



COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2008



**CITY OF RANCHO PALOS VERDES,  
CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2008**

Prepared By:

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

*Cover photo provides a view of the Rancho Palos Verdes shoreline and Point Vicente Lighthouse*

## **INTRODUCTORY SECTION**



*Fourth of July Hula-Hoop Contest at Upper Point Vicente Park*

**CITY OF RANCHO PALOS VERDES**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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*The Archery Range at Abalone Cove*



CITY OF RANCHO PALOS VERDES

December 22, 2008

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, 2008, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of Rancho Palos Verdes issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Rancho Palos Verdes. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rancho Palos Verdes as legally defined), as well as its component units, the Rancho Palos Verdes Redevelopment Agency and the Joint Powers Improvement Authority. A component unit is a legally separate entity for which the primary government is financially accountable. The City provides a broad range of services, including police protection, solid waste collection, construction and maintenance of streets and other infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City of Rancho Palos Verdes is a contract city, meaning that some of these services are provided by contract with other agencies (both public and private) and some services are delivered by the City's own employees.

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

#### GOVERNMENTAL STRUCTURE, ECONOMIC CONDITION AND OUTLOOK

The City of Rancho Palos Verdes is located on a coastal peninsula overlooking the Pacific Ocean in Los Angeles County, 20 miles south of the City of Los Angeles. The City was incorporated September 7, 1973. The City currently has a land area of 13.6 square miles and a population of 42,964. The City is primarily a "bedroom" community with relatively little commercial activity.

The City has operated under the council-manager form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of five council members, including the mayor and mayor pro-tem. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the city manager and the city attorney. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The council is elected on a non-partisan, at-large basis. Council members are elected to four-year staggered terms with two or three council members elected every two years. The council designates the mayor and mayor pro-tem for a one-year term.

Though the General fund reserves of the City decreased during the fiscal year ended June 30, 2008, it is important to continue to measure the City's financial strength over time, not just on the basis of the most recent three or four years

experience. The budget adopted by the City Council for the fiscal year ending June 30, 2009 presents the expectation of a further decrease of General fund reserves. The economic downturn affecting revenue sources such as taxes and permits, as well as the need to fund additional infrastructure renewal and maintenance will require continued conservative fiscal policies.

## MAJOR INITIATIVES

The City's staff, following specific directives of the City Council and the City Manager, has been involved in a variety of projects throughout the year. These projects reflect the government's commitment to ensuring that its citizens are able to live and work in an enviable environment.

### Planning, Building, and Code Enforcement

- The City together with the Palos Verdes Peninsula Land Conservancy continued management of the City's Natural Communities Conservation Plan (NCCP) Preserve, developed a Preserve Trails Plan and continued its effort for acquiring open space for inclusion into the habitat preserve.
- The City continued to formally monitor development projects in surrounding jurisdictions (referred to as "border issues") to assess their potential impacts upon the City and its residents.
- The City continued to approve the installation of various commercial antenna facilities for cellular telephones and personal communication systems on private property throughout the City.
- The City took the next step in updating its General Plan by entering into contracts with a consulting team to work with Staff in preparing the General Plan Update. Staff is currently working with the consulting team and expects the General Plan Update will be presented to the Planning Commission and the City Council in 2009.
- The City continued to implement its State approved Housing Element and worked with the Southern California Association of Governments (SCAG) in preparing the Regional Housing Needs Assessment. The City was successful in working with SCAG to reduce its RHNA housing construction need from 311 units to 60 units. The reduced number more accurately reflects the housing need of the City, which was used in the preparation of the City's updated Housing Element. The Housing Element was reviewed by the Planning Commission and approved by the City Council in June 2008, and sent to the California Department of Housing and Community Development prior to the July 1, 2008 deadline.

### Public Works

- Both the arterial and residential street re-paving projects were completed for the 2006-07 cycle.
- The City began construction of the \$7.4 million McCarrell Canyon backbone drainage system.
- Various capital projects throughout the City were completed, including bus shelter improvements and roadside landscaping.
- Trail improvements at the Point Vicente Interpretive Center and the Forrestal open space tract were substantially completed using grant monies from the County 4<sup>th</sup> Supervisorial District.
- The City continued its storm drain lining program for FY07-08, completing about \$0.5 million of additional lining; thereby extending the life of the pipes.
- The Sunnyside Ridge and Mossbank storm drain improvement projects were completed.
- The interior of City Hall was re-painted and carpeted during the holiday break in FY07-08.
- The City awarded more than \$150,000 of beautification grants for local neighborhood beautification projects.
- The City continued restoration efforts for habitat in the San Ramon upland area.
- A baseline utilities survey of the Civic Center was completed during FY07-08.

## Recreation and Parks

- Recreation and Parks Staff continued to operate the expanded Point Vicente Interpretive Center, attracting approximately 40,000 visitors to the museum.
- Recreation and Parks Staff coordinated the first anniversary celebration of the Interpretive Center's re-opening and the installation of a new exhibit dedicated to the memory of Marineland.
- Recreation and Parks Staff and the Los Serenos de Point Vicente docents hosted the annual Whale of a Day event on the Point Vicente Interpretive Center grounds.
- The Los Serenos de Pointe Vicente docents continued their successful docent-led hike programs at several sites throughout the City.
- Recreation and Parks Staff coordinated advance preparations for the City's 35<sup>th</sup> Anniversary Celebrations.
- Recreation Staff assisted the Peninsula Seniors, a local non-profit organization, with their operation of temporary offices and a classroom using modular trailers at Upper Point Vicente Park. The City also continued to offer the Peninsula Seniors the use of other park facilities for various events.
- Recreation and Parks Staff coordinated the City's annual July 4<sup>th</sup> Independence Day celebration.
- Recreation and Parks Staff hosted a production by *Shakespeare by the Sea* at Hesse Park.
- Recreation and Parks Staff continued to coordinate numerous annual and one-time community events including the Abalone Cove Beach Clean-Up Day and Breakfast with Santa.
- Through the City's Gifts for Parks program, Recreation Staff and Los Serenos de Point Vicente docents continued to pursue donations for PVIC exhibits, Fourth of July Celebration, Breakfast with Santa and other special events and programs.
- Once again, the City has qualified for the use of Community Development Block grant funds for the REACH program for youth and young adults with developmental disabilities.

## Administration

- The City's measure to reduce the duration of the Storm Drain User Fee from 30 years to 10 years and establish a Resident Oversight Committee for the storm drain program was approved by voters during the November 2007 General Municipal Election.
- Management Partners Incorporated performed an Organization-Wide Management Assessment. A City Council workshop was conducted in March 2008 to review the recommendations, which led to the re-organization of City Advisory Committees and Commission and the addition of two full-time employees to the City's Staff.
- Staff and the City Council participated in the National Incident Management System (NIMS) training in an effort to improve emergency preparedness.
- The City conducted a Vision Plan and Public Use Master Plan Workshop in November 2008 to receive public testimony and provide feedback regarding the final Vision Plan. Preparation of the Vision Plan document was funded with a grant from the Annenberg Foundation, and the final document was adopted in September 2008.
- The City extended the Cable Franchise Agreement with Cox Cable for five years to October 2015.
- The City continued its support of the RPV TV Channel, and contracted the services of a Station Manager.
- Sunset Park was re-named the Marilyn Ryan Sunset Park as a memorial to the City's first mayor.
- The City dedicated the pedestrian bridge in the Marilyn Ryan Sunset Park as a memorial to fallen Los Angeles Police Department SWAT Officer Randall Simmons, a long-time resident of the City.

- The City Council formed a 2008 ad-hoc Audit Committee and appointed two Council Members to serve on the Committee.
- The City Council conducted Team Building and Tactical Planning Workshops in March 2008.
- The City hosted a Community Leaders' Breakfast in May 2008 to provide updates of the storm drain program, Waste Management services, traffic analysis, and the Terranea Resort Hotel project.
- Staff and the City's consultant began preparation of an updated Cost Based Fee Study. The updated Study is expected to be presented to City Council early 2009.

## FINANCIAL INFORMATION

The Finance and Information Technology department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2008, more than \$900,000 was expended on Federal financial assistance programs; and therefore, a Single Audit is required to be completed by March 31, 2009.

Budgeting Controls. The City of Rancho Palos Verdes maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council, Redevelopment Agency Board, and Improvement Authority Commission. Activities of the General fund, Special Revenue funds, Capital Projects funds, Debt Service fund and Permanent fund are included in the annual appropriated budgets of the government units. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department/function level within each fund. Formal budgetary integration is employed as a management control device. The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. These encumbrances lapse at year-end, and any unexpended balance is eligible to be carried over to the following year's budget appropriations with City Council approval.

Budget to Actual Comparison. The City experienced a small overall favorable budget variance in the General fund for the fiscal year ended June 30, 2008. Actual General fund revenues were approximately \$350,000 less than the amount budgeted, while expenditures and inter-fund transfers were approximately \$400,000 less than the amount budgeted. The overall positive variance resulted from the continued careful management of resources during FY07-08.

Debt Administration. At June 30, 2008, the City had no general obligation debt and one tax increment bond issued during FY97-98. The schedule for repayment of this bond is included in the notes to the financial statements.

Cash Management. To obtain increased flexibility in cash management, the City employs a pooled cash system. The goals of the City's investment policy are safety, liquidity, and yield, in that order. The City's investments are currently maintained with U.S. Treasury securities and the State Treasurer's Local Agency Investment Fund (LAIF). LAIF provides high safety and liquidity and is operated specifically for local governments. Earnings are allocated to the various funds based on average cash balances.

Risk Management. The City of Rancho Palos Verdes is a member of the California Joint Powers Insurance Authority (CJPIA). With 119 members, it is the largest joint powers insurance authority in California. Through the CJPIA, the City is self-insured against liability and workers' compensation claims. As protection against catastrophic loss, members fund a pool to finance large settlements. During the fiscal year ended June 30, 2008, Rancho Palos Verdes continued its proactive liability risk management role through careful monitoring of losses, working closely

with the CJPIA's third-party claims adjuster, and designing and implementing programs to minimize risks and reduce losses. In addition, the City Manager's staff analyzes workers compensation issues by monitoring work conditions, and organizing and implementing safety-training programs to reduce employee exposure to hazards.

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

#### OTHER INFORMATION

Independent Audit. The City requires an annual audit by independent certified public accountants. The accounting firm of Diehl, Evans & Company, LLP conducted this year's audit. The auditors' report on the government-wide financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Audit Committee. The City Council appointed two Council members to an ad-hoc Audit Committee for 2008. The Audit Committee participated in planning the audit, conducted an exit interview with auditors and received the draft audited financial statements prior to finalizing the document.

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Palos Verdes for its CAFR for the fiscal year ended June 30, 2007. This was the 15<sup>th</sup> consecutive year that the City of Rancho Palos Verdes has achieved this prestigious award. A copy of the GFOA Certificate of Achievement is included later in the introductory section of this year's CAFR. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,  
Dennis McLean  
Director of Finance & Information Technology



**CITY OF RANCHO PALOS VERDES**

DIRECTORY OF CITY OFFICIALS

JUNE 30, 2008

**CITY COUNCIL**

Douglas W. Stern, Mayor

Larry Clark, Mayor Pro-Tem

Peter Gardiner, Councilman

Thomas D. Long, Councilman

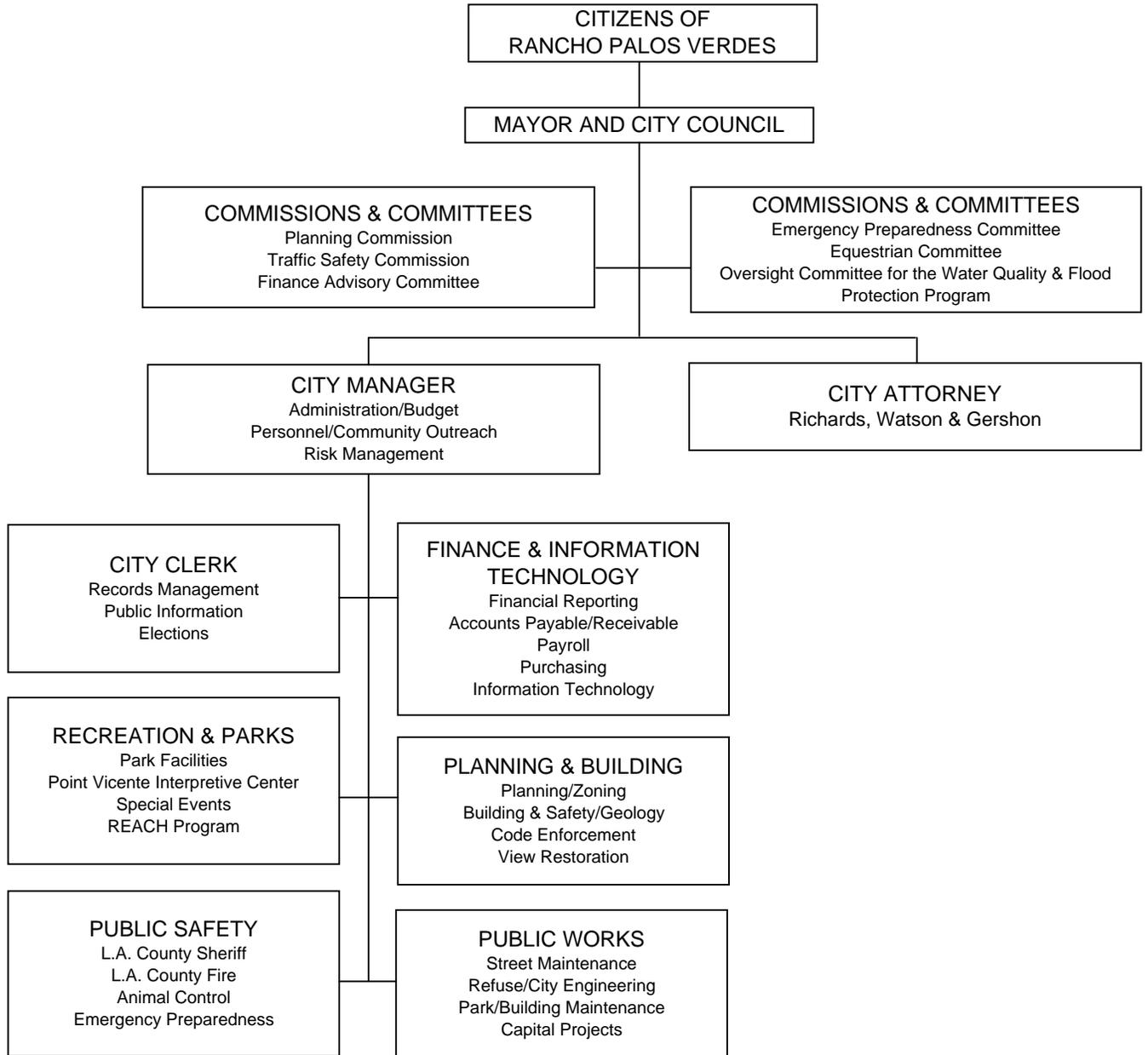
Steve Wolowicz, Councilman

**ADMINISTRATION AND DEPARTMENT HEADS**

City Manager ..... Carolyn Lehr  
Deputy City Manager ..... Carolynn Petru  
City Clerk ..... Carla Morreale  
Director of Finance and Information Technology ..... Dennis McLean  
Director of Planning, Building and Code Enforcement ..... Joel Rojas  
Director of Public Works ..... Jim Bell  
Director of Recreation and Parks ..... Ron Rosenfeld  
City Attorney ..... Richards, Watson & Gershon

**CITY OF RANCHO PALOS VERDES**

**ORGANIZATIONAL CHART**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Palos Verdes  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director



*The Point Vicente Lighthouse*

## **FINANCIAL SECTION**



*The Terranea Resort Hotel Project at Long Point*



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 \*WILLIAM C. PENTZ, CPA

\*A PROFESSIONAL CORPORATION

December 22, 2008

**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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Rancho Palos Verdes's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Rancho Palos Verdes, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General and Street Maintenance Special Revenue major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2008, 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 and the other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rancho Palos Verdes, California's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Diehl, Evans and Company, LLP*

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



# CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis  
June 30, 2008

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, 2008. 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, 2008, by \$154,185,617 (*Net Assets*). Of this amount, \$38,210,923 (*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 \$7,037,843. This increase is attributable to several factors including receipt of Proposition 1B revenue and other restricted revenues to be used for street improvements in FY08-09, decreased spending in other governmental funds, receipt of Terranea environmental excise tax that has not yet been appropriated, and completion of storm drain projects in the enterprise fund.
- As of June 30, 2008, the City's Governmental Funds reported combined ending Fund Balances of \$22,844,114, a decrease of \$118,519 in comparison with the prior year. The decrease in combined ending Fund Balances is primarily attributable to Street Maintenance Fund expenditures, which exceeded revenue in the same fund. Approximately \$13.5 million (*Unreserved Fund Balance*) is available for spending at the government's discretion. The combined unreserved Fund Balance includes the RDA Debt Service negative unreserved Fund Balance of \$15,989,755.
- As of June 30, 2008, unreserved/undesignated Fund Balance for the General Fund was \$12,171,332 or 57% of total General Fund expenditures and transfers out.
- The City's total debt decreased by \$241,539 (3%) during the current Fiscal Year. The decrease was primarily attributable to partial payment of the RDA deferred interest payable.

