

# City of Rolling Hills Estates California

## Comprehensive Annual Financial Report

Year Ended  
June 30, 2014



Prepared by  
Administrative Services Department





*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2014*

*Prepared by  
Administrative Services Department  
City of Rolling Hills Estates, California*

**CITY OF ROLLING HILLS ESTATES**

Comprehensive Annual Financial Report

Year Ended June 30, 2014

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## **INTRODUCTORY SECTION**

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JUDY MITCHELL  
*Mayor*

JOHN C. ADDLEMAN  
*Mayor Pro Tem*

STEVEN ZUCKERMAN  
*Council Member*

BRITT V. HUFF  
*Council Member*

FRANK V. ZERUNYAN  
*Council Member*

DOUGLAS R. PRICHARD  
*City Manager*



City of

## ROLLING HILLS ESTATES

4045 Palos Verdes Drive North • Rolling Hills Estates, CA 90274

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December 23, 2014

### Honorable Mayor and City Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rolling Hills Estates (City) for the fiscal year ended June 30, 2014, is hereby submitted as mandated by local ordinances. These ordinances and statutes require that the City issues 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 unit of the City. 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. This letter of transmittal is designed to complement the Management's Discussion and Analysis (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 Rolling Hills Estates as legally defined), as well as its component unit, the Peppertree Foundation. A component unit is a legally separate entity for which the primary government is financially accountable. The City provides a broad range of services, including police protection, solid waste collection, construction and maintenance of highways, streets, and infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City 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 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 is located on a coastal peninsula overlooking the Pacific Ocean in Los Angeles County, 15 miles south of the City of Los Angeles. The City was incorporated September 18, 1957 and currently has a land area of 4.18 square miles and a population of 8,184. The City is a "bedroom" community with a commercial center. Rolling Hills Estates is home to the Promenade on the Peninsula mall, Peninsula Center Shopping Center, and several other businesses in the City's commercial district.

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 City 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 City's overall net position increased during the fiscal year ended June 30, 2014, 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, 2014 presents the expectation of a positive net operating result. Management continues to practice conservative fiscal policies as directed by Council.

## **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 processed a major remodel and expansion of the Peninsula Shopping Center including three new building pads, parking and circulation reconfiguration, and new landscaping and signage.
- The City continues to work with owners of the Village Shopping Center on approved façade improvement and signage projects.
- The City continues to review an expansion project for Rolling Hills United Methodist Church including expanded office areas and classrooms.
- The City continues to work with project proponents on an application to the Local Agency Formation Commission of Los Angeles to effectuate a boundary change between Rolling Hills Estates and Torrance for the Chandler Ranch/Rolling Hills Country Club project. It is anticipated that this project will commence in April of 2015.
- The City continues to process an application for the construction of four patio homes and a one-lot subdivision at 5883 Crest Road (northeast corner of Highridge and Crest Roads).
- The City worked successfully with a consultant and the City of Rancho Palos Verdes to have a Joint Natural Hazards Mitigation Plan prepared and approved by the Federal Emergency Management Agency (FEMA).
- The City processed a Senior Housing Ordinance to provide for a broad range of housing types to support senior citizen living in the City. It is anticipated that the City will receive an application this year for a 100 bed assisted senior living facility to locate within the Commercial General (C-G) Zone
- The City received approval from State HCD certifying the Housing Element of the General Plan.
- The City continued to monitor the development of the Butcher Ranch project and the 627 Deep Valley Drive mixed use project.
- The City continues to process plans for the Brickwalk project to repair the Indian Peak Landside project and has retained a geotechnical consulting firm for third party peer review of the geotechnical and engineering aspects of the project.

- The City continues to process plans for the improvements to the Peter Weber Equestrian Center, which will include a new barn and water quality improvements. Council has approved the concept and directed the preparation of bid documents.
- The City continued to provide review and inspection services for commercial and residential projects of various types.
- The City continued to process code enforcement cases through the use of a part-time Zoning and Code Administrator.

