%
Net Combined Total Debt	1.43%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: 2009-10 California Municipal Statistical Co.

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

	Fiscal Year									
	<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>	<u>2010</u>
Debt Limit	\$ 804,357	\$ 855,291	\$ 902,133	\$ 962,539	\$ 1,021,177	\$ 1,105,647	\$ 1,195,665	\$ 1,274,916	\$ 1,345,594	\$ 1,351,617
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 804,357</u>	<u>\$ 855,291</u>	<u>\$ 902,133</u>	<u>\$ 962,539</u>	<u>\$ 1,021,177</u>	<u>\$ 1,105,647</u>	<u>\$ 1,195,665</u>	<u>\$ 1,274,916</u>	<u>\$ 1,345,594</u>	<u>\$ 1,351,617</u>
Total Net Debt applicable to the limit as a percentage of Debt Limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Total Taxable Value (see page 133)	\$ 9,010,782
Debt Limit (15% of total taxable value)	1,351,617
Debt applicable to limit	-
Legal Debt Margin	<u>\$ 1,351,617</u>

**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)
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%
2009-10	42,642	2,250,346,266	52.773	44.9	11,900	11.60%	4.00%	10,355,053	0.41%

Source: 2009-10 MuniServices, LLC

- 1.) Population Projections are provided by the California Department of Finance Projections.
- 2.) Income Data is provided by the United States Census Data and is adjusted for inflation.
- 3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.
- 4.) Median Age reflects the US Census data estimation table.

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

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

2009-10		2000-01	
Taxpayer	Business Type	Taxpayer	Business Type
7-Eleven Food Stores	Food Markets	Albertson's Food Centers	Food Markets
America's Tire	Auto Parts/Repair	America's Tire	Auto Parts/Repair
Asaka Japanese Cuisine	Restaurants	Blockbuster Entertainment	Miscellaneous Retail
Carl's Jr. Restaurant	Restaurants	California Do It Center	Bldg.Matls-Retail
Centinela Feed & Pet Supplies Inc	Miscellaneous Retail	Carls Jr Restaurant	Restaurant
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
Coco's Restaurants, Inc.	Restaurants	Cocos Restaurants Inc	Restaurants
Daniel J Jeldum	Miscellaneous Retail	Dick's Hallmark	Miscellaneous Retail
El Pollo Loco Inc.	Restaurants	El Pollo Loco Inc	Restaurant
Good Night Mattress	Furniture/Appliance	Fedex Office	Miscellaneous Retail
Green Hills Memorial Park,Inc.	Miscellaneous Other	Golden Cove Unocal 76 Svc Stn	Service Stations
Green Hills Mrtury-Memrl.Chapel	Miscellaneous Other	Golden Lotus Restaurant	Restaurants
Hughes Markets	Food Markets	Green Hills Memorial Parkinc	Miscellaneous Other
Int'l House Of Pancakes #956	Restaurants	Green Hills Mrturymemrlchapel	Miscellaneous Other
Jack In The Box	Restaurants	Hughes Markets	Food Markets
Kragen Auto Parts# 1649	Auto Parts/Repair	Jack In The Box	Restaurant
Los Verdes Country Club	Restaurants	Kragen Auto Parts	Auto Parts/Repair
Marshalls #1026	Apparel Stores	Los Verdes Country Club	Restaurants
Mobil Service Stations	Service Stations	Marie Callender 35	Restaurants
Rolling Hills Plastics, Inc	Light Industry	Mobil Service Stations	Service Stations
Smart & Final # 306	Food Markets	New York Food & Catering	Restaurants
Terranea Resort	Restaurants	Ocean Trails Golf Club	Restaurants
The Admiral Risty	Restaurants	The Admiral Risty	Restaurants
Trader Joe's #233	Food Markets	The Brixey Corporation	Office Equipment
VH Property Corp.	Miscellaneous Retail	Trader Joe's Company	Food Markets

Source: SBOE data, MuniServices, LLC
Top Sales Tax Producers listed in alphabetical order.

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

Employer	2010			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Palos Verdes Peninsula Unified School District (1)	1,970	1	9.90%			
Terranea Resort Hotel	730	2	3.67%			
Trump National	300	3	1.51%			
Marymount College	195	4	0.98%			
Ralphs	115	5	0.58%			
Keller Williams Realty	112	6	0.56%			
Belmontcorp Ltd	94	7	0.47%			
Green Hills Memorial Park	85	8	0.43%			
American Golf Corp	70	9	0.35%			
Trader Joe's	54	10	0.27%			
Palos Verdes Peninsula Unified School District (1)				2000	1	9.09%
Marymount College				170	2	0.77%
Keller Williams Realty				112	3	0.51%
Belmontcorp Ltd				97	4	0.44%
American Golf Corp				60	5	0.27%
Bally Total Fitness Corp				50	6	0.23%
Salvation Army				43	7	0.20%
Remax Palo Verdes Realty				37	8	0.17%
Pie Rise Ltd				30	9	0.14%
Remax Execs				29	10	0.13%
Subtotal of Principal Employers	3,725		18.72%	2,628		11.95%
Total City Employment (2)	19,900			22,000		

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 Community Development 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 prior to 2007.

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

Function	<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>	<u>2010</u>
General Government	41	42	45	45	45	47	50	55	58	53
Recreation Part-Time	10	10	10	10	10	10	10	10	11	19
Total	51	52	55	55	55	57	60	65	69	72

Source: City Budget documents and Payroll records

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

Function	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration									
Employee Resignations	4	-	5	4	4	4	8	4	9
Workers Compensation Claims	3	2	2	3	4	2	4	2	5
Liability Claims	14	14	14	18	31	14	16	13	13
Budget Adjustments	35	30	27	36	48	32	26	18	21
Business Licenses Issued	1,600	1,961	2,102	1,909	1,801	1,837	1,709	1,819	1,629
Web Site Page Views	88,888	119,104	133,481	224,777	1.3 mil	1.6 mil	701,004	3.8 mil	4.4 mil
Public Safety									
Part I Crime Rates (per 10,000 population)	138	122	122	101	120	139	123	102	96
Public Works									
Solid Waste Diversion Rates	51%	57%	61%	59%	55%	56%	56%	60%	60%
Pavement Rating	80	80	89	89	82	82	DNA	84.5	84.5
Parks and Recreation									
Park Events	1,022	915	825	780	937	770	692	825	690
Class Meetings at Parks	1,774	2,134	2,935	2,893	2,856	2,647	2,772	2,708	2,398
Docent Led Nature Hikes	54	45	80	65	62	98	91	105	103
Community Development									
Building Permits Processed	1,264	1,327	1,399	1,233	1,382	1,244	1,692	1,404	1,243
Plan Checks	121	150	186	208	163	164	247	226	154
Municipal Code Violations Closed	138	203	214	180	159	162	216	339	138

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administration										
Computer Workstations	DNA	DNA	DNA	DNA	81	81	85	91	92	101
Public Safety 1										
Public Works										
Street Miles	143	143	143	143	143	143	143	143	143	143
Traffic Signals	13	14	15	15	15	15	15	16	16	16
Parks and Recreation										
Parks	14	15	15	15	15	16	16	16	16	15
Community Development										
Vehicles Used for Inspections	3	3	3	3	3	3	3	5	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.



Tide Pools Aerial View