## Overview of the Financial Statements

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

**Government-Wide Financial Statements.** The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rancho Palos Verdes is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only

See independent auditors' report.

# CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis  
June 30, 2008

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 activities*). The governmental activities of the City include general government, public safety, public works, planning, building and safety, and recreation. The City's business-type activities include only the Water Quality and Flood Protection program for renewal and maintenance of the City's storm drain facilities.

The Government-Wide Financial Statements include not only the City of Rancho Palos Verdes itself (known as the *Primary Government*), but also a legally separate Redevelopment Agency and a legally separate Improvement Authority for which the City of Rancho Palos Verdes is financially accountable. Financial information for these *Component Units* has been included as an integral part of the primary government.

The Government-Wide Financial Statements can be found on pages 19-21 of this report.

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

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

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

The City of Rancho Palos Verdes maintained 32 individual Governmental Funds during the Fiscal Year ended June 30, 2008. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Street Maintenance Fund, the Capital Improvements Fund and the RDA Debt-Service Fund, all of which are considered to be major funds. Data from the other 28 Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. These statements can be found on pages 33-35 of this report. The Proprietary Fund Financial Statements provide separate information for the Enterprise Fund and the Internal Service Funds. The Enterprise Fund is presented as a single major fund of the City, while the Internal Service Funds are combined and presented as a single, aggregated presentation in the Statement. Individual fund data for the Internal Service Funds is provided in the form of combining statements elsewhere in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found on pages 38-65 of this report.

**Other information.** The combining statements referred to earlier in connection with Other Governmental Funds and Internal Service Funds are presented immediately following the Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 68-118 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rancho Palos Verdes, assets exceeded liabilities by \$154,185,617 at June 30, 2008. By far, the largest portion of the City's Net Assets (72 percent) reflects its investment in Capital Assets (e.g. Land, Infrastructure, Buildings, and Equipment). The City uses these Capital Assets to provide services to its citizens; consequently, these assets are not available for future spending.

**City of Rancho Palos Verdes Net Assets**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Current and other assets	\$ 42,756,269	\$ 42,104,403	\$ 8,817,059	\$ 5,490,107	\$ 51,573,328	\$ 47,594,510
Capital assets	109,375,667	109,745,987	5,599,028	2,157,916	114,974,695	111,903,903
<b>Total assets</b>	<b>152,131,936</b>	<b>151,850,390</b>	<b>14,416,087</b>	<b>7,648,023</b>	<b>166,548,023</b>	<b>159,498,413</b>
Long-term liabilities outstanding	7,470,246	7,711,785	-	-	7,470,246	7,711,785
Other liabilities	3,815,109	4,406,960	1,077,051	231,894	4,892,160	4,638,854
<b>Total liabilities</b>	<b>11,285,355</b>	<b>12,118,745</b>	<b>1,077,051</b>	<b>231,894</b>	<b>12,362,406</b>	<b>12,350,639</b>
Invested in capital assets	109,375,667	109,745,987	5,599,028	2,157,916	114,974,695	111,903,903
Restricted	1,000,000	12,162,490	-	-	1,000,000	12,162,490
Unrestricted	30,470,914	17,823,168	7,740,008	5,258,213	38,210,922	23,081,381
<b>Total net assets</b>	<b>\$ 140,846,581</b>	<b>\$ 139,731,645</b>	<b>\$ 13,339,036</b>	<b>\$ 7,416,129</b>	<b>\$ 154,185,617</b>	<b>\$ 147,147,774</b>

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# CITY OF RANCHO PALOS VERDES

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An additional portion of the City's Net Assets (\$1,000,000 or less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Unrestricted Net Assets (\$38,210,922 or 25%) 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 \$1,114,936, thereby accounting for 16% of the total growth in the net assets of the City.

## City of Rancho Palos Verdes Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Program revenues:						
Charges for services	\$ 4,099,637	\$ 2,195,987	\$ -	\$ -	\$ 4,099,637	\$ 2,195,987
Operating contributions and grants	3,569,807	4,200,344	-	-	3,569,807	4,200,344
Capital contributions and grants	1,472,195	317,115	-	-	1,472,195	317,115
General revenues:						
Property taxes	10,935,253	10,235,025	-	-	10,935,253	10,235,025
Other taxes	5,803,960	5,782,270	-	-	5,803,960	5,782,270
Other	1,854,748	3,460,001	1,504,495	1,559,986	3,359,243	5,019,987
<b>Total revenues</b>	<b>27,735,600</b>	<b>26,190,742</b>	<b>1,504,495</b>	<b>1,559,986</b>	<b>29,240,095</b>	<b>27,750,728</b>
Expenses:						
Administration	4,724,522	4,953,440	-	-	4,724,522	4,953,440
Public safety	4,044,426	3,751,377	-	-	4,044,426	3,751,377
Public works	9,025,725	9,968,791	-	-	9,025,725	9,968,791
Parks and recreation	1,395,769	1,438,803	-	-	1,395,769	1,438,803
Planning, building and code enforcement	2,441,321	2,630,897	-	-	2,441,321	2,630,897
Interest on long-term debt	269,708	271,000	-	-	269,708	271,000
Water Quality Flood Protection	-	-	300,781	270,581	300,781	270,581
<b>Total expenses</b>	<b>21,901,471</b>	<b>23,014,308</b>	<b>300,781</b>	<b>270,581</b>	<b>22,202,252</b>	<b>23,284,889</b>
Increase in net assets before transfers	5,834,129	3,176,434	1,203,714	1,289,405	7,037,843	4,465,839
Transfers	(4,719,193)	(2,016,515)	4,719,193	2,016,515	-	-
<b>Increase in net assets</b>	<b>1,114,936</b>	<b>1,159,919</b>	<b>5,922,907</b>	<b>3,305,920</b>	<b>7,037,843</b>	<b>4,465,839</b>
Net assets - beginning of fiscal year	139,731,645	138,571,726	7,416,129	4,110,209	147,147,774	142,681,935
<b>Net assets - end of fiscal year</b>	<b>\$ 140,846,581</b>	<b>\$ 139,731,645</b>	<b>\$ 13,339,036</b>	<b>\$ 7,416,129</b>	<b>\$ 154,185,617</b>	<b>\$ 147,147,774</b>

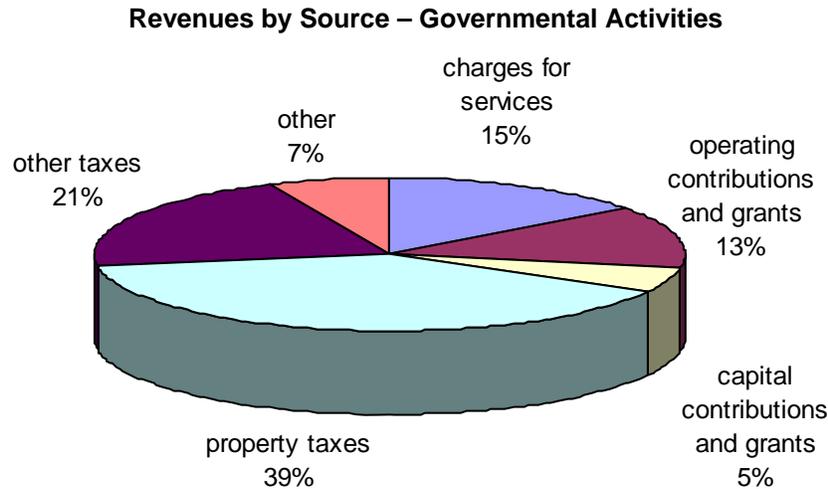
Key elements of this increase are as follows:

- The difference in the method of accounting for Capital Assets in the Governmental Funds versus the Statement of Activities accounts for a decrease of about \$370,000 in Net Assets. The decrease in Capital Assets is primarily attributable to annual depreciation.
- The difference in the method of accounting for Interest Income in the Governmental Funds versus the Statement of Activities accounts for an increase in excess of approximately \$1,100,000 in Net Assets. Unpaid, accrued interest income is deferred in the Governmental Funds since it is not available.
- The excess of Internal Service Fund revenues over expenses of about \$301,000. The net revenues and expenses of Internal Service Funds are reported with governmental activities in the Statement of Activities.

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# CITY OF RANCHO PALOS VERDES

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As of the end of the current Fiscal Year, the City's Governmental Funds reported combined ending Fund Balances of \$22,844,114, a decrease of \$118,519 in comparison with the prior year. Approximately 59% of the combined ending Fund Balances (about \$13.5 million) constitute unreserved Fund Balance, which is available for spending at the City's discretion. The combined unreserved Fund Balance includes the RDA Debt Service negative unreserved Fund Balance of \$15,989,755. The remainder of the combined ending Fund Balances is reserved to indicate that it is not available for new spending because it has already been committed 1) to reserve the principal balance of loans made to the City's Redevelopment Agency (\$6,175,060), and 2) for a variety of other restricted purposes (\$3,193,994).

The General Fund is the chief operating fund of the City of Rancho Palos Verdes. At the end of the current Fiscal Year, unreserved Fund Balance of the General Fund was \$13,449,247, while total Fund Balance reached \$20,094,337. 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 63% of total General Fund uses, while total Fund Balance represents 94% of that same amount.

During Fiscal Year 07-08, the Fund Balance of the City's General Fund decreased by \$1,653,592. The key factor in this decrease is attributable to the General Fund subsidizing the Water Quality Flood Protection Enterprise Fund.

The Debt Service Fund has a net negative Fund Balance of \$15,528,443. 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 \$1,072,957, which primarily represents accumulated interest on the advance from the City to the Redevelopment Agency.

**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 \$7,740,008. Unrestricted Net Assets of the Internal Service Funds at the end of the year amounted to \$5,430,591. The total growth in Proprietary Fund type net assets was \$6,224,200.

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## CITY OF RANCHO PALOS VERDES

Management's Discussion and Analysis  
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### General Fund Budgetary Highlights

The difference between original budgeted expenditures and the final amended budget was a decrease of \$1,471,317; and is briefly summarized as follows:

- A decrease of \$1,277,915 was attributable to appropriations continued to FY08-09.
- An increase of approximately \$785,536 was attributable to appropriations continued from FY06-07.
- Salary budgets across several programs were decreased by about \$380,000 to account for vacant positions.
- The budget for legal services was decreased by about \$530,000, due to a decrease in litigation activity and careful management of general attorney services.
- Other immaterial decreases totaled approximately \$70,000.

### Street Maintenance Fund Budgetary Highlights

The difference between original budgeted expenditures and the final amended budget was an increase of \$80,647, which was primarily attributable to an addition to the budget for maintenance of Palos Verdes Drive South in the Portuguese Bend area of the City's active landslide.

### Redevelopment Agency Debt Service Fund Budgetary Highlights

There were no changes to the Redevelopment Agency Debt Service Fund budget for FY07-08.

### Capital Improvements Capital Projects Fund Budgetary Highlights

The difference between original budgeted expenditures and the final amended budget was an increase of \$1,506,572; and is briefly summarized as follows:

- A decrease of \$3,192,707 was attributable to appropriations continued to FY08-09.
- An increase of approximately \$3,727,100 was attributable to appropriations continued from FY06-07.
- An increase of about \$693,000 to the arterial pavement resurfacing program to reflect additional funding available from state Proposition 1B monies.
- The addition of \$236,000 to the budget for a traffic signal upgrade at the intersection of Crenshaw and Crestridge Roads.
- Other immaterial increases totaled about \$43,000.

### Capital Asset and Debt Administration

**Capital Assets.** The City's investment in Capital Assets for its governmental activities as of June 30, 2008, amounts to \$109,375,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture, other equipment, and construction in progress. During the current Fiscal Year, the City's investment in capital assets increased by about \$3 million or less than 3 percent.

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# CITY OF RANCHO PALOS VERDES

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

- Depreciation of \$3.3 million was recorded for the City's Capital Assets.
- Arterial and residential street overlay was completed at a cost of about \$2.5 million.
- Property was purchased for about \$1.4 million to provide right of way and facilitate construction of the McCarrell Canyon drainage system. Construction of the drainage system began prior to June 30, 2008 at a cost of about \$1 million.
- The Sunnyside Ridge drainage project was completed at a cost of about \$380,000.
- Storm drain lining, which extends the useful life of storm drain pipes, was completed at a cost of about \$470,000.

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

	Governmental Activities	
	June 30, 2008	June 30, 2007
Capital assets not being depreciated		
Land	\$ 32,139,008	\$ 32,132,781
Construction in progress	156,354	89,256
<b>Total capital assets not being depreciated</b>	<b>32,295,362</b>	<b>32,222,037</b>
Capital assets being depreciated, net		
Buildings	7,174,749	7,354,680
Vehicles	163,410	101,452
Computer equipment	69,569	151,385
Furniture, fixtures and equipment	142,659	111,058
Infrastructure		
Roadway system	46,682,868	46,138,492
Sewer system	9,812,802	10,267,911
Storm drain system	10,932,378	11,182,857
Park system	2,101,870	2,216,116
<b>Total capital assets being depreciated, net</b>	<b>77,080,305</b>	<b>77,523,951</b>
<b>Capital Assets, net</b>	<b>\$ 109,375,667</b>	<b>\$ 109,745,988</b>

Additional information on the City's Capital Assets can be found in Note # 4 on pages 52-53 of this report.

**Long-term debt.** At the end of the current Fiscal Year, the City of Rancho Palos Verdes had total debt outstanding of \$7,470,246. Of this amount, \$7,155,536 is a liability of the Redevelopment Agency.

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# CITY OF RANCHO PALOS VERDES

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## City of Rancho Palos Verdes Outstanding Debt

	Governmental Activities	
	June 30, 2008	June 30, 2007
RDA Tax Increment Bond	\$ 5,370,000	\$ 5,410,000
RDA Deferred Interest Payable	1,785,536	2,061,329
Employee compensated absences	314,710	240,456
<b>Total</b>	<b>\$ 7,470,246</b>	<b>\$ 7,711,785</b>

The City's total debt decreased by \$241,539 (3%) during the current Fiscal Year, due to partial payment of the RDA deferred interest payable.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rancho Palos Verdes is \$1,274,916,000. Additional information on the City's long-term debt can be found in Note # 5 on pages 53-56 of this report.

### Economic Factors and Next Year's Budgets and Rates

- Local property values remain strong; therefore, Property Tax Revenue (approximately 39% of City-Wide Revenues) remains unaffected by the downturn in the economy. This factor was considered in preparing the City's Budget for FY08-09.