### **Public Works**

- A citywide condition assessment of curbs, gutters, sidewalks, access ramps and driveway approaches was prepared by Willdan Engineering. The report identified locations that have been prioritized for repair over the next 13 years based on a combination of damage severity and proximity to avoid maintenance work in the same neighborhood in consecutive years. In fiscal year 2014-15, the City will receive approximately \$40,000 in accumulated Community Development Block Grant (CDBG) funds, followed by an annual allocations of about \$22,000.
- Southern California Edison completed the final design plans and solicited bids for the Underground Utility District that will remove 11 utility poles and related utility lines on Palos Verdes Drive North adjacent to the intersection of Palos Verdes Drive East. This project, with an estimated total cost of \$4 million, is funded with Southern California Edison Rule 20A funds at no cost to the City. Construction is anticipated to be completed in Spring 2015.
- The City Council authorized Willdan Engineering to prepare design plans and specifications for the Silver Spur Pedestrian Project funded by a Safe Route to Schools (SR2S) grant in the amount of \$328,700; entryway modifications at Lazy Creek Lane in the amount of \$50,000; and street overlay work on six residential streets (Marloma Drive, Marina Drive, Range Horse Lane, Rollando Drive, Rolling Meadows Road, Rustler Lane) and a segment of Crenshaw Boulevard as identified for major maintenance in the City's 2011 Pavement Management System (PMS) report in the amount of approximately \$500,000. Work on these projects is expected to commence in Spring 2015.

### **Community Services**

- The City continued to offer the use of regional and local park facilities to residents and local non-profit youth sports organizations.
- Docents and paid contractor staff from the Palos Verdes Peninsula Land Conservancy continued their successful docent-led hike programs at George F. Canyon Nature Center.
- The City hosted the annual City Celebration, Tracy Austin Doubles Tennis Tournament, Mayor's Breakfast Ride, Hills Are Alive Race, and Holiday Parade events.

### **Administration**

- The City Council engaged in extensive lobbying efforts on behalf of local government, particularly pertaining to protection of local revenues, and regional representation due in large part to active roles Council Members took in League of California Cities and the California Contract Cities Association (CCCA) and South Bay Cities Council of Governments (SBCOG) leadership and policy committees.
- The City Council is considering creation of a Finance Advisory or Infrastructure Management Committee to assist the Council in long term capital budget planning.

## **FINANCIAL INFORMATION**

The Administrative Services 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 judgments 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, 2014, more than \$500,000 was expended on Federal financial assistance programs; and therefore, a single audit was required.

**Budgeting Controls.** The City 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. Activities of the General fund, Special Revenue funds, and Proprietary funds 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 program level. Formal budgetary integration is employed as a management control device. Additionally, unexpected capital project account balances are carried over to the following year's budget appropriations with Council approval.

**Fiduciary Operations.** The City has one 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 Peninsula Parking Agency fund is restricted as to its use and is not available to fund the operating activities of the City, and as such, is offset by a liability equal to the carrying amount of the assets.

## **OTHER INFORMATION**

**Independent Audit.** The City requires an annual audit by independent certified public accountants. The accounting firm of Macias Gini & O'Connell LLP conducted this year's audit. The auditor's report is included in the financial section of this report.

**GFOA Certificate of Achievement Award.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Rolling Hills Estates for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

**CSMFO Certificate of Award for Outstanding Financial Reporting.** The California Society of Municipal Finance Officers (CSMFO) is a state organization, which sponsors extensive training and emphasizes high standards in all aspects of municipal finance operations, including financial reporting. However, CSMFO

decided to decrease duplication of awards from CSMFO and GFOA, and as such, the City can only participate in CSMFO's program if the City did not receive the GFOA CAFR award the previous year. Therefore, the City is not eligible to participate in CSMFO's award program.

**Acknowledgments.** Preparation of this report was the accomplishment by combined efforts of many individuals. We wish to acknowledge the assistance of our auditors, Macias Gini & O'Connell LLP, and the contributions of the Administrative Services Department staff: Amelia Chan and Laurie Moromisato. Additionally, we want to acknowledge the contributions of the Department Heads and the Assistant City Manager.