### 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](mailto:finance@rpv.com).

## **BASIC FINANCIAL STATEMENTS**



*The pilot brush clearance program utilizing goats at City Hall*

## **GOVERNMENT-WIDE STATEMENTS**



*A view of Catalina Island from the Rancho Palos Verdes coastline*

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF NET ASSETS**

**June 30, 2008**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 37,959,600	\$ 8,758,718	\$ 46,718,318
Receivables:			
Taxes	807,505	-	807,505
Interest	194,608	34,223	228,831
Notes	770,147	-	770,147
Other	1,183,278	24,118	1,207,396
Prepaid costs	1,138,739	-	1,138,739
Land held for development	702,392	-	702,392
Capital assets, not being depreciated:			
Land	32,139,008	1,408,493	33,547,501
Construction in progress	156,354	1,850,425	2,006,779
Capital assets, being depreciated, net:			
Property and equipment	375,638	8,269	383,907
Buildings and improvements	7,174,749	-	7,174,749
Infrastructure	69,529,918	2,331,841	71,861,759
<b>TOTAL ASSETS</b>	<b>152,131,936</b>	<b>14,416,087</b>	<b>166,548,023</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued liabilities	2,288,054	960,490	3,248,544
Interest payable	20,883	-	20,883
Retentions payable	9,465	116,561	126,026
Unearned revenue	113,761	-	113,761
Deposits payable	1,382,946	-	1,382,946
Long-term liabilities:			
Due within one year	233,564	-	233,564
Due beyond one year	7,236,682	-	7,236,682
<b>TOTAL LIABILITIES</b>	<b>11,285,355</b>	<b>1,077,051</b>	<b>12,362,406</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	109,375,667	5,599,028	114,974,695
Restricted for:			
Community development:			
Nonexpendable	1,000,000	-	1,000,000
Unrestricted	30,470,914	7,740,008	38,210,922
<b>TOTAL NET ASSETS</b>	<b>\$ 140,846,581</b>	<b>\$ 13,339,036</b>	<b>\$ 154,185,617</b>

See independent auditors' report and notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2008**

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Administration	\$ 4,724,522	\$ 537,993	\$ 18	\$ -
Public safety	4,044,426	316,378	100,000	-
Public works	9,025,725	1,001,787	2,863,781	1,472,195
Parks and recreation	1,395,769	483,514	360,030	-
Planning, building and code enforcement	2,441,321	1,759,965	245,978	-
Interest on long-term debt	269,708	-	-	-
Total governmental activities	<u>21,901,471</u>	<u>4,099,637</u>	<u>3,569,807</u>	<u>1,472,195</u>
<b>Business-type Activity:</b>				
Water Protection Flood Control	<u>300,781</u>	-	-	-
Total Primary Government	<u>\$ 22,202,252</u>	<u>\$ 4,099,637</u>	<u>\$ 3,569,807</u>	<u>\$ 1,472,195</u>

General revenues:

Taxes:

Property tax, levied for general purpose

Property tax, Redevelopment Agency tax increment

Storm Drain user fees levied for water quality and flood protection

Transient occupancy tax

Sales tax

Franchise tax

Motor vehicle in lieu tax (unrestricted)

Utility user tax

Other taxes

Investment income

Unrestricted grants, contributions and other revenue

Transfers

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
\$ (4,186,511)	\$ -	\$ (4,186,511)
(3,628,048)	-	(3,628,048)
(3,687,962)	-	(3,687,962)
(552,225)	-	(552,225)
(435,378)	-	(435,378)
(269,708)	-	(269,708)
<u>(12,759,832)</u>	<u>-</u>	<u>(12,759,832)</u>
-	(300,781)	(300,781)
<u>(12,759,832)</u>	<u>(300,781)</u>	<u>(13,060,613)</u>
9,937,707	-	9,937,707
997,546	-	997,546
-	1,221,825	1,221,825
26,076	-	26,076
1,056,436	-	1,056,436
1,598,645	-	1,598,645
195,987	-	195,987
2,329,281	-	2,329,281
597,535	-	597,535
1,554,692	282,670	1,837,362
es 300,056	-	300,056
<u>(4,719,193)</u>	<u>4,719,193</u>	<u>-</u>
<u>13,874,768</u>	<u>6,223,688</u>	<u>20,098,456</u>
1,114,936	5,922,907	7,037,843
<u>139,731,645</u>	<u>7,416,129</u>	<u>147,147,774</u>
<u>\$ 140,846,581</u>	<u>\$ 13,339,036</u>	<u>\$ 154,185,617</u>



*A view of the fogbank between Catalina Island and the Rancho Palos Verdes coastline*

## **FUND FINANCIAL STATEMENTS**

**CITY OF RANCHO PALOS VERDES**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2008**

	General	Special Revenue Street Maintenance
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,216,823	\$ 591,462
Receivables:		
Taxes	771,884	-
Interest	74,564	2,549
Notes	-	-
Other	500,079	188,731
Due from other funds	150,014	-
Prepaid items	470,030	-
Advances to other funds	16,010,044	-
Land held for development	-	-
TOTAL ASSETS	\$ 33,193,438	\$ 782,742
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 1,688,034	\$ 204,153
Due to other funds	-	-
Retentions payable	1,939	-
Deferred revenue	10,026,182	-
Advances to Redevelopment Agency	-	-
Deposits payable	1,382,946	-
TOTAL LIABILITIES	13,099,101	204,153
<b>FUND BALANCES (DEFICIT):</b>		
Reserved for:		
Reimbursement settlement agreement	-	-
Prepaid items	470,030	-
Advances to other funds	6,175,060	-
Land held for development	-	-
Housing set-aside	-	-
Unreserved:		
Designated for continuing appropriations:		
General fund	1,277,915	-
Special revenue funds	-	192,007
Capital projects funds	-	-
Undesignated and reported in:		
General fund	12,171,332	-
Special revenue funds	-	386,582
Debt service fund	-	-
Capital projects funds	-	-
Permanent fund	-	-
TOTAL FUND BALANCES (DEFICIT)	20,094,337	578,589
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,193,438	\$ 782,742

See independent auditors' report and notes to financial statements

<u>Debt Service Redevelopment Agency</u>	<u>Capital Projects Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 20,341	\$ 3,335,418	\$ 13,509,155	\$ 32,673,199
-	-	35,621	807,505
-	12,831	79,842	169,786
-	-	365,181	365,181
-	243,200	251,268	1,183,278
-	-	-	150,014
461,312	-	58,900	990,242
-	-	-	16,010,044
-	-	702,392	702,392
<u>\$ 481,653</u>	<u>\$ 3,591,449</u>	<u>\$ 15,002,359</u>	<u>\$ 53,051,641</u>

\$ 52	\$ 183,187	\$ 183,499	\$ 2,258,925
-	-	150,014	150,014
-	7,526	-	9,465
-	4,770	365,181	10,396,133
16,010,044	-	-	16,010,044
-	-	-	1,382,946
<u>16,010,096</u>	<u>195,483</u>	<u>698,694</u>	<u>30,207,527</u>

-	-	1,000,000	1,000,000
461,312	-	58,900	990,242
-	-	-	6,175,060
-	-	702,392	702,392
-	-	501,360	501,360
-	-	-	1,277,915
-	-	1,704,244	1,896,251
-	3,192,707	1,154,095	4,346,802
-	-	-	12,171,332
-	-	7,106,989	7,493,571
(15,989,755)	-	-	(15,989,755)
-	203,259	1,704,404	1,907,663
-	-	371,281	371,281
<u>(15,528,443)</u>	<u>3,395,966</u>	<u>14,303,665</u>	<u>22,844,114</u>
<u>\$ 481,653</u>	<u>\$ 3,591,449</u>	<u>\$ 15,002,359</u>	<u>\$ 53,051,641</u>



*The Point Vicente Interpretive Center and Whale Watching Site*

**CITY OF RANCHO PALOS VERDES**

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

**June 30, 2008**

Fund balances - total governmental funds	\$ 22,844,114
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.	109,000,029
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.	9,834,985
Intergovernmental revenues earned, but not available, are deferred in the fund financial statements. The revenue is not deferred on the Statement of Activities.	82,206
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(20,883)
Long-term notes receivable are not current available resources and, therefore, do not affect the governmental fund balance.	770,147
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(7,470,246)
Internal service funds are used by management to charge the costs of certain activities, including equipment and building replacement and employee benefits, to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Assets.	<u>5,806,229</u>
Net assets of governmental activities	<u><u>\$ 140,846,581</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, 2008**

	<u>General</u>	<u>Special Revenue Street Maintenance</u>
REVENUES:		
Taxes	\$ 15,291,092	\$ -
Licenses and permits	1,913,542	-
Fines and forfeitures	259,639	-
Use of money and property	1,325,768	46,025
Charges for services	59,606	586
Revenue from other agencies	557,091	766,919
Other revenues	141,200	-
	<u>19,547,938</u>	<u>813,530</u>
TOTAL REVENUES		
EXPENDITURES:		
Current:		
Administration	4,262,507	-
Public safety	4,028,826	-
Public works	2,311,813	1,718,136
Parks and recreation	1,281,523	-
Planning, building and code enforcement	2,474,265	-
Pass through to other agencies	-	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	<u>14,358,934</u>	<u>1,718,136</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,189,004</u>	<u>(904,606)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	231,773	729,931
Transfers out	<u>(7,074,369)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(6,842,596)</u>	<u>729,931</u>
NET CHANGE IN FUND BALANCES	(1,653,592)	(174,675)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>21,747,929</u>	<u>753,264</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 20,094,337</u>	<u>\$ 578,589</u>

See independent auditors' report and notes to financial statements

<u>Debt Service Redevelopment Agency</u>	<u>Capital Projects Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 797,901	\$ -	\$ 973,345	\$ 17,062,338
-	-	-	1,913,542
-	-	-	259,639
81	120,263	616,009	2,108,146
-	-	-	60,192
-	1,472,194	1,851,258	4,647,462
-	-	1,422,162	1,563,362
<u>797,982</u>	<u>1,592,457</u>	<u>4,862,774</u>	<u>27,614,681</u>
16,491	-	131,526	4,410,524
-	-	15,600	4,044,426
-	-	1,737,991	5,767,940
-	-	-	1,281,523
-	-	21,876	2,496,141
168,784	-	-	168,784
-	2,803,675	308,605	3,112,280
315,793	-	-	315,793
<u>1,369,871</u>	<u>-</u>	<u>-</u>	<u>1,369,871</u>
<u>1,870,939</u>	<u>2,803,675</u>	<u>2,215,598</u>	<u>22,967,282</u>
<u>(1,072,957)</u>	<u>(1,211,218)</u>	<u>2,647,176</u>	<u>4,647,399</u>
-	1,815,238	380,740	3,157,682
-	-	(849,231)	(7,923,600)
-	<u>1,815,238</u>	<u>(468,491)</u>	<u>(4,765,918)</u>
(1,072,957)	604,020	2,178,685	(118,519)
<u>(14,455,486)</u>	<u>2,791,946</u>	<u>12,124,980</u>	<u>22,962,633</u>
<u><u>\$(15,528,443)</u></u>	<u><u>\$ 3,395,966</u></u>	<u><u>\$ 14,303,665</u></u>	<u><u>\$ 22,844,114</u></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, 2008**

Net change in fund balances - total governmental funds \$ (118,519)

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	2,763,802
Depreciation expense	(3,145,866)

Unpaid accrued interest income is deferred in the governmental funds since it is not available. This income is accrued in the Statement of Activities.	1,100,371
--	-----------

Intergovernmental revenues earned, but not available are deferred in the fund financial statements.	(20,098)
---	----------

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.	(209)
--	-------

Increases in long-term notes receivable use current financial resources and are included in the expenditures of governmental funds. Repayments of long-term notes receivables provide current financial resources and are included in the revenues of governmental funds. These changes in notes receivable are not reflected in the revenues or expenses of the Statement of Activities. This amount represents the net change in the long-term notes receivable.	(7,377)
--	---------

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.	(74,254)
---	----------

Principal payments on debt are recorded as expenditures in the funds. The expenditure is not recognized in the Statement of Activities since it reduces the liability reported on the Statement of Net Assets.

Principal payments consisted of the following:

Redevelopment Agency tax increment bond	40,000
Redevelopment Agency deferred interest payable	275,793

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.	301,293
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Change in net assets of governmental activities	\$ 1,114,936
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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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 14,963,200	\$ 15,403,600	\$ 15,291,092	\$ (112,508)
Licenses and permits	1,612,350	1,837,350	1,913,542	76,192
Fines and forfeitures	204,000	274,000	259,639	(14,361)
Use of money and property	1,284,000	1,519,000	1,325,768	(193,232)
Charges for services	48,000	48,000	59,606	11,606
Revenue from other agencies	446,900	675,230	557,091	(118,139)
Other revenues	141,200	141,200	141,200	-
TOTAL REVENUES	<u>18,699,650</u>	<u>19,898,380</u>	<u>19,547,938</u>	<u>(350,442)</u>
EXPENDITURES:				
Current:				
Administration	4,981,190	4,367,575	4,262,507	105,068
Public safety	4,160,050	4,037,154	4,028,826	8,328
Public works	3,040,574	2,454,896	2,311,813	143,083
Parks and recreation	1,337,290	1,350,801	1,281,523	69,278
Planning, building and code enforcement	2,731,250	2,568,611	2,474,265	94,346
TOTAL EXPENDITURES	<u>16,250,354</u>	<u>14,779,037</u>	<u>14,358,934</u>	<u>420,103</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,449,296</u>	<u>5,119,343</u>	<u>5,189,004</u>	<u>69,661</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	261,774	261,774	231,773	(30,001)
Transfers out	(5,476,044)	(7,090,369)	(7,074,369)	16,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,214,270)</u>	<u>(6,828,595)</u>	<u>(6,842,596)</u>	<u>(14,001)</u>
NET CHANGE IN FUND BALANCE	<u>(2,764,974)</u>	<u>(1,709,252)</u>	<u>(1,653,592)</u>	<u>55,660</u>
FUND BALANCE - BEGINNING OF YEAR	<u>21,747,929</u>	<u>21,747,929</u>	<u>21,747,929</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 18,982,955</u>	<u>\$ 20,038,677</u>	<u>\$ 20,094,337</u>	<u>\$ 55,660</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 31,700	\$ 31,700	\$ 46,025	\$ 14,325
Charges for services	15,300	15,300	586	(14,714)
Revenue from other agencies	796,000	796,000	766,919	(29,081)
TOTAL REVENUES	843,000	843,000	813,530	(29,470)
EXPENDITURES:				
Current:				
Public works	1,748,905	1,829,552	1,718,136	111,416
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(905,905)	(986,552)	(904,606)	81,946
OTHER FINANCING SOURCES:				
Transfers in	730,500	737,500	729,931	(7,569)
NET CHANGE IN FUND BALANCE	(175,405)	(249,052)	(174,675)	74,377
FUND BALANCE - BEGINNING OF YEAR	753,264	753,264	753,264	-
FUND BALANCE - END OF YEAR	<u>\$ 577,859</u>	<u>\$ 504,212</u>	<u>\$ 578,589</u>	<u>\$ 74,377</u>

See independent auditors' report and notes to financial statements.

**CITY OF RANCHO PALOS VERDES**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**June 30, 2008**

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 8,758,718	\$ 5,286,401
Receivables:		
Interest	34,223	24,822
Other	24,118	-
Prepaid items	-	148,497
<b>TOTAL CURRENT ASSETS</b>	<b>8,817,059</b>	<b>5,459,720</b>
<b>NONCURRENT ASSETS:</b>		
Capital assets, not being depreciated:		
Land	1,408,493	-
Construction in progress	1,850,425	-
Capital assets, being depreciated:		
Property and equipment	11,813	1,328,094
Infrastructure	2,456,634	-
Accumulated depreciation	(128,337)	(952,456)
<b>TOTAL NONCURRENT ASSETS</b>	<b>5,599,028</b>	<b>375,638</b>
<b>TOTAL ASSETS</b>	<b>14,416,087</b>	<b>5,835,358</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	960,490	29,129
Retentions payable	116,561	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,077,051</b>	<b>29,129</b>
<b>NET ASSETS</b>		
Invested in capital assets	5,599,028	375,638
Unrestricted	7,740,008	5,430,591
<b>TOTAL NET ASSETS</b>	<b>\$ 13,339,036</b>	<b>\$ 5,806,229</b>

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, 2008**

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ -	\$ 1,899,030
OPERATING EXPENSES:		
Personnel services	11,517	1,433,990
Materials and supplies	1,462	136,300
Maintenance	229,905	99,793
Depreciation	57,897	177,604
TOTAL OPERATING EXPENSES	<u>300,781</u>	<u>1,847,687</u>
OPERATING INCOME (LOSS)	<u>(300,781)</u>	<u>51,343</u>
NONOPERATING REVENUES:		
Interest income	282,670	203,225
Storm drain user fees	1,221,825	-
TOTAL NONOPERATING REVENUES	<u>1,504,495</u>	<u>203,225</u>
INCOME BEFORE TRANSFERS	1,203,714	254,568
TRANSFERS IN	<u>4,719,193</u>	<u>46,725</u>
CHANGE IN NET ASSETS	5,922,907	301,293
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>7,416,129</u>	<u>5,504,936</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 13,339,036</u>	<u>\$ 5,806,229</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, 2008**

	Business-type Activity- Water Quality Flood Protection Enterprise Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from interfund services provided	\$ -	\$ 1,899,030
Payments to suppliers	(231,367)	(447,007)
Payments to employees	(11,517)	(1,586,256)
	<u>(242,884)</u>	<u>(134,233)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	<u>(1,253,852)</u>	<u>(189,347)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Receipts from storm drain user fees	1,219,127	-
Cash received from other funds	<u>4,719,193</u>	<u>46,725</u>
<b>NET CASH PROVIDED BY         NONCAPITAL FINANCING ACTIVITIES</b>	<u>5,938,320</u>	<u>46,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	<u>271,702</u>	<u>224,705</u>
<b>NET INCREASE (DECREASE)         IN CASH AND CASH EQUIVALENTS</b>	4,713,286	(52,150)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>4,045,432</u>	<u>5,338,551</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 8,758,718</u>	<u>\$ 5,286,401</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (300,781)	\$ 51,343
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation	57,897	177,604
Changes in operating assets and liabilities:		
Increase in prepaid items	-	(25,363)
Decrease in accrued liabilities	-	(337,817)
	<u>(242,884)</u>	<u>(134,233)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>\$ (242,884)</u>	<u>\$ (134,233)</u>

See independent auditors' report and notes to financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

### **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, 2008

#### **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, 2008

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

[pvtransit@palosverdes.com](mailto:pvtransit@palosverdes.com) or mailing a request to P.O. Box 2656, Palos Verdes Peninsula, CA 90274.

#### B. Accounting and Reporting Policies

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

#### C. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The following are types of funds used:

#### **Governmental Fund Types**

- *General Fund* – Used to account for all financial resources except those that are required to be accounted for in another fund.
- *Special Revenue Funds* – Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- *Debt Service Fund* – The debt service fund of the RDA is used to account for property tax increment revenue and related interest income. Disbursements from this fund consist mainly of principal and interest on RDA indebtedness.
- *Capital Projects Funds* – Used to account for financial resources used for the construction of specific capital projects.

See independent auditors' report.

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

- *Permanent Fund* – Used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs.

#### **Proprietary Fund Types**

- *Enterprise Funds* – Used to finance and account for the acquisition, operation, and maintenance of the City’s facilities and services; which are supported primarily by user charges.

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

#### D. Basis of Accounting/Measurement Focus

##### **Government – Wide Financial Statements**

The City’s Government-Wide Financial Statements include a “Statement of Net Assets” and a “Statement of Activities”. These two statements present summaries of Governmental Activities for the City.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, infrastructure, and long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue transactions for the City are reported in three categories: 1) Charges for Services, 2) Operating Grants and Contributions, and 3) Capital Grants and Contributions. Charges for Services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating Grants and Contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital Grants and Contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included

See independent auditors’ report.

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

among program revenues are reported instead as general revenues. Internal balances in the Governmental-Wide Statements have been eliminated as prescribed by GASB Statement No. 34.

#### **Governmental Fund Financial Statements**

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

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end (see Note #10), taxpayer-assessed taxes such as sales taxes, and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for immature interest on general long-term debt, which is recognized when due.

#### **The City reports the following major governmental funds**

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

See independent auditors’ report.

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

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

The RDA Debt Service Fund is used to account for the accumulation of resources and for the payment of principal and interest on the RDA's debt.

The Capital Improvement 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 employee benefit. The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (administration, public safety, public works, etc.).

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# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

#### **The City reports the following major enterprise fund**

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

#### E. Budgetary Accounting

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end. Budget control is maintained over all accounts, and expenditures are not allowed to exceed appropriations at the department/function level. Throughout the year, the City Council made several supplementing budgetary adjustments to the General fund, Special Revenue funds, Capital Projects funds, Proprietary funds and the Permanent fund. These adjustments resulted in a net appropriation increase in the amount of \$1,600,439. This increase resulted primarily from amounts carried over from FY06-07.

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, 2008, based on calculations by City Management, proceeds of taxes did not exceed related appropriations.

#### F. Advances to Other Funds

Long-term inter-fund advances are recorded as a receivable in the advancing governmental fund and as a liability in the fund receiving the advance. Accrued unpaid interest, for which there is no immediately available resources to pay, is deferred in the advancing governmental fund and the principal portion of the advance is reported as a reservation of fund balance.

#### G. Capital Assets

Capital assets include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.); and are reported in Governmental Activities column of the Government-Wide Financial Statements. Capital assets are defined by the City as all land and buildings, vehicles, computers and equipment

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

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

with an initial individual cost of more than \$5,000; and improvements and infrastructure assets with costs of more than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

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

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

**H. Employee Compensated Absences**

City employees may receive from 10 to 20 days vacation time each year, depending upon length of service. An employee may accumulate earned vacation time up to a maximum of two years' worth of accrued vacation leave. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. There is no fixed payment schedule for employee compensated absences.

At June 30, 2008, vested accrued vacation and compensatory time amounted to \$314,710.

**I. Investments**

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

See independent auditors' report.

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

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

#### J. Cash and Cash Equivalents

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

#### K. Claims and Judgments

When it is probable that a claim liability has been incurred, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2008, in the opinion of the City Attorney, the City had no material claims, which require loss provisions in the financial statements. Small claims and judgments are recorded as expenditures when paid.

The City’s self-insurance program is administered through the California Joint Powers Authority (the CJPIA), which is described at Note #8. The CJPIA is a public entity risk pool, which is accounted for under the provisions of GASB Statement 10. Claim losses recorded in the CJPIA include both current claims and “Incurred but Not Reported” (IBNR) claims. The City records amounts deposited with CJPIA as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience result in a refund of deposits from the CJPIA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

#### L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. 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 \$1,138,739

See independent auditors’ report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

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

(\$990,242 in governmental funds and \$148,497 in internal service funds) of prepaid items as of June 30, 2008.

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, 2008, are classified in the accompanying financial statements as follows:

	Government- Wide Statement of Net Assets
Total cash and cash equivalents	<u>\$ 46,718,318</u>
Cash and investments as of June 30, 2008 consist of the following:	
Petty Cash	\$ 2,500
Deposits with Financial Institutions	2,245,504
Investments	<u>44,470,314</u>
Total cash and investments	<u>\$ 46,718,318</u>

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Amount or Percent of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	3 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	7 days	15%	None
Money Market Mutual Funds	N/A	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Money Market Savings/Demand Deposits	N/A	\$1 million	15%

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, 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	\$ 23,992,119
U.S. Treasury Securities	20,478,195
	<u>\$ 44,470,314</u>

See independent auditors’ report.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### **NOTE #2 – CASH AND INVESTMENTS (continued)**

##### **Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's LAIF investment is not rated; and U.S. Treasury Securities are exempt from disclosure.

##### **Concentration of Credit Risk**

The investment policy of the City of Rancho Palos Verdes contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2008, 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 \$2,053,847 at June 30, 2008.

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**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #2 – CASH AND INVESTMENTS (continued)**

**Investment in State Investment Pool**

The City of Rancho Palos Verdes is a voluntary participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City of Rancho Palos Verdes' investment in this pool is reported in the accompanying financial statements at amounts based upon the City of Rancho Palos Verdes' pro-rata share of the fair value provided by LAIF for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

**NOTE #3 – INTERFUND TRANSACTIONS**

Inter-fund balances consisted of the following at June 30, 2008:

Due to the General Fund from:

Other Governmental Funds:

CDBG Special Revenue Fund	\$138,082
Measure A Special Revenue Fund	<u>11,932</u>

Total Other Governmental Funds	<u>150,014</u>
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Total Due to the General Fund	<u>\$150,014</u>
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General fund monies were used to cover other governmental fund grant expenditures until reimbursement is received from the grant agency.

Inter-fund Advances

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

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #3 – INTERFUND TRANSACTIONS (continued)**

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Advances to the Redevelopment Agency	\$ 14,887,466	\$ 1,122,578	_____	\$ 16,010,044

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, 2008, 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 7.38 percent during the fiscal year ended June 30, 2008. Of the \$16,010,044 advance, \$12,438,050 relates to the Portuguese Bend portion of the RDA, while \$3,571,994 relates to the Abalone Cove portion. During the year ended June 30, 2008, accrued interest of \$854,868 was added to the balance of the advance to the Portuguese Bend Fund, while principal of \$22,207 and accrued interest of \$245,503 was advanced to the Abalone Cove Fund. No interest has ever been paid by the RDA on these advances; therefore, the interest component of the advance has been recorded as deferred revenue in the General Fund of the City.

Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2008, consisted of the following:

	Transfer From		Totals
	General Fund	Nonmajor Governmental Funds	
Transfer To			
General Fund		\$ 231,773	\$ 231,773
Street Maintenance	\$ 445,000	284,931	729,931
Capital Improvement Projects	1,482,711	332,527	1,815,238
Nonmajor Governmental Funds	380,740		380,740
Enterprise Fund	4,719,193		4,719,193
Internal Service Funds	46,725		46,725
Totals	<u>\$ 7,074,369</u>	<u>\$ 849,231</u>	<u>\$ 7,923,600</u>

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

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #3 – INTERFUND TRANSACTIONS (continued)**

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, 2008.

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	32,132,781	6,227		32,139,008
Construction in progress	89,256	1,156,991	(1,089,893)	156,354
Total capital assets not being depreciated	<u>32,222,037</u>	<u>1,163,218</u>	<u>(1,089,893)</u>	<u>32,295,362</u>
Capital assets being depreciated:				
Buildings and improvements	8,798,564			8,798,564
Vehicles	229,404	96,288	(39,300)	286,392
Computer equipment	572,847	9,600	(7,017)	575,430
Furniture, fixtures and equipment	460,307	83,459	(77,500)	466,266
Infrastructure				
Roadway system	79,004,075	2,690,477		81,694,552
Sewer system	25,755,463			25,755,463
Storm drain system	13,148,416			13,148,416
Parks system	6,169,367			6,169,367
Total capital assets being depreciated	<u>134,138,443</u>	<u>2,879,824</u>	<u>(123,817)</u>	<u>136,894,450</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,443,884)	(179,931)		(1,623,815)
Vehicles	(127,952)	(34,330)	39,300	(122,982)
Computer equipment	(421,462)	(91,416)	7,017	(505,861)
Furniture, fixtures and equipment	(349,249)	(51,858)	77,500	(323,607)
Infrastructure				
Roadway system	(32,865,583)	(2,146,101)		(35,011,684)
Sewer system	(15,487,552)	(455,109)		(15,942,661)
Storm drain system	(1,965,559)	(250,479)		(2,216,038)
Parks system	(3,953,251)	(114,246)		(4,067,497)
Total accumulated depreciation	<u>(56,614,492)</u>	<u>(3,323,470)</u>	<u>123,817</u>	<u>(59,814,145)</u>
Total capital assets being depreciated, net	<u>77,523,951</u>	<u>(443,646)</u>	<u>-</u>	<u>77,080,305</u>
Governmental activities capital assets, net	<u>109,745,988</u>	<u>719,572</u>	<u>(1,089,893)</u>	<u>109,375,667</u>

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

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**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #4 – CAPITAL ASSETS AND DEPRECIATION (continued)**

Administration	\$ 179,931
Public Works (including depreciation of general infrastructure Assets)	2,851,689
Recreation Services	114,246
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>177,604</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$3,323,470</u></u>

<b>Business-type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	-	1,408,493		1,408,493
Construction in progress	403,119	1,853,125	(405,819)	1,850,425
Total capital assets not being depreciated	<u>403,119</u>	<u>3,261,618</u>	<u>(405,819)</u>	<u>3,258,918</u>
Capital assets being depreciated:				
Equipment	11,813			11,813
Storm drain system	1,813,423	643,211		2,456,634
Total capital assets being depreciated	<u>1,825,236</u>	<u>643,211</u>	<u>-</u>	<u>2,468,447</u>
Less accumulated depreciation for:				
Equipment	(1,181)	(2,363)		(3,544)
Storm drain system	(69,259)	(55,534)		(124,793)
Total accumulated depreciation	<u>(70,440)</u>	<u>(57,897)</u>	<u>-</u>	<u>(128,337)</u>
Total capital assets being depreciated, net	<u>1,754,796</u>	<u>585,314</u>	<u>-</u>	<u>2,340,110</u>
Business-type activities capital assets, net	<u><u>2,157,915</u></u>	<u><u>3,846,932</u></u>	<u><u>(405,819)</u></u>	<u><u>5,599,028</u></u>

Depreciation expense of \$57,897 is included in the Water Quality Flood Protection enterprise fund.

**NOTE #5 – LONG-TERM DEBT**

	Balance			Balance	Amount Due
	July 1, 2007	Additions	Deletions	June 30, 2008	in 2008
RDA Tax Increment Bond	\$ 5,410,000		\$ (40,000)	\$ 5,370,000	\$ 55,000
RDA Deferred Interest Payable	2,061,329		(275,793)	1,785,536	
Employee Compensated Absences	240,456	210,687	(136,433)	314,710	178,564
Totals	<u>\$ 7,711,785</u>	<u>\$ 210,687</u>	<u>\$ (452,226)</u>	<u>\$ 7,470,246</u>	<u>\$ 233,564</u>

**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

See independent auditors' report.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### **NOTE #5 – LONG-TERM DEBT (continued)**

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 ending June 30, 2002 with no additional interest. The remaining balance of \$10,274,119 was scheduled for payment to the County over a 20-year period beginning in the fiscal year ending June 30, 2002, with interest at 7.7654 percent.

On November 1, 1997, the City, 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

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## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### **NOTE #5 – LONG-TERM DEBT (continued)**

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, 2008, a total of \$1,325,864 in accumulated tax increment has been applied against this balance, including \$275,793 applied during fiscal year 2007-08. The remaining balance at June 30, 2008, was \$1,785,536. 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, 2008.

After payment of the deferred interest, the RDA may elect to further defer payment to the County of the 50.9 percent of tax increment revenue in order to extinguish any other indebtedness of the RDA. This deferral would allow the tax increment to be available for the repayment of loans made to the RDA by the City (Note #3). In the event the deferral is elected, 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.

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

***NOTE #5 – LONG-TERM DEBT (continued)***

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
2009	55,000	268,125	323,125
2010	65,000	265,125	330,125
2011	85,000	260,375	345,375
2012	100,000	255,750	355,750
2013	120,000	250,250	370,250
2014-2018	900,000	1,135,500	2,035,500
2019-2023	1,570,000	830,750	2,400,750
2024-2028	<u>2,475,000</u>	<u>330,125</u>	<u>2,805,125</u>
Totals	<u>5,370,000</u>	<u>3,596,000</u>	<u>8,966,000</u>

**B. Employee Compensated Absences**

There is no fixed payment schedule for employee compensated absences. Based on historical trends, \$178,564 is estimated to be the amount that will be used and/or paid out during fiscal year 2008-09.

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

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

**Invested in Capital Assets**

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

**Restricted Net Assets**

This category presents external restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

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

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, 2008 are presented below, followed by explanations of the nature and purpose of each reserve and designation.

	General Fund	Street Maintenance Fund	RDA Debt Service Fund	Capital Improvement Fund	Other Governmental Funds
Reserved:					
Reimbursement settlement agreement					\$ 1,000,000
Advances to other funds	\$ 6,175,060				
Prepaid items	470,030		\$ 461,312		58,900
Land held for development					702,392
Housing set-aside					501,360
Totals Reserved	<u>\$ 6,645,090</u>	<u>\$ -</u>	<u>\$ 461,312</u>	<u>\$ -</u>	<u>\$ 2,262,652</u>
Designated:					
Continuing Appropriations:					
General fund	\$ 1,277,915				
Special revenue funds		\$ 192,007			\$ 1,704,244
Capital projects funds				\$ 3,192,707	1,154,095
Totals Designated	<u>\$ 1,277,915</u>	<u>\$ 192,007</u>	<u>\$ -</u>	<u>\$ 3,192,707</u>	<u>\$ 2,858,339</u>

A. Reserved for Reimbursement Settlement Agreement

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

B. Reserved for Advances to Other Funds

This reserve represents the long-term portion of loans from the City’s General Fund to the RDA less \$9,834,985 recorded as deferred revenue (see Note #11).

See independent auditors’ report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

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

C. Reserved for Prepaid Items

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

D. Reserved for Land Held for Development

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

E. Reserved for Housing Set-Aside

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

F. Designated for Continuing Appropriations

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

***NOTE #7 – PENSION PLAN***

Plan Description

The City provides a defined benefit pension plan that includes retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Miscellaneous 2.5% at 55 Risk Pool of the California Public Employee's Retirement System (CalPERS), a cost-sharing, multi-employer 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.