**Respectfully submitted,**



**Douglas R. Prichard**  
City Manager



**Michael C. Whitehead**  
Administrative Services Director

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**CITY OF ROLLING HILLS ESTATES**  
**Directory of City Officials**  
**June 30, 2014**

JUDY MITCHELL  
MAYOR

JOHN C. ADDLEMAN  
MAYOR PRO TEMPORE

STEVEN ZUCKERMAN  
COUNCIL MEMBER

BRITT HUFF  
COUNCIL MEMBER

FRANK V. ZERUNYAN  
COUNCIL MEMBER

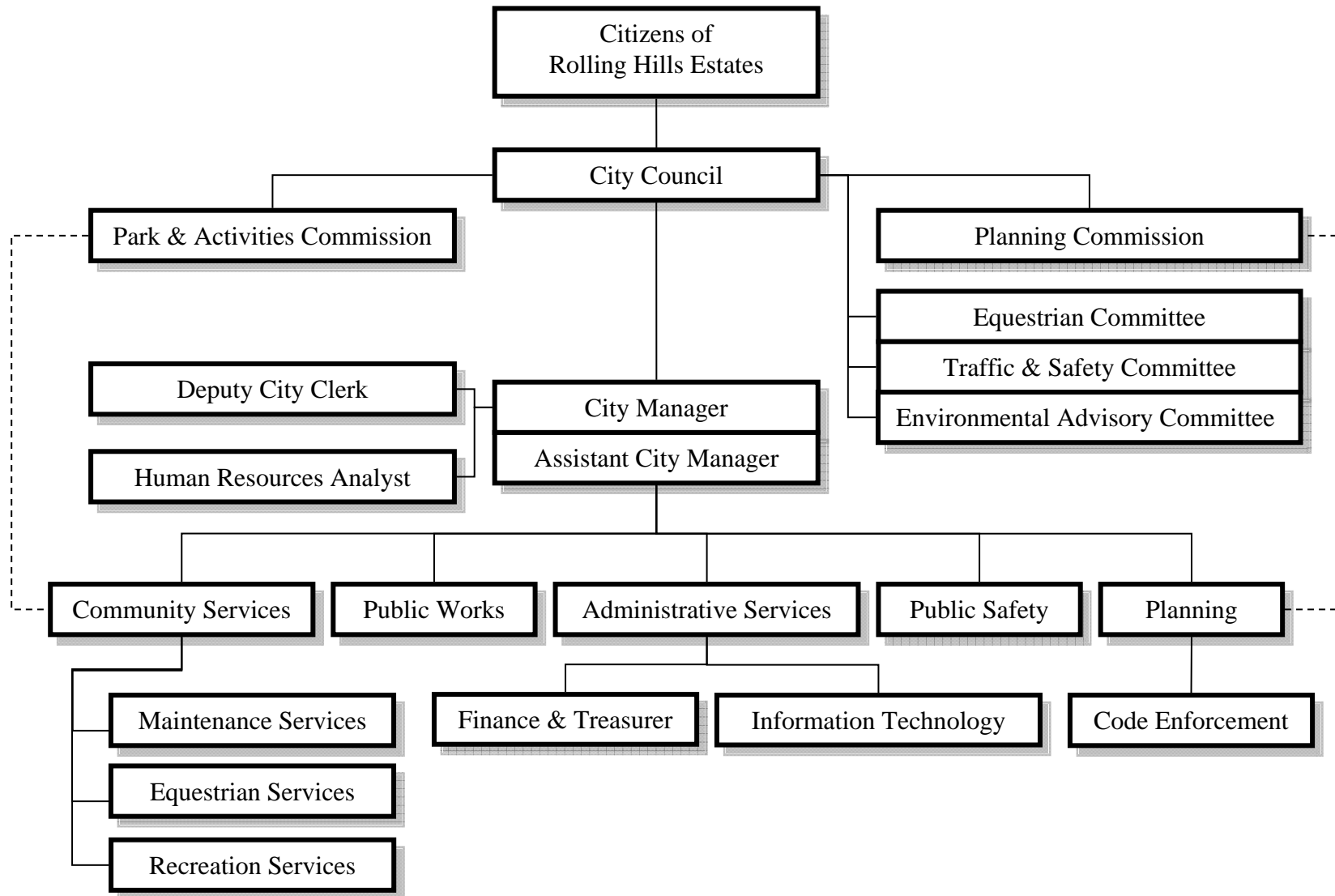
City Manager  
Douglas R. Prichard

Assistant City Manager  
Gregory Grammer

City Attorney  
Administrative Services Director  
Director of Planning  
Director of Community Services