See independent auditors' report.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

#### **NOTE #7 – PENSION PLAN (continued)**

##### 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 FY07-08 rate was 12.591% of covered payroll. The City's contributions to CalPERS for the years ending June 30, 2008, 2007 and 2006 were \$747,183, \$631,220 and \$590,591, 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.

#### **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 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code section 6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The CJPIA pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

See independent auditors' report.

# CITY OF RANCHO PALOS VERDES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

#### Self-Insurance Programs of the CJPIA

##### General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from CJPIA investment earnings.

##### Workers' Compensation

The City also participates in the workers' compensation pool administered by CJPIA. Each member pays a primary deposit to cover estimated losses for a 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 employer's liability losses from \$5,000,000 to \$10,000,000 and the loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties – Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from CJPIA investment earnings.

See independent auditors' report.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

##### 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, 2005 through July 1, 2008. Each member of the CJPIA has a \$10,000,000 limit during the 3-year term of the policy.

##### Property Insurance

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

##### Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the CJPIA. The City's property currently has earthquake protection in the amount of \$12,437,404. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

##### 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.

See independent auditors' report.

## CITY OF RANCHO PALOS VERDES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

##### 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, 2008.

#### **NOTE #9 – CONTINGENCIES AND COMMITMENTS**

##### Litigation

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

##### Storm Drain Failures

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

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

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

***NOTE #9 – CONTINGENCIES AND COMMITMENTS (continued)***

The City is working with FEMA, the Federal Highway Administration (FHWA), Caltrans, and the City and County of Los Angeles to resolve the issues of responsibility for repair and funding sources. The repairs of the sinkholes also brought to light issues with other storm drains in the area. The City's share of costs for preventative and/or emergency repairs, if required, is unknown.

Excess Surplus

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

***NOTE #10 – PROPERTY TAXES***

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

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

***NOTE #11 – DEFERRED REVENUES***

The deferred revenues in the fund financial statements of the City of Rancho Palos Verdes as of June 30, 2008 consisted of the following:

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

**NOTE #11 – DEFERRED REVENUES (continued)**

General Fund:

Accrued interest from long-term advance to the RDA	\$ 9,834,985
Advance on federal grant	108,034
Revenue earned but not available	82,206
Cash on deposit for the Del Cerro lighting district	957

Capital Improvements Projects Fund:

Advance on local grant	4,770
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Other Governmental Funds:

Long-term notes receivable offset (loans expended when made)	<u>365,181</u>
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Total Deferred Revenues	<u>\$ 10,396,133</u>
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**NOTE #12 – LAND HELD FOR DEVELOPMENT**

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

A developer submitted an application for a senior condominium housing project with an affordable housing component. The project was planned to utilize a parcel owned by the Agency and a neighboring private parcel. The developer withdrew the application, and currently the property owner of the neighboring private parcel is moving forward with a senior condominium project on only that parcel. In September 2007, the City/Agency made a decision to move forward with development of only the Agency parcel with a senior affordable housing project. In September 2008, the Agency entered into an Exclusive Negotiating Agreement with AMCAL: Multi-Housing Inc. Since that time, AMCAL has been moving forward with developing plans for a 40-unit senior affordable rental housing project. It is expected that the project will be presented to the Planning Commission in January 2009 and the City Council/Agency Board in February 2009. If the project is approved, a disposition and development agreement would be entered into with AMCAL. The Agency anticipates transferring the Agency's land to the developer for construction of the proposed senior affordable housing project. The Agency will recognize a gain or loss on the disposal of the land at the time a disposition and development agreement is finalized. The fund balance in the RDA Housing Set-Aside fund has been reserved for an amount equal to the purchase price of the land.

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2008**

***NOTE #13 – OTHER REQUIRED FUND DISCLOSURES***

The following funds had deficit fund balances as of June 30, 2008:

Major Fund:	
RDA Debt Service Fund	\$15,528,443
Other Governmental Fund:	
CDBG	17

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



## **SUPPLEMENTARY INFORMATION**

**CITY OF RANCHO PALOS VERDES**

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

**REDEVELOPMENT AGENCY DEBT SERVICE FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 779,500	\$ 779,500	\$ 797,901	\$ 18,401
Use of money and property	-	-	81	81
<b>TOTAL REVENUES</b>	<b>779,500</b>	<b>779,500</b>	<b>797,982</b>	<b>18,482</b>
<b>EXPENDITURES:</b>				
Current:				
Administration	13,400	13,400	16,491	(3,091)
Pass through to other agencies	165,900	165,900	168,784	(2,884)
Debt service:				
Principal	344,200	344,200	315,793	28,407
Interest and fiscal charges	1,456,300	1,456,300	1,369,871	86,429
<b>TOTAL EXPENDITURES</b>	<b>1,979,800</b>	<b>1,979,800</b>	<b>1,870,939</b>	<b>108,861</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,200,300)</b>	<b>(1,200,300)</b>	<b>(1,072,957)</b>	<b>127,343</b>
<b>FUND BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<b>(14,455,486)</b>	<b>(14,455,486)</b>	<b>(14,455,486)</b>	<b>-</b>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<b>\$(15,655,786)</b>	<b>\$(15,655,786)</b>	<b>\$(15,528,443)</b>	<b>\$ 127,343</b>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 33,200	\$ 33,200	\$ 120,263	\$ 87,063
Revenue from other agencies	-	1,698,611	1,472,194	(226,417)
TOTAL REVENUES	33,200	1,731,811	1,592,457	(139,354)
EXPENDITURES:				
Capital outlay	2,309,511	3,816,083	2,803,675	1,012,408
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,276,311)	(2,084,272)	(1,211,218)	873,054
OTHER FINANCING SOURCES:				
Transfers in	2,282,111	3,331,558	1,815,238	(1,516,320)
NET CHANGE IN FUND BALANCE	5,800	1,247,286	604,020	(643,266)
FUND BALANCE - BEGINNING OF YEAR	2,791,946	2,791,946	2,791,946	-
FUND BALANCE - END OF YEAR	<u>\$ 2,797,746</u>	<u>\$ 4,039,232</u>	<u>\$ 3,395,966</u>	<u>\$ (643,266)</u>

See independent auditors' report.



*Dedication Ceremony and Statue memorializing the donation provided by Dr. Allen & Charlotte Ginsburg (pictured)*

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2008**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenues Fund Descriptions

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with law or administrative regulation for a specific purpose.

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

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

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

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

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

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

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

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

Public Safety Grants – to account for federal grant funds for local law enforcement supplemental services, AB3229 funds used for additional law enforcement services and public safety technology equipment.

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

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

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2008**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenues Fund Descriptions (continued)

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

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

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

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

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

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

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

Recreation Improvement Donations – to account for donations received to construct or acquire recreational facilities within the City.

Capital Projects Funds Descriptions

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

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

**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2008**

**NONMAJOR GOVERNMENTAL FUNDS**

Capital Projects Funds Descriptions (continued)

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

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

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

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

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

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

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

Permanent Fund Description

Permanent Funds are used to account for resources legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

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

**CITY OF RANCHO PALOS VERDES**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**June 30, 2008**

	Special Revenue Funds			
	Air Quality Management	CDBG	El Prado	Redevelopment Agency Housing Set-Aside
<b>ASSETS</b>				
Cash and cash equivalents	\$ 38,617	\$ -	\$ 9,488	\$ 1,837,300
Receivables:				
Taxes	-	-	91	4,913
Interest	132	-	43	14,011
Notes	-	365,181	-	-
Other	13,448	143,669	-	-
Prepaid items	-	8,192	-	20,000
Land held for development	-	-	-	702,392
<b>TOTAL ASSETS</b>	<b>\$ 52,197</b>	<b>\$ 517,042</b>	<b>\$ 9,622</b>	<b>\$ 2,578,616</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 13,796	\$ 50	\$ 17,557
Due to other funds	-	138,082	-	-
Deferred revenue	-	365,181	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>517,059</b>	<b>50</b>	<b>17,557</b>
<b>FUND BALANCES:</b>				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	8,192	-	20,000
Land held for development	-	-	-	702,392
Housing set-aside	-	-	-	501,360
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	-	1,337,307
Capital projects funds	-	-	-	-
Undesignated reported in:				
Special revenue funds	52,197	(8,209)	9,572	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>52,197</b>	<b>(17)</b>	<b>9,572</b>	<b>2,561,059</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 52,197</b>	<b>\$ 517,042</b>	<b>\$ 9,622</b>	<b>\$ 2,578,616</b>

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition A	Proposition C	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ 223,974	\$ 1,966,457	\$ 1,272,277	\$ 298,107	\$ 64,410	\$ 42,801
-	-	-	-	-	5,979
663	9,959	6,045	1,643	790	975
-	-	-	-	-	-
-	-	51,612	30,282	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 224,637</u>	<u>\$ 1,976,416</u>	<u>\$ 1,329,934</u>	<u>\$ 330,032</u>	<u>\$ 65,200</u>	<u>\$ 49,755</u>
\$ 666	\$ 60	\$ 2,743	\$ 10,482	\$ -	\$ 2,450
-	-	-	-	-	-
-	-	-	-	-	-
<u>666</u>	<u>60</u>	<u>2,743</u>	<u>10,482</u>	<u>-</u>	<u>2,450</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	212,844	-	30,216	-
-	-	-	-	-	-
223,971	1,976,356	1,114,347	319,550	34,984	47,305
-	-	-	-	-	-
-	-	-	-	-	-
<u>223,971</u>	<u>1,976,356</u>	<u>1,327,191</u>	<u>319,550</u>	<u>65,200</u>	<u>47,305</u>
<u>\$ 224,637</u>	<u>\$ 1,976,416</u>	<u>\$ 1,329,934</u>	<u>\$ 330,032</u>	<u>\$ 65,200</u>	<u>\$ 49,755</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2008

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,613,697	\$ 270,092	\$ 244,074	\$ 756,656
Receivables:				
Taxes	23,685	-	-	-
Interest	7,928	1,768	1,325	3,457
Notes	-	-	-	-
Other	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,645,310</b>	<b>\$ 271,860</b>	<b>\$ 245,399</b>	<b>\$ 760,113</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 53,609	\$ 44,215	\$ 12,142	\$ 9,353
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>53,609</b>	<b>44,215</b>	<b>12,142</b>	<b>9,353</b>
<b>FUND BALANCES:</b>				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
Housing set-aside	-	-	-	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	53,877	-
Capital projects funds	-	-	-	-
Undesignated reported in:				
Special revenue funds	1,591,701	227,645	179,380	750,760
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>1,591,701</b>	<b>227,645</b>	<b>233,257</b>	<b>750,760</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,645,310</b>	<b>\$ 271,860</b>	<b>\$ 245,399</b>	<b>\$ 760,113</b>

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	Recreation Improvement Donations	Total Special Revenue Funds
\$ 9,384	\$ 124,247	\$ 41,375	\$ 489,811	\$ 2,039	\$ 9,304,806
-	953	-	-	-	35,621
1,889	601	309	2,234	9	53,781
-	-	-	-	-	365,181
10,064	-	-	-	-	249,075
-	-	5,374	-	-	33,566
-	-	-	-	-	702,392
<u>\$ 21,337</u>	<u>\$ 125,801</u>	<u>\$ 47,058</u>	<u>\$ 492,045</u>	<u>\$ 2,048</u>	<u>\$ 10,744,422</u>
\$ -	\$ 8,088	\$ 5,465	\$ -	\$ -	\$ 180,676
11,932	-	-	-	-	150,014
-	-	-	-	-	365,181
<u>11,932</u>	<u>8,088</u>	<u>5,465</u>	<u>-</u>	<u>-</u>	<u>695,871</u>
-	-	-	-	-	-
-	-	5,374	-	-	33,566
-	-	-	-	-	702,392
-	-	-	-	-	501,360
-	70,000	-	-	-	1,704,244
-	-	-	-	-	-
9,405	47,713	36,219	492,045	2,048	7,106,989
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,405</u>	<u>117,713</u>	<u>41,593</u>	<u>492,045</u>	<u>2,048</u>	<u>10,048,551</u>
<u>\$ 21,337</u>	<u>\$ 125,801</u>	<u>\$ 47,058</u>	<u>\$ 492,045</u>	<u>\$ 2,048</u>	<u>\$ 10,744,422</u>

(Continued)

CITY OF RANCHO PALOS VERDES

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2008

	Capital Projects Funds			
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,632	\$ 6,006	\$ 820,488	\$ 24,638
Receivables:				
Taxes	-	-	-	-
Interest	373	46	3,735	116
Notes	-	-	-	-
Other	2,193	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,198</b>	<b>\$ 6,052</b>	<b>\$ 824,223</b>	<b>\$ 24,754</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Reserved:				
Reimbursement settlement agreement	-	-	-	-
Prepaid items	-	-	-	-
Land held for development	-	-	-	-
Housing set-aside	-	-	-	-
Unreserved:				
Designated for continuing appropriations:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	130,295	25,000
Undesignated reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	5,198	6,052	693,928	(246)
Permanent funds	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>5,198</b>	<b>6,052</b>	<b>824,223</b>	<b>24,754</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,198</b>	<b>\$ 6,052</b>	<b>\$ 824,223</b>	<b>\$ 24,754</b>

See independent auditors' report.

Capital Projects Funds (Continued)					Permanent Fund	
Affordable Housing	Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds
\$ 1,139,808	\$ 480,229	\$ 267,977	\$ 99,406	\$ 2,841,184	\$ 1,363,165	\$ 13,509,155
-	-	-	-	-	-	35,621
5,423	3,696	1,264	469	15,122	10,939	79,842
-	-	-	-	-	-	365,181
-	-	-	-	2,193	-	251,268
10,000	15,334	-	-	25,334	-	58,900
-	-	-	-	-	-	702,392
<u>\$ 1,155,231</u>	<u>\$ 499,259</u>	<u>\$ 269,241</u>	<u>\$ 99,875</u>	<u>\$ 2,883,833</u>	<u>\$ 1,374,104</u>	<u>\$ 15,002,359</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,823	\$ 183,499
-	-	-	-	-	-	150,014
-	-	-	-	-	-	365,181
-	-	-	-	-	2,823	698,694
-	-	-	-	-	1,000,000	1,000,000
10,000	15,334	-	-	25,334	-	58,900
-	-	-	-	-	-	702,392
-	-	-	-	-	-	501,360
-	-	-	-	-	-	1,704,244
998,800	-	-	-	1,154,095	-	1,154,095
-	-	-	-	-	-	7,106,989
146,431	483,925	269,241	99,875	1,704,404	-	1,704,404
-	-	-	-	-	371,281	371,281
<u>1,155,231</u>	<u>499,259</u>	<u>269,241</u>	<u>99,875</u>	<u>2,883,833</u>	<u>1,371,281</u>	<u>14,303,665</u>
<u>\$ 1,155,231</u>	<u>\$ 499,259</u>	<u>\$ 269,241</u>	<u>\$ 99,875</u>	<u>\$ 2,883,833</u>	<u>\$ 1,374,104</u>	<u>\$ 15,002,359</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, 2008

	Special Revenue Funds			
	Air Quality Management	CDBG	El Prado	Redevelopment Agency Housing Set-Aside
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,793	\$ 199,645
Use of money and property	1,227	-	342	102,410
Revenue from other agencies	51,468	244,904	-	-
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>52,695</b>	<b>244,904</b>	<b>2,135</b>	<b>302,055</b>
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	57,818	-	314	-
Planning, building and code enforcement	-	-	-	20,676
Capital outlay	-	216,328	-	-
<b>TOTAL EXPENDITURES</b>	<b>57,818</b>	<b>216,328</b>	<b>314</b>	<b>20,676</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,123)</b>	<b>28,576</b>	<b>1,821</b>	<b>281,379</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(28,574)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(28,574)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,123)</b>	<b>2</b>	<b>1,821</b>	<b>281,379</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	57,320	(19)	7,751	2,279,680
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 52,197</u>	<u>\$ (17)</u>	<u>\$ 9,572</u>	<u>\$ 2,561,059</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Proposition A	Proposition C	Beautification	Waste Reduction	Public Safety Grants	1972 Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,183
285	81,611	49,720	14,204	7,347	8,786
686,698	572,874	-	123,314	100,000	-
-	-	289,190	-	-	-
<u>686,983</u>	<u>654,485</u>	<u>338,910</u>	<u>137,518</u>	<u>107,347</u>	<u>263,969</u>
-	-	-	-	-	-
-	-	-	-	15,600	-
498,351	4,626	174,419	114,976	-	65,789
-	-	-	-	-	-
<u>498,351</u>	<u>4,626</u>	<u>174,419</u>	<u>114,976</u>	<u>15,600</u>	<u>65,789</u>
188,632	649,859	164,491	22,542	91,747	198,180
-	-	-	-	-	-
<u>(17,600)</u>	<u>(237,527)</u>	<u>-</u>	<u>(38,000)</u>	<u>(100,000)</u>	<u>(180,000)</u>
<u>(17,600)</u>	<u>(237,527)</u>	<u>-</u>	<u>(38,000)</u>	<u>(100,000)</u>	<u>(180,000)</u>
171,032	412,332	164,491	(15,458)	(8,253)	18,180
<u>52,939</u>	<u>1,564,024</u>	<u>1,162,700</u>	<u>335,008</u>	<u>73,453</u>	<u>29,125</u>
<u>\$ 223,971</u>	<u>\$ 1,976,356</u>	<u>\$ 1,327,191</u>	<u>\$ 319,550</u>	<u>\$ 65,200</u>	<u>\$ 47,305</u>

(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, 2008

	Special Revenue Funds (Continued)			
	1911 Act	Joint Powers Improvement Authority Portuguese Bend	Habitat Restoration	Subregion One Maintenance
REVENUES:				
Taxes	\$ 473,633	\$ -	\$ -	\$ -
Use of money and property	66,092	15,780	12,627	29,147
Revenue from other agencies	-	-	-	-
Other revenues	-	-	-	-
<b>TOTAL REVENUES</b>	<b>539,725</b>	<b>15,780</b>	<b>12,627</b>	<b>29,147</b>
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	375,687	83,331	101,956	62,956
Planning, building and code enforcement	-	-	-	-
Capital outlay	-	-	28,967	-
<b>TOTAL EXPENDITURES</b>	<b>375,687</b>	<b>83,331</b>	<b>130,923</b>	<b>62,956</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	164,038	(67,551)	(118,296)	(33,809)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,000	115,000	30,000
Transfers out	(66,931)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(66,931)</b>	<b>14,000</b>	<b>115,000</b>	<b>30,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>97,107</b>	<b>(53,551)</b>	<b>(3,296)</b>	<b>(3,809)</b>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	1,494,594	281,196	236,553	754,569
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 1,591,701</b>	<b>\$ 227,645</b>	<b>\$ 233,257</b>	<b>\$ 750,760</b>

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	Recreation Improvement Donations	Total Special Revenue Funds
\$ -	\$ 43,091	\$ -	\$ -	\$ -	\$ 973,345
6,873	5,206	3,754	10,651	34	416,096
35,175	-	-	-	-	1,814,433
-	-	-	500,000	2,014	791,204
<u>42,048</u>	<u>48,297</u>	<u>3,754</u>	<u>510,651</u>	<u>2,048</u>	<u>3,995,078</u>
-	-	131,526	-	-	131,526
-	-	-	-	-	15,600
-	65,479	-	-	-	1,605,702
-	-	-	-	-	20,676
-	-	-	18,606	-	263,901
<u>-</u>	<u>65,479</u>	<u>131,526</u>	<u>18,606</u>	<u>-</u>	<u>2,037,405</u>
<u>42,048</u>	<u>(17,182)</u>	<u>(127,772)</u>	<u>492,045</u>	<u>2,048</u>	<u>1,957,673</u>
-	80,700	135,040	-	-	374,740
<u>(100,599)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(769,231)</u>
<u>(100,599)</u>	<u>80,700</u>	<u>135,040</u>	<u>-</u>	<u>-</u>	<u>(394,491)</u>
(58,551)	63,518	7,268	492,045	2,048	1,563,182
<u>67,956</u>	<u>54,195</u>	<u>34,325</u>	<u>-</u>	<u>-</u>	<u>8,485,369</u>
<u>\$ 9,405</u>	<u>\$ 117,713</u>	<u>\$ 41,593</u>	<u>\$ 492,045</u>	<u>\$ 2,048</u>	<u>\$ 10,048,551</u>

(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, 2008

	Capital Projects Funds			
	Bikeways	Redevelopment Agency Abalone Cove	Environmental Excise Tax	Quimby
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,770	357	21,296	988
Revenue from other agencies	36,825	-	-	-
Other revenues	-	-	580,954	-
<b>TOTAL REVENUES</b>	<b>39,595</b>	<b>357</b>	<b>602,250</b>	<b>988</b>
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Planning, building and code enforcement	-	-	-	-
Capital outlay	-	-	44,704	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>44,704</b>	<b>-</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	39,595	357	557,546	988
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(80,000)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(80,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(40,405)</b>	<b>357</b>	<b>557,546</b>	<b>988</b>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	45,603	5,695	266,677	23,766
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 5,198</u>	<u>\$ 6,052</u>	<u>\$ 824,223</u>	<u>\$ 24,754</u>

See independent auditors' report.

Capital Projects Funds (Continued)					Permanent Fund	
Affordable Housing	Redevelopment Agency Portuguese Bend	Utility Undergrounding	Roadway Beautification	Total Capital Projects Funds	Joint Powers Improvement Authority Abalone Cove	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 973,345
46,136	27,731	10,744	3,986	114,008	85,905	616,009
-	-	-	-	36,825	-	1,851,258
-	50,004	-	-	630,958	-	1,422,162
<u>46,136</u>	<u>77,735</u>	<u>10,744</u>	<u>3,986</u>	<u>781,791</u>	<u>85,905</u>	<u>4,862,774</u>
-	-	-	-	-	-	131,526
-	-	-	-	-	-	15,600
-	21,858	-	-	21,858	110,431	1,737,991
1,200	-	-	-	1,200	-	21,876
-	-	-	-	44,704	-	308,605
<u>1,200</u>	<u>21,858</u>	<u>-</u>	<u>-</u>	<u>67,762</u>	<u>110,431</u>	<u>2,215,598</u>
<u>44,936</u>	<u>55,877</u>	<u>10,744</u>	<u>3,986</u>	<u>714,029</u>	<u>(24,526)</u>	<u>2,647,176</u>
-	-	-	-	-	6,000	380,740
-	-	-	-	(80,000)	-	(849,231)
-	-	-	-	(80,000)	6,000	(468,491)
44,936	55,877	10,744	3,986	634,029	(18,526)	2,178,685
<u>1,110,295</u>	<u>443,382</u>	<u>258,497</u>	<u>95,889</u>	<u>2,249,804</u>	<u>1,389,807</u>	<u>12,124,980</u>
<u>\$ 1,155,231</u>	<u>\$ 499,259</u>	<u>\$ 269,241</u>	<u>\$ 99,875</u>	<u>\$ 2,883,833</u>	<u>\$ 1,371,281</u>	<u>\$ 14,303,665</u>

**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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,900	\$ 2,900	\$ 1,227	\$ (1,673)
Revenue from other agencies	50,000	50,000	51,468	1,468
TOTAL REVENUES	52,900	52,900	52,695	(205)
EXPENDITURES:				
Current:				
Public works	58,000	58,000	57,818	182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,100)	(5,100)	(5,123)	(23)
FUND BALANCE - BEGINNING OF YEAR	57,320	57,320	57,320	-
FUND BALANCE - END OF YEAR	\$ 52,220	\$ 52,220	\$ 52,197	\$ (23)

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 229,827	\$ 304,304	\$ 244,904	\$ (59,400)
EXPENDITURES:				
Capital outlay	201,253	275,711	216,328	59,383
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,574	28,593	28,576	(17)
OTHER FINANCING USES:				
Transfers out	(28,574)	(28,574)	(28,574)	-
NET CHANGE IN FUND BALANCE	-	19	2	(17)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(19)	(19)	(19)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ (17)</u>	<u>\$ (17)</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,300	\$ 1,300	\$ 1,793	\$ 493
Use of money and property	300	300	342	42
TOTAL REVENUES	1,600	1,600	2,135	535
EXPENDITURES:				
Current:				
Public works	900	900	314	586
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	700	700	1,821	1,121
FUND BALANCE - BEGINNING OF YEAR	7,751	7,751	7,751	-
FUND BALANCE - END OF YEAR	\$ 8,451	\$ 8,451	\$ 9,572	\$ 1,121

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**REDEVELOPMENT AGENCY HOUSING SET-ASIDE SPECIAL REVENUE FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 194,900	\$ 194,900	\$ 199,645	\$ 4,745
Use of money and property	9,100	9,100	102,410	93,310
TOTAL REVENUES	204,000	204,000	302,055	98,055
EXPENDITURES:				
Current:				
Planning, building and code enforcement	25,000	20,677	20,676	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	179,000	183,323	281,379	98,056
FUND BALANCE - BEGINNING OF YEAR	2,279,680	2,279,680	2,279,680	-
FUND BALANCE - END OF YEAR	<u>\$ 2,458,680</u>	<u>\$ 2,463,003</u>	<u>\$ 2,561,059</u>	<u>\$ 98,056</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 285	\$ (115)
Revenue from other agencies	695,600	695,600	686,698	(8,902)
TOTAL REVENUES	696,000	696,000	686,983	(9,017)
EXPENDITURES:				
Current:				
Public works	506,093	506,093	498,351	7,742
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	189,907	189,907	188,632	(1,275)
OTHER FINANCING USES:				
Transfers out	(17,600)	(17,600)	(17,600)	-
NET CHANGE IN FUND BALANCE	172,307	172,307	171,032	(1,275)
FUND BALANCE - BEGINNING OF YEAR	52,939	52,939	52,939	-
FUND BALANCE - END OF YEAR	<u>\$ 225,246</u>	<u>\$ 225,246</u>	<u>\$ 223,971</u>	<u>\$ (1,275)</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 26,000	\$ 71,000	\$ 81,611	\$ 10,611
Revenue from other agencies	579,700	579,700	572,874	(6,826)
TOTAL REVENUES	605,700	650,700	654,485	3,785
EXPENDITURES:				
Current:				
Public works	5,290	5,290	4,626	664
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	600,410	645,410	649,859	4,449
OTHER FINANCING USES:				
Transfers out	(625,000)	(997,743)	(237,527)	760,216
NET CHANGE IN FUND BALANCE	(24,590)	(352,333)	412,332	764,665
FUND BALANCE - BEGINNING OF YEAR	1,564,024	1,564,024	1,564,024	-
FUND BALANCE - END OF YEAR	<u>\$ 1,539,434</u>	<u>\$ 1,211,691</u>	<u>\$ 1,976,356</u>	<u>\$ 764,665</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 34,200	\$ 34,200	\$ 49,720	\$ 15,520
Other revenues	240,000	240,000	289,190	49,190
TOTAL REVENUES	274,200	274,200	338,910	64,710
EXPENDITURES:				
Current:				
Public works	257,370	178,621	174,419	4,202
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,830	95,579	164,491	68,912
OTHER FINANCING USES:				
Transfers out	(155,000)	-	-	-
NET CHANGE IN FUND BALANCE	(138,170)	95,579	164,491	68,912
FUND BALANCE - BEGINNING OF YEAR	1,162,700	1,162,700	1,162,700	-
FUND BALANCE - END OF YEAR	<u>\$ 1,024,530</u>	<u>\$ 1,258,279</u>	<u>\$ 1,327,191</u>	<u>\$ 68,912</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 11,000	\$ 11,000	\$ 14,204	\$ 3,204
Revenue from other agencies	90,000	90,000	123,314	33,314
TOTAL REVENUES	101,000	101,000	137,518	36,518
EXPENDITURES:				
Current:				
Public works	169,570	169,570	114,976	54,594
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(68,570)	(68,570)	22,542	91,112
OTHER FINANCING USES:				
Transfers out	(45,000)	(45,000)	(38,000)	7,000
NET CHANGE IN FUND BALANCE	(113,570)	(113,570)	(15,458)	98,112
FUND BALANCE - BEGINNING OF YEAR	335,008	335,008	335,008	-
FUND BALANCE - END OF YEAR	<u>\$ 221,438</u>	<u>\$ 221,438</u>	<u>\$ 319,550</u>	<u>\$ 98,112</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,200	\$ 1,200	\$ 7,347	\$ 6,147
Revenue from other agencies	100,000	100,000	100,000	-
TOTAL REVENUES	101,200	101,200	107,347	6,147
EXPENDITURES:				
Current:				
Public safety	-	15,600	15,600	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	101,200	85,600	91,747	6,147
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	1,200	(14,400)	(8,253)	6,147
FUND BALANCE - BEGINNING OF YEAR	73,453	73,453	73,453	-
FUND BALANCE - END OF YEAR	<u>\$ 74,653</u>	<u>\$ 59,053</u>	<u>\$ 65,200</u>	<u>\$ 6,147</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 248,230	\$ 248,230	\$ 255,183	\$ 6,953
Use of money and property	900	900	8,786	7,886
TOTAL REVENUES	249,130	249,130	263,969	14,839
EXPENDITURES:				
Current:				
Public works	66,200	66,200	65,789	411
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	182,930	182,930	198,180	15,250
OTHER FINANCING USES:				
Transfers out	(180,000)	(180,000)	(180,000)	-
NET CHANGE IN FUND BALANCE	2,930	2,930	18,180	15,250
FUND BALANCE - BEGINNING OF YEAR	29,125	29,125	29,125	-
FUND BALANCE - END OF YEAR	\$ 32,055	\$ 32,055	\$ 47,305	\$ 15,250

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 375,000	\$ 375,000	\$ 473,633	\$ 98,633
Use of money and property	68,500	68,500	66,092	(2,408)
TOTAL REVENUES	443,500	443,500	539,725	96,225
EXPENDITURES:				
Current:				
Public works	465,500	465,500	375,687	89,813
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,000)	(22,000)	164,038	186,038
OTHER FINANCING USES:				
Transfers out	(74,500)	(74,500)	(66,931)	7,569
NET CHANGE IN FUND BALANCE	(96,500)	(96,500)	97,107	193,607
FUND BALANCE - BEGINNING OF YEAR	1,494,594	1,494,594	1,494,594	-
FUND BALANCE - END OF YEAR	<u>\$ 1,398,094</u>	<u>\$ 1,398,094</u>	<u>\$ 1,591,701</u>	<u>\$ 193,607</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 PORTUGUSE BEND SPECIAL REVENUE FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,400	\$ 10,400	\$ 15,780	\$ 5,380
EXPENDITURES:				
Current:				
Public works	131,200	150,200	83,331	66,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(120,800)	(139,800)	(67,551)	72,249
OTHER FINANCING SOURCES:				
Transfers in	-	14,000	14,000	-
NET CHANGE IN FUND BALANCE	(120,800)	(125,800)	(53,551)	72,249
FUND BALANCE - BEGINNING OF YEAR	281,196	281,196	281,196	-
FUND BALANCE - END OF YEAR	<u>\$ 160,396</u>	<u>\$ 155,396</u>	<u>\$ 227,645</u>	<u>\$ 72,249</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 8,000	\$ 8,000	\$ 12,627	\$ 4,627
EXPENDITURES:				
Current:				
Public works	119,800	101,956	101,956	-
Capital outlay	15,000	28,967	28,967	-
TOTAL EXPENDITURES	134,800	130,923	130,923	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(126,800)	(122,923)	(118,296)	4,627
OTHER FINANCING SOURCES:				
Transfers in	115,000	115,000	115,000	-
NET CHANGE IN FUND BALANCE	(11,800)	(7,923)	(3,296)	4,627
FUND BALANCE - BEGINNING OF YEAR	236,553	236,553	236,553	-
FUND BALANCE - END OF YEAR	\$ 224,753	\$ 228,630	\$ 233,257	\$ 4,627

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 37,500	\$ 37,500	\$ 29,147	\$ (8,353)
EXPENDITURES:				
Current:				
Public works	64,400	64,400	62,956	1,444
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,900)	(26,900)	(33,809)	(6,909)
OTHER FINANCING SOURCES:				
Transfers in	30,000	30,000	30,000	-
NET CHANGE IN FUND BALANCE	3,100	3,100	(3,809)	(6,909)
FUND BALANCE - BEGINNING OF YEAR	754,569	754,569	754,569	-
FUND BALANCE - END OF YEAR	<u>\$ 757,669</u>	<u>\$ 757,669</u>	<u>\$ 750,760</u>	<u>\$ (6,909)</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,800	\$ 3,800	\$ 6,873	\$ 3,073
Revenue from other agencies	65,000	65,000	35,175	(29,825)
TOTAL REVENUES	68,800	68,800	42,048	(26,752)
OTHER FINANCING USES:				
Transfers out	(103,600)	(103,600)	(100,599)	3,001
NET CHANGE IN FUND BALANCE	(34,800)	(34,800)	(58,551)	(23,751)
FUND BALANCE - BEGINNING OF YEAR	67,956	67,956	67,956	-
FUND BALANCE - END OF YEAR	<u>\$ 33,156</u>	<u>\$ 33,156</u>	<u>\$ 9,405</u>	<u>\$ (23,751)</u>