Donald M. Davis  
Michael C. Whitehead  
David Wahba  
Andy Clark

# Rolling Hills Estates City Government







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Rolling Hills Estates  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Rolling Hills Estates, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills Estates, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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 activities, each major fund, and the aggregate remaining fund information of the City of Rolling Hills Estates, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–12 and 49-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules on pages 51 through 76, 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 fund financial statements and schedules on pages 51 through 76 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Los Angeles, California  
December 23, 2014



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis (Unaudited) June 30, 2014

As management of the City of Rolling Hills Estates (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

#### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources, at the close of the fiscal year by \$13,183,632 (*net position*).
- The City had a \$65,152 deficit in *unrestricted net position* that will be funded by future revenues. There were no deferred outflows of resources or deferred inflows of resources as of June 30, 2014.
- The City's overall net position increased by \$3,210,151 from the prior fiscal year.
- The City's governmental funds in total reported combined ending fund balances of \$2,432,456, a decrease of \$177,861 in comparison with the prior year. Approximately \$838,355 (*unassigned fund balance*) is available for spending at the government's discretion.
- In the statement of revenues, expenditures and change in fund balances for the year ended June 30, 2014 (page 18), the year-end deficit for Prop A – Parks reflect monies advanced by the General Fund in anticipation of reimbursement through the approved grant sources.
- General Fund's fund balance increased \$231,837 from \$2,570,252 on June 30, 2013 to \$2,802,089 June 30, 2014. This fund balance has reversed its trend of decreasing since 2007. Management is analyzing the long-term impact this decrease will have on future financial planning for the City.
- The General Fund unassigned fund balance was \$1,578,477 or 24%, of total General Fund current operating expenditures. Out of the General Fund's assigned fund balance, \$420,824 has been allocated for capital projects, \$50,000 for insurance claims, \$60,000 for equipment, and \$329,284 for replacement of capital assets.

#### 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.



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis (Unaudited)

June 30, 2014

(Continued)

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

Both of 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 its general government, public safety, public works, community services, and public health programs. The business-type activities of the City include its equestrian and tennis operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Peppertree Foundation, a legally separate entity, for which the City is financially accountable. Financial information for this *component unit* has been included as an integral part of the primary government.

**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, 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. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal STIP, CalRecycle Asphalt, and Prop A Parks which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* (see table of contents).

The City 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.





## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis (Unaudited)

June 30, 2014

(Continued)

The basic governmental fund financial statements are listed in the table of contents.

**Proprietary funds.** The City maintains two *proprietary funds*.

*Enterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily by user charges. The City uses enterprise funds to account for the operations of the City-owned, concessionaire-operated stables, and to account for the operations of the City-owned tennis courts. A change in the City's stables became effective December 1, 2011 as the City turned over operations to a concessionaire, thus eliminating City staff and direct costs. The Equestrian Fund will remain in place until the net deficit is paid off by the revenues due to the City by the concessionaire.

Individual proprietary fund financial statements are included as part of the government-wide financial statements on pages 20-22 of this report.

**Fiduciary fund.** The City maintains one *fiduciary fund*, the Peninsula Parking Agency Fund. The statement of fiduciary net position presents the assets, liabilities and net position associated with agency fund.

**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.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including comparisons of budgeted revenues and expenditures to actual revenues and expenditures.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found in the table of contents.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$13,183,632 in fiscal year 2013-14, an increase from fiscal year 2012-13 when assets exceeded liabilities by \$11,628,481. The largest portion of the City's total net position (\$12,863,094 or 98% in fiscal year 2013-14, and \$9,448,494 or 81% in fiscal year 2012-13) reflects its investment in capital assets (e.g. land, building, facilities, vehicles, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's total net position (\$385,690 or 3% in fiscal year 2013-14, and \$1,051,065 or 9% in fiscal year 2012-13) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted total net position (\$-65,152 or -0.5% in fiscal year 2013-14, and \$1,128,922 or 10% in fiscal year 2012-13) represents amounts that will be funded by future revenues or for the fiscal year 2012-13 amounts that may be used to meet the government's ongoing obligations to citizens and creditors.