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 42,000	\$ 42,000	\$ 43,091	\$ 1,091
Use of money and property	1,200	1,200	5,206	4,006
TOTAL REVENUES	43,200	43,200	48,297	5,097
EXPENDITURES:				
Current:				
Public works	133,200	89,800	65,479	24,321
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(90,000)	(46,600)	(17,182)	29,418
OTHER FINANCING SOURCES:				
Transfers in	80,700	80,700	80,700	-
NET CHANGE IN FUND BALANCE	(9,300)	34,100	63,518	29,418
FUND BALANCE - BEGINNING OF YEAR	54,195	54,195	54,195	-
FUND BALANCE - END OF YEAR	\$ 44,895	\$ 88,295	\$ 117,713	\$ 29,418

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 20	\$ 20	\$ 3,754	\$ 3,734
Other revenues	9,500	9,500	-	(9,500)
TOTAL REVENUES	9,520	9,520	3,754	(5,766)
EXPENDITURES:				
Current:				
Administration	144,540	173,082	131,526	41,556
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(135,020)	(163,562)	(127,772)	35,790
OTHER FINANCING SOURCES:				
Transfers in	135,040	135,040	135,040	-
NET CHANGE IN FUND BALANCE	20	(28,522)	7,268	35,790
FUND BALANCE - BEGINNING OF YEAR	34,325	34,325	34,325	-
FUND BALANCE - END OF YEAR	\$ 34,345	\$ 5,803	\$ 41,593	\$ 35,790

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ 12,000	\$ 10,651	\$ (1,349)
Other revenues	-	500,000	500,000	-
TOTAL REVENUES	-	512,000	510,651	(1,349)
EXPENDITURES:				
Capital outlay	-	25,000	18,606	6,394
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	487,000	492,045	5,045
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 487,000	\$ 492,045	\$ 5,045

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**RECREATION IMPROVEMENTS DONATIONS SPECIAL REVENUE FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 34	\$ 34
Other revenues	-	-	2,014	2,014
TOTAL REVENUES	-	-	2,048	2,048
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 2,048	\$ 2,048

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,770	\$ 2,770
Revenue from other agencies	25,000	35,501	36,825	1,324
TOTAL REVENUES	25,000	35,501	39,595	4,094
OTHER FINANCING USES:				
Transfers out	(25,000)	(81,104)	(80,000)	1,104
NET CHANGE IN FUND BALANCE	-	(45,603)	(40,405)	5,198
FUND BALANCE - BEGINNING OF YEAR	45,603	45,603	45,603	-
FUND BALANCE - END OF YEAR	\$ 45,603	\$ -	\$ 5,198	\$ 5,198

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**REDEVELOPMENT AGENCY ABALONE COVE CAPITAL PROJECTS FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 357	\$ 57
FUND BALANCE - BEGINNING OF YEAR	5,695	5,695	5,695	-
FUND BALANCE - END OF YEAR	<u>\$ 5,995</u>	<u>\$ 5,995</u>	<u>\$ 6,052</u>	<u>\$ 57</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 16,500	\$ 16,500	\$ 21,296	\$ 4,796
Other revenues	240,640	696,006	580,954	(115,052)
TOTAL REVENUES	257,140	712,506	602,250	(110,256)
EXPENDITURES:				
Capital outlay	175,000	44,705	44,704	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	82,140	667,801	557,546	(110,255)
OTHER FINANCING USES:				
Transfers out	(20,000)	-	-	-
NET CHANGE IN FUND BALANCE	62,140	667,801	557,546	(110,255)
FUND BALANCE - BEGINNING OF YEAR	266,677	266,677	266,677	-
FUND BALANCE - END OF YEAR	<u>\$ 328,817</u>	<u>\$ 934,478</u>	<u>\$ 824,223</u>	<u>\$ (110,255)</u>

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**QUIMBY CAPITAL PROJECTS FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,600	\$ 1,600	\$ 988	\$ (612)
Other	12,000	12,000	-	(12,000)
TOTAL REVENUES	13,600	13,600	988	(12,612)
EXPENDITURES:				
Current:				
Public works	25,000	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,400)	13,600	988	(12,612)
FUND BALANCE - BEGINNING OF YEAR	23,766	23,766	23,766	-
FUND BALANCE - END OF YEAR	\$ 12,366	\$ 37,366	\$ 24,754	\$ (12,612)

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,900	\$ 6,900	\$ 46,136	\$ 39,236
EXPENDITURES:				
Current:				
Planning, building and code enforcement	-	1,200	1,200	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,900	5,700	44,936	39,236
FUND BALANCE - BEGINNING OF YEAR	1,110,295	1,110,295	1,110,295	-
FUND BALANCE - END OF YEAR	<u>\$ 1,117,195</u>	<u>\$ 1,115,995</u>	<u>\$ 1,155,231</u>	<u>\$ 39,236</u>

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**REDEVELOPMENT AGENCY PORTUGUESE BEND CAPITAL PROJECTS FUND**

**For the year ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 18,700	\$ 18,700	\$ 27,731	\$ 9,031
Other revenues	-	-	50,004	50,004
TOTAL REVENUES	18,700	18,700	77,735	59,035
EXPENDITURES:				
Current:				
Public works	26,000	26,000	21,858	4,142
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,300)	(7,300)	55,877	63,177
FUND BALANCE - BEGINNING OF YEAR	443,382	443,382	443,382	-
FUND BALANCE - END OF YEAR	\$ 436,082	\$ 436,082	\$ 499,259	\$ 63,177

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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 12,900	\$ 12,900	\$ 10,744	\$ (2,156)
FUND BALANCE - BEGINNING OF YEAR	258,497	258,497	258,497	-
FUND BALANCE - END OF YEAR	<u>\$ 271,397</u>	<u>\$ 271,397</u>	<u>\$ 269,241</u>	<u>\$ (2,156)</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,600	\$ 4,600	\$ 3,986	\$ (614)
FUND BALANCE - BEGINNING OF YEAR	95,889	95,889	95,889	-
FUND BALANCE - END OF YEAR	<u>\$ 100,489</u>	<u>\$ 100,489</u>	<u>\$ 99,875</u>	<u>\$ (614)</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, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 63,100	\$ 63,100	\$ 85,905	\$ 22,805
EXPENDITURES:				
Current:				
Public works	116,021	187,021	110,431	76,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(52,921)	(123,921)	(24,526)	99,395
OTHER FINANCING SOURCES:				
Transfers in	-	6,000	6,000	-
NET CHANGE IN FUND BALANCE	(52,921)	(117,921)	(18,526)	99,395
FUND BALANCE - BEGINNING OF YEAR	1,389,807	1,389,807	1,389,807	-
FUND BALANCE - END OF YEAR	<u>\$ 1,336,886</u>	<u>\$ 1,271,886</u>	<u>\$ 1,371,281</u>	<u>\$ 99,395</u>

See independent auditors' report.



**CITY OF RANCHO PALOS VERDES**

**JUNE 30, 2008**

**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, 2008**

	<u>Equipment Replacement</u>	<u>Building Replacement</u>	<u>Employee Benefits</u>	<u>Totals</u>
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 3,033,890	\$ 1,504,671	\$ 747,840	\$ 5,286,401
Receivables:				
Interest	14,260	7,147	3,415	24,822
Prepaid items	-	-	148,497	148,497
	<u>3,048,150</u>	<u>1,511,818</u>	<u>899,752</u>	<u>5,459,720</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS:				
Capital assets:				
Property and equipment	1,328,094	-	-	1,328,094
Accumulated depreciation	<u>(952,456)</u>	<u>-</u>	<u>-</u>	<u>(952,456)</u>
	<u>375,638</u>	<u>-</u>	<u>-</u>	<u>375,638</u>
TOTAL NONCURRENT ASSETS				
	<u>3,423,788</u>	<u>1,511,818</u>	<u>899,752</u>	<u>5,835,358</u>
TOTAL ASSETS				
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	<u>24,533</u>	<u>4,088</u>	<u>508</u>	<u>29,129</u>
NET ASSETS				
Invested in capital assets	375,638	-	-	375,638
Unrestricted	<u>3,023,617</u>	<u>1,507,730</u>	<u>899,244</u>	<u>5,430,591</u>
	<u>\$ 3,399,255</u>	<u>\$ 1,507,730</u>	<u>\$ 899,244</u>	<u>\$ 5,806,229</u>
TOTAL NET ASSETS				

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**For the year ended June 30, 2008**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
OPERATING REVENUES:				
Charges for services	\$ 268,100	\$ -	\$ 1,630,930	\$ 1,899,030
OPERATING EXPENSES:				
Personnel services	-	-	1,433,990	1,433,990
Materials and supplies	136,300	-	-	136,300
Maintenance	47,493	52,300	-	99,793
Depreciation	177,604	-	-	177,604
<b>TOTAL OPERATING EXPENSES</b>	<b>361,397</b>	<b>52,300</b>	<b>1,433,990</b>	<b>1,847,687</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(93,297)</b>	<b>(52,300)</b>	<b>196,940</b>	<b>51,343</b>
NONOPERATING REVENUES:				
Investment income	122,218	61,395	19,612	203,225
<b>INCOME BEFORE TRANSFERS</b>	<b>28,921</b>	<b>9,095</b>	<b>216,552</b>	<b>254,568</b>
TRANSFERS IN	-	46,725	-	46,725
<b>CHANGE IN NET ASSETS</b>	<b>28,921</b>	<b>55,820</b>	<b>216,552</b>	<b>301,293</b>
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	<b>3,370,334</b>	<b>1,451,910</b>	<b>682,692</b>	<b>5,504,936</b>
<b>TOTAL NET ASSETS - END OF YEAR</b>	<b>\$ 3,399,255</b>	<b>\$ 1,507,730</b>	<b>\$ 899,244</b>	<b>\$ 5,806,229</b>

See independent auditors' report.

**CITY OF RANCHO PALOS VERDES**

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

**For the year ended June 30, 2008**

	Equipment Replacement	Building Replacement	Employee Benefits	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from interfund services provided	\$ 268,100	\$ -	\$ 1,630,930	\$ 1,899,030
Payments to suppliers	(191,210)	(255,797)	-	(447,007)
Payments to employees	-	-	(1,586,256)	(1,586,256)
	<u>76,890</u>	<u>(255,797)</u>	<u>44,674</u>	<u>(134,233)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(189,347)	-	-	(189,347)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from other funds	-	46,725	-	46,725
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and dividends	134,545	68,552	21,608	224,705
	<u>22,088</u>	<u>(140,520)</u>	<u>66,282</u>	<u>(52,150)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>				
	<u>3,011,802</u>	<u>1,645,191</u>	<u>681,558</u>	<u>5,338,551</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>				
	<u><u>\$ 3,033,890</u></u>	<u><u>\$ 1,504,671</u></u>	<u><u>\$ 747,840</u></u>	<u><u>\$ 5,286,401</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (93,297)	\$ (52,300)	\$ 196,940	\$ 51,343
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	177,604	-	-	177,604
Changes in operating assets and liabilities:				
(Increase) decrease in prepaid items	-	-	(25,363)	(25,363)
Increase (decrease) in accrued liabilities	(7,417)	(203,497)	(126,903)	(337,817)
	<u>76,890</u>	<u>(255,797)</u>	<u>44,674</u>	<u>(134,233)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				

See independent auditors' report.

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	120
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	127
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future. The City does not have general bond indebtedness or debt issued with pledged revenue.</i>	131
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	134
Operating Information <i>These schedules contain services and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	136

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

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 93,636	\$ 94,895	\$ 92,499	\$ 94,023	\$ 109,991	\$ 109,746	\$ 109,376
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000
Unrestricted	13,666	13,004	14,271	15,659	16,024	17,823	30,471
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>
Business-type activities							
Invested in capital assets, net of related debt					\$ 1,311	\$ 2,158	\$ 5,599
Restricted							
Unrestricted				\$ 2,000	2,799	5,258	7,740
Total business-type activities net assets				<u>\$ 2,000</u>	<u>\$ 4,110</u>	<u>\$ 7,416</u>	<u>\$ 13,339</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
Restricted	10,327	10,661	11,586	12,075	12,417	12,163	1,000
Unrestricted	13,666	13,004	14,271	17,659	18,823	23,081	38,211
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>

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>							
Governmental activities:							
Administration	\$ 3,069	\$ 3,294	\$ 3,499	\$ 4,055	\$ 4,350	\$ 4,953	\$ 4,724
Public safety	2,898	3,094	3,024	3,079	3,437	3,751	4,044
Public works	7,283	7,954	7,462	9,488	9,290	9,969	9,026
Parks and recreation	687	809	948	1,065	1,659	1,439	1,396
Planning, building and code enforcement	1,916	2,170	2,296	2,223	2,060	2,631	2,441
Interest on long-term debt	273	273	273	272	270	271	270
Total governmental activities expenses	<u>16,126</u>	<u>17,594</u>	<u>17,502</u>	<u>20,182</u>	<u>21,066</u>	<u>23,014</u>	<u>21,901</u>
Business-type activities:							
Water Quality Flood Protection					47	271	301
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>
<b>Program Revenues</b>							
Governmental activities:							
Charges for services:							
Administration	\$ 157	\$ 87	\$ 69	\$ 62	\$ 35	\$ 29	\$ 538
Public safety	433	235	165	163	224	332	316
Public works	78	252	217	131	37	185	1,002
Parks and recreation	10	8	6	41	45	51	483
Planning, building and code enforcement	979	1,202	1,363	1,188	1,319	1,599	1,760
Operating grants and contributions	6,877	2,971	2,836	2,728	3,894	4,200	3,570
Capital grants and contributions	706	131	37	4,524	17,299	317	1,472
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>
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>
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>
Net (expense)/revenue							
Governmental activities	\$ (6,886)	\$(12,708)	\$(12,809)	\$(11,345)	\$ 1,787	\$(16,301)	\$(12,760)
Business-type activities	-	-	-	-	(47)	(270)	(301)
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>\$(16,571)</u>	<u>\$(13,061)</u>

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes							
Property taxes	\$ 5,253	\$ 5,335	\$ 5,706	\$ 5,840	\$ 9,621	\$ 10,235	\$ 10,935
Franchise taxes	1,139	1,087	1,275	1,307	1,454	1,512	1,599
Sales taxes	1,093	1,003	1,205	1,276	1,214	1,381	1,056
Utility user taxes	1,812	1,832	1,851	1,901	2,191	2,271	2,329
Other taxes	2,744	3,495	2,867	4,545	727	363	820
Investment income	814	371	331	594	997	1,615	1,555
Other	(67)	517	2,481	1,283	793	2,101	300
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>
Business-type activities:							
Investment income					48	51	283
User Fees					-	1,188	1,222
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>
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>
<b>Change in Net Assets</b>							
Governmental activities	\$ 5,902	\$ 932	\$ 2,907	\$ 3,401	\$ 16,675	\$ 1,160	\$ 1,115
Business-type activities	-	-	-	2,000	2,110	3,306	5,923
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>\$ 4,466</u>	<u>\$ 7,038</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 Seven Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Sales Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
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 <sup>1</sup>	1,454	1,214	2,191	727 <sup>1</sup>	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

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)**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 6,050	\$ 6,367	\$ 6,317	\$ 6,571	\$ 6,854	\$ 6,639	\$ 6,021	\$ 6,165	\$ 6,586	\$ 6,645
Designated							675	876	786	1,278
Unreserved, Undesignated	5,701	6,791	7,043	7,234	9,607	14,066	14,209	13,649	14,376	12,171
Total General Fund	<u>\$11,751</u>	<u>\$13,158</u>	<u>\$13,360</u>	<u>\$13,805</u>	<u>\$16,461</u>	<u>\$20,705</u>	<u>\$20,905</u>	<u>\$20,690</u>	<u>\$ 21,748</u>	<u>\$ 20,094</u>
All other Governmental Funds										
Reserved	\$ 2,019	\$ 3,922	\$ 3,406	\$11,256	\$ 7,584	\$ 7,229	\$ 3,147	\$ 3,315	\$ 2,396	\$ 2,724
Designated										
Special Revenue Funds							615	744	1,849	1,896
Capital Projects Funds	12,175	12,163	10,472				2,416	2,799	3,158	4,347
Permanent Fund								75	65	
Debt Service Fund										
Unreserved, Undesignated, reported in:										
Special Revenue Funds	4,768	4,283	4,697	4,753	5,012	5,040	5,902	6,615	6,426	7,494
Capital Projects Funds				332 <sup>1</sup>	534	2,430	3,320	2,077	1,869	1,908
Permanent Fund				443 <sup>2</sup>	460	418	426	329	325	371
Debt Service Fund				(10,477) <sup>3</sup>	(10,915)	(12,070)	(12,793)	(13,741)	(14,873)	(15,990)
Total all other Governmental Funds	<u>\$ 18,962</u>	<u>\$ 20,368</u>	<u>\$ 18,575</u>	<u>\$ 6,307</u>	<u>\$ 2,675</u>	<u>\$ 3,047</u>	<u>\$ 3,033</u>	<u>\$ 2,213</u>	<u>\$ 1,215</u>	<u>\$ 2,750</u>

1: Prior to 2002, all Capital Projects Fund Balances were designated for future projects.