**CITY OF ROLLING HILLS ESTATES, CALIFORNIA**

**Management's Discussion and Analysis (Unaudited)**

**June 30, 2014**

**(Continued)**

The following table presents of a summary of the City's net position as of June 30, 2014 and 2013:

**Summary of Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2013-2014</u>	<u>FY 2012-2013</u>	<u>FY 2013-2014</u>	<u>FY 2012-2013</u>	<u>FY 2013-2014</u>	<u>FY 2012-2013</u>
Current and Other Assets	\$ 3,200,199	\$ 5,145,002	\$ (297,443)	\$ (316,482)	\$ 2,902,756	\$ 4,828,520
Capital Assets	12,745,054	9,410,015	118,040	38,479	12,863,094	9,448,494
<b>Total Assets</b>	<b>15,945,253</b>	<b>14,555,017</b>	<b>(179,403)</b>	<b>(278,003)</b>	<b>15,765,850</b>	<b>14,277,014</b>
Current Liabilities	648,418	774,700	5,563	1,455	653,981	776,155
Long Term Liabilities	1,928,237	1,872,378	-	-	1,928,237	1,872,378
<b>Total Liabilities</b>	<b>2,576,655</b>	<b>2,647,078</b>	<b>5,563</b>	<b>1,455</b>	<b>2,582,218</b>	<b>2,648,533</b>
Investment in Capital Assets	12,745,054	9,410,015	118,040	38,479	12,863,094	9,448,494
Restricted	385,690	1,051,065	-	-	385,690	1,051,065
Unrestricted (deficit)	237,854	1,446,859	(303,006)	(317,937)	(65,152)	1,128,922
<b>Total Net Position</b>	<b>\$ 13,368,598</b>	<b>\$ 11,907,939</b>	<b>\$ (184,966)</b>	<b>\$ (279,458)</b>	<b>\$ 13,183,632</b>	<b>\$ 11,628,481</b>



**CITY OF ROLLING HILLS ESTATES, CALIFORNIA**

**Management’s Discussion and Analysis (Unaudited)**

**June 30, 2014**

**(Continued)**

The following table presents a summary of the changes in net position for governmental and business-type activities:

**Summary of Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2013-2014	FY 2012-2013	FY 2013-2014	FY 2012-2013	FY 2013-2014	FY 2012-2013
<b>Program Revenues:</b>						
Charges for services	\$ 2,390,407	\$ 1,549,531	\$ 170,379	\$ 133,939	\$ 2,560,786	\$ 1,683,470
Operating grants and contributions	767,769	720,544	-	-	767,769	720,544
Capital grants and contributions	2,511,836	588,410	-	-	2,511,836	588,410
<b>General Revenues:</b>						
Property taxes	2,724,873	2,531,240	-	-	2,724,873	2,531,240
Local sales taxes	902,838	893,871	-	-	902,838	893,871
Other taxes	892,587	917,469	-	-	892,587	917,469
Other general revenue	18,377	25,998	53	206	18,430	26,204
<b>Total Revenues</b>	<b>10,208,687</b>	<b>7,227,063</b>	<b>170,432</b>	<b>134,145</b>	<b>10,379,119</b>	<b>7,361,208</b>
<b>Expenses:</b>						
General government	2,759,181	2,742,166	-	-	2,759,181	2,742,166
Public safety	1,906,657	1,739,467	-	-	1,906,657	1,739,467
Public works	937,914	949,190	-	-	937,914	949,190
Community services	1,403,739	1,324,048	-	-	1,403,739	1,324,048
Public health	26,478	14,781	-	-	26,478	14,781
Interest on bond payable	59,059	54,335	-	-	59,059	54,335
Equestrian	-	-	802	804	802	804
Tennis	-	-	75,138	75,536	75,138	75,536
<b>Total Expenses</b>	<b>7,093,028</b>	<b>6,823,987</b>	<b>75,940</b>	<b>76,340</b>	<b>7,168,968</b>	<b>6,900,327</b>
<b>Increase in Net Position</b>	<b>3,115,659</b>	<b>403,076</b>	<b>94,492</b>	<b>57,805</b>	<b>3,210,151</b>	<b>460,881</b>
<b>Net Position, beginning of year</b>	<b>10,252,939</b>	<b>11,504,863</b>	<b>(279,458)</b>	<b>(337,263)</b>	<b>9,973,481</b>	<b>11,167,600</b>
<b>Net Position, end of year</b>	<b>\$ 13,368,598</b>	<b>\$ 11,907,939</b>	<b>\$ (184,966)</b>	<b>\$ (279,458)</b>	<b>\$ 13,183,632</b>	<b>\$ 11,628,481</b>