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

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

**City of Rancho Palos Verdes**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual basis of Accounting)**  
**(Amounts expressed in thousands)**

	Fiscal Year										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
<b>Revenues</b>											
Taxes	\$ 9,002	\$ 9,530	\$ 10,309	\$ 10,677	\$ 11,046	\$ 12,081	\$ 13,573	\$ 15,238	\$ 16,453	\$ 17,062	
Licenses and permits	1,292	1,090	1,164	1,245	1,463	1,310	1,326	1,440	1,763	1,914	
Fines and forfeitures	140	157	139	117	115	102	108	171	237	260	
Use of money and property	1,555	1,704	1,971	1,153	804	733	1,306	7,038	3,480	2,108	
Charges for services	218	203	197	217	205	379	152	49	61	60	
Revenues from other agencies	4,341	3,655	4,816	8,170	4,318	3,453	7,848	15,511	4,118	4,647	
Other Revenues	687	2,137	882	563	554	2,363	1,038	155	201	1,563	
Total Revenues	<u>17,235</u>	<u>18,476</u>	<u>19,478</u>	<u>22,142</u>	<u>18,505</u>	<u>20,421</u>	<u>25,351</u>	<u>39,602</u>	<u>26,313</u>	<u>27,614</u>	
<b>Expenditures</b>											
Administration	1,689	1,846	3,052	2,915	3,092	3,328	3,852	4,041	4,607	4,411	
Public Safety	2,658	2,662	2,733	2,898	3,094	3,039	3,092	3,438	3,751	4,044	
Public Works	4,156	5,552	4,972	7,449	5,292	4,801	6,302	5,277	6,864	5,768	
Parks and Recreation	633	597	596	669	786	946	965	1,593	1,319	1,281	
Planning, Building and Code Enforcement	1,882	1,647	1,778	1,950	2,194	2,362	2,302	2,361	2,681	2,496	
Pass Through to other agencies	78	85	91	102	137	156	188	200	152	169	
Capital Outlay	3,504	2,157	7,015	8,246	3,893	368	4,912	20,202	3,124	3,112	
Debt Service											
Principal							184	200	248	316	
Interest	893	985	1,128	930	836	805	905	1,150	1,390	1,370	
Total Expenditures	<u>15,493</u>	<u>15,531</u>	<u>21,365</u>	<u>25,159</u>	<u>19,324</u>	<u>15,805</u>	<u>22,702</u>	<u>38,462</u>	<u>24,136</u>	<u>22,967</u>	
Excess of Revenues over (under) Expenditures	1,742	2,945	(1,887)	(3,017)	(819)	4,616	2,649	1,140	2,177	4,647	
<b>Other Financing Sources (uses)</b>											
Transfers in	2,593	3,687	5,013	4,294	1,676	1,844	6,180	4,989	4,489	3,158	
Transfers out	(2,593)	(4,469)	(5,165)	(4,877)	(1,833)	(1,844)	(8,180)	(7,247)	(6,606)	(7,924)	
Bond Proceeds											
Advances to the Redevelopment Agency	1,301	982	855								
Total Other Financing Sources (uses)	<u>1,301</u>	<u>200</u>	<u>703</u>	<u>(583)</u>	<u>(157)</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,258)</u>	<u>(2,117)</u>	<u>(4,766)</u>	
Net change in Fund Balances	<u>\$ 3,043</u>	<u>\$ 3,145</u>	<u>\$ (1,184)</u>	<u>\$ (3,600)</u>	<u>\$ (976)</u>	<u>\$ 4,616</u>	<u>\$ 649</u>	<u>\$ (1,118)</u>	<u>\$ 60</u>	<u>\$ (119)</u>	
Cost of Assets Capitalized	-	1	-	1	11,047	4,184	379	4,623	19,465	2,800	2,764
Debt Services as a percentage of Non-Capital Expenditures	-	1	-	1	6.6%	5.5%	5.2%	6.0%	7.1%	7.7%	8.3%

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 Nine Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Franchise Tax</b>	<b>Sales Tax</b>	<b>Utility Users Tax</b>	<b>Other Taxes</b>	<b>Total</b>
2000	\$ 4,357	\$ 972	\$ 1,024	\$ 1,550	\$ 1,627	\$ 9,530
2001	4,629	1,087	1,101	1,764	1,728	10,309
2002	4,972	1,139	1,093	1,812	1,661	10,677
2003	5,335	1,087	1,003	1,832	1,789	11,046
2004	5,706	1,275	1,205	1,851	2,044	12,081
2005	8,494 <sup>1</sup>	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

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 Four Fiscal Years**  
**(In thousands of dollars)**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value (1)</b>	<b>Factor of Taxable Assessed Value (2)</b>
2005 *	\$ 6,530,448	\$ 76,445	\$ 1,691	\$ 317,463	\$ 22,222	\$ 218,193	\$ 6,730,076	\$ 0.064	\$ 8,956,722	1.33085
2006 *	7,034,406	88,691	3,086	365,175	21,561	218,916	7,294,003	0.064	\$ 9,707,224	1.33085
2007	7,548,956	111,338	3,148	513,876	20,378	226,598	7,971,098	0.064	\$ 10,608,336	1.33085
2008	8,080,905	170,825	3,211	370,134	26,546	152,181	8,499,440	0.064	\$ 11,311,480	1.33085

Source: County Assessor Data and HdL Coren & Cone

2007-08 County Auditor/Controller Data, HdL Coren & Cone

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

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

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

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

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  
Property Tax Rates  
Direct and Overlapping Governments  
Last Four Fiscal Years**

<b>Fiscal Year</b>	<b>General Levy</b>	<b>Los Angeles County</b>	<b>Flood Control District</b>	<b>Metropolitan Water District</b>	<b>Library District</b>	<b>Community College District</b>	<b>School Districts</b>	<b>Total Direct &amp; Overlapping Rates</b>
2005	\$ 1.00000	\$ 0.00092	\$ 0.00025	\$ 0.00580	\$ 0.00852	\$ 0.01810	\$ 0.10366	\$ 1.13724
2006	1.00000	0.00080	0.00005	0.00520	0.00781	0.01429	0.10370	1.13184
2007	1.00000	0.00066	0.00005	0.00470	0.00731	0.02146	0.10681	1.14100
2008	1.00000	-	-	0.00900	0.00685	0.00878	0.14310	1.16773

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

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

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  
Principal Property Taxpayers  
Current Year  
(Amounts expressed in thousands)**

Taxpayer	2008			1999		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
VH Property Corporation **	\$ 71,264	1	0.84%	\$ 22,179	4	0.47%
Long Point Development LLC	64,550	2	0.76%			
PPC Villas RPV	61,389	3	0.72%			
PV Victoria Apts	44,998	4	0.53%	34,637	1	0.74%
Patricia J. Rahn, Et. Al.	33,864	5	0.40%			
Eric C. & Jane C. Johnson	19,120	6	0.22%			
Western Riviera Investors	27,393	7	0.32%	22,923	3	0.49%
York Long Point Associates	4,278	8	0.05%	22,595	5	0.48%
John D. & Michelle Parks	2,189	9	0.03%			
Edward C. & Susan R. Beall	2,076	10	0.02%			
Connecticut General Life				20,069	2	0.43%
RPV Associates				20,400	6	0.43%
American Golf				12,523	7	0.27%
California Water Service				11,886	8	0.25%
Theodore Gardner				11,939	9	0.25%
PV Terraces				11,709	10	0.25%
<b>Totals</b>	<b>\$ 331,121</b>		<b>3.90%</b>	<b>\$ 190,860</b>		<b>4.07%</b>

\*\* Previously Ocean Trails LLP

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

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

<b>Fiscal Year</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%	-	5,316	99.35%

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)

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>	<b>Ratio of Debt to Property Value</b>
	<b>RDA Tax Increment Bond</b>	<b>RDA Deferred Interest Payable</b>				
1999	5,455	3,111	8,566	0.29%	193.17	0.14%
2000	5,455	3,111	8,566	0.42%	190.64	0.13%
2001	5,455	3,111	8,566	0.46%	208.19	0.12%
2002	5,455	3,111	8,566	0.45%	203.94	0.11%
2003	5,455	3,111	8,566	0.45%	202.40	0.11%
2004	5,455	3,111	8,566	0.44%	200.09	0.10%
2005	5,450	2,469	7,919	0.40%	181.94	0.09%
2006	5,435	2,284	7,719	0.40%	179.55	0.08%
2007	5,410	2,061	7,471	0.38%	173.37	0.07%
2008	5,370	1,786	7,156	0.37%	166.56	0.06%

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

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>Total Debt</b>		<b>City's Share of</b>
	<b><u>6/30/2008</u></b>	<b><u>% Applicable (1)</u></b>	<b><u>Debt 6/30/08</u></b>
Metropolitan Water District	150,054,336	1.061	1,591,783
Los Angeles Community College District	1,370,820,000	1.56%	21,314,046
Los Angeles Unified School District	7,325,045,000	0.20%	14,370,784
Palos Verdes Unified School District	69,950,681	46.96%	32,850,111
<b>City of Rancho Palos Verdes</b>	<b>0</b>	<b>100</b>	<b>-</b>
Palos Verdes Library District	9,075,000	49.071	4,453,176
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$74,579,900</b>
<b><u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$1,084,851,959	0.98%	\$10,674,943
Los Angeles County Pension Obligations	546,849,147	0.984	5,380,996
Los Angeles County Superintendent of Schools Certificates of Participation	19,817,270	0.984	195,002
Los Angeles County Sanitation District No. 5 Authority	64,943,439	10.87	7,059,352
Los Angeles County South Bay Cities Sanitation District Authority	11,065,017	4.728	523,154
Los Angeles Unified School District Certificates of Participation	395,744,823	0.22	870,639
<b>TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$24,704,086</b>
Less: Los Angeles Unified School District self-supporting obligations			<u>27,178</u>
<b>TOTAL NET OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>			<b>\$24,676,908</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$99,283,986</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$99,256,808</b>

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

2007-08 Assessed Valuation:	\$8,499,440,293
Redevelopment Incremental Valuation:	<u>111,359,776</u>
Adjusted Assessed Valuation:	\$8,388,080,517

**Ratios to 2007-08 Assessed Valuation:**

<b>Direct Debt</b>	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt	0.88%

**Ratios to Adjusted Assessed Valuation:**

Gross Combined Total Debt	1.18%
Net Combined Total Debt	1.18%

Source: HdL Coren & Cone, L.A. County Auditor-Controller



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

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (000's)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate (3)</b>
1999	44,345	DNA	DNA	DNA	DNA	DNA	DNA
2000	44,933	DNA	46,294 <sup>1</sup>	44.7 <sup>1</sup>	DNA	DNA	DNA
2001	41,145	DNA	46,294 <sup>1</sup>	44.7 <sup>1</sup>	DNA	DNA	DNA
2002	42,002	DNA	46,294 <sup>1</sup>	44.7 <sup>1</sup>	DNA	DNA	DNA
2003	42,322	DNA	46,294 <sup>1</sup>	44.7 <sup>1</sup>	DNA	DNA	DNA
2004	42,810	DNA	46,294 <sup>1</sup>	44.7 <sup>1</sup>	DNA	DNA	DNA
2005	43,525	2,280,807 <sup>2</sup>	51,003 <sup>2</sup>	43.4 <sup>2</sup>	DNA	12,978 <sup>2</sup>	1.5% <sup>2</sup>
2006	42,991	2,280,807 <sup>2</sup>	51,003 <sup>2</sup>	43.4 <sup>2</sup>	DNA	12,978 <sup>2</sup>	1.5% <sup>2</sup>
2007	43,092	2,280,807 <sup>2</sup>	51,003 <sup>2</sup>	43.4 <sup>2</sup>	DNA	12,978 <sup>2</sup>	1.5% <sup>2</sup>
2008	42,964	DNA	DNA	DNA	DNA	DNA	DNA

Population information is provided by the California Department of Finance.

1. Data available with the 2000 U.S. Census. The data will not be updated until 2010
2. Data taken from the 2005-2007 American Community Survey 3-Year Estimates. The 3-Year estimate provided by the Survey is a 3-year average. Data for individual years was not available for areas with populations less than 65,000. The Survey is a service of the U.S. Census Bureau.

DNA: Data Not Available

Note: A different data source was used for the June 30, 2007 Comprehensive Annual Financial Report. The updated data for 2008 was not deemed accurate, as it was not verifiable with other sources of information. This table was corrected for the current report using only information from the U.S. Census Bureau and the California Department of Finance.

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

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Palos Verdes Peninsula Unified School District (1)	1,970	1	9.00%
Trump National	300	2	1.37%
Marymount College	195	3	0.89%
Ralphs	115	4	0.53%
Keller Williams Realty	112	5	0.51%
Belmontcorp Ltd	94	6	0.43%
Green Hills Memorial Park	85	7	0.39%
American Golf Corp	70	8	0.32%
St. John Fishers	50	9	0.23%
Bally Total Fitness	50	10	0.23%
Subtotal of Principal Employers	3,041		13.89%
Total City Employment (2)	21,900		

Source: Direct Contact with Local Businesses.

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

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

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

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

<b>Function</b>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	41	41	41	42	45	45	45	47	50	55
Recreation Part-Time	10	10	10	10	10	10	10	10	10	10
Total	51	51	51	52	55	55	55	57	60	65

Source: City Budget documents and Payroll records

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

Function	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Administration</b>							
Employee Resignations	4	-	5	4	4	4	8
Workers Compensation Claims	3	2	2	3	4	2	4
Liability Claims	14	14	14	18	31	14	16
Budget Adjustments	35	30	27	36	48	32	26
Business Licenses Issued	1,600	1,961	2,102	1,909	1,801	1,837	1,709
Web Site Page Views	88,888	119,104	133,481	224,777	1.3 mil	1.6 mil	701,004
<b>Public Safety</b>							
Part I Crime Rates (per 10,000 population)	138	122	122	101	120	117	130
<b>Public Works</b>							
Solid Waste Diversion Rates	51%	57%	61%	59%	55%	56%	56%
Pavement Rating	80	80	89	89	82	82	DNA
<b>Recreation and Parks</b>							
Park Events	1,022	915	825	780	937	770	692
Class meetings at Parks	1,774	2,134	2,935	2,893	2,856	2,647	2,772
Docent led Nature Hikes	54	45	80	65	62	98	91
<b>Planning, Building and Code Enforcement</b>							
Building Permits processed	1,264	1,327	1,399	1,233	1,382	1,244	1,692
Plan Checks	121	150	186	208	163	164	247
Municipal code Violations closed	138	203	214	180	159	162	216

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Administration										
Computer Workstations	DNA	DNA	DNA	DNA	DNA	DNA	81	81	85	91
Public safety <sup>1</sup>										
Public works										
Street Miles	143	143	143	143	143	143	143	143	143	143
Traffic Signals	12	13	13	14	15	15	15	15	15	16
Parks and Recreation										
Parks	13	13	14	15	15	15	15	16	16	16
Planning, Building and Code Enforcement										
Vehicles used for inspections	DNA	DNA	3	3	3	3	3	3	3	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.