**Governmental activities.** Governmental activities increased the City’s net position by \$3,115,659 in fiscal year 2013-2014, and increased by \$403,076 in fiscal year 2012-2013. Key elements of the \$3,115,659 increase in net position are as follows:

- Building permit revenues increased from prior year as the economy continues to strengthen.
- Increase in capital grants and contributions due to the City recognized grant revenues for the bike lane project.

**Business-type activities.** Business-type activities increased the City’s net position by \$94,492 compared to fiscal year 2012-13, which increased \$57,805. The key element of the \$94,492 increase in net position is as follows:

- The City’s Peter Weber Equestrian Center now being managed and operated by a concessionaire versus City staff.



# CITY OF ROLLING HILLS ESTATES, CALIFORNIA

## Management's Discussion and Analysis (Unaudited)

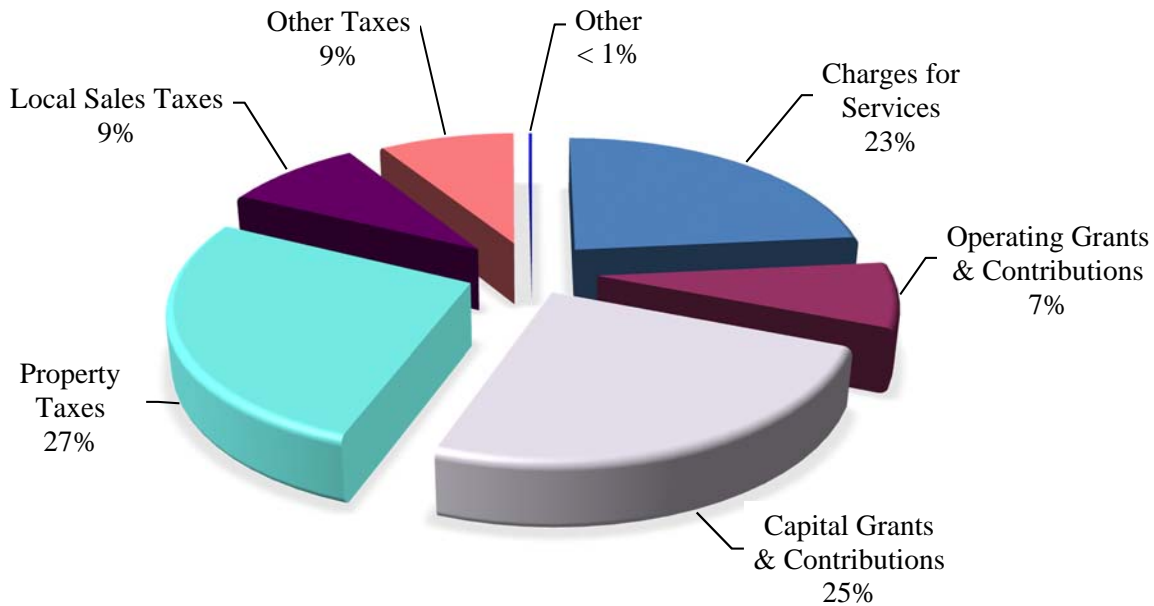
June 30, 2014

(Continued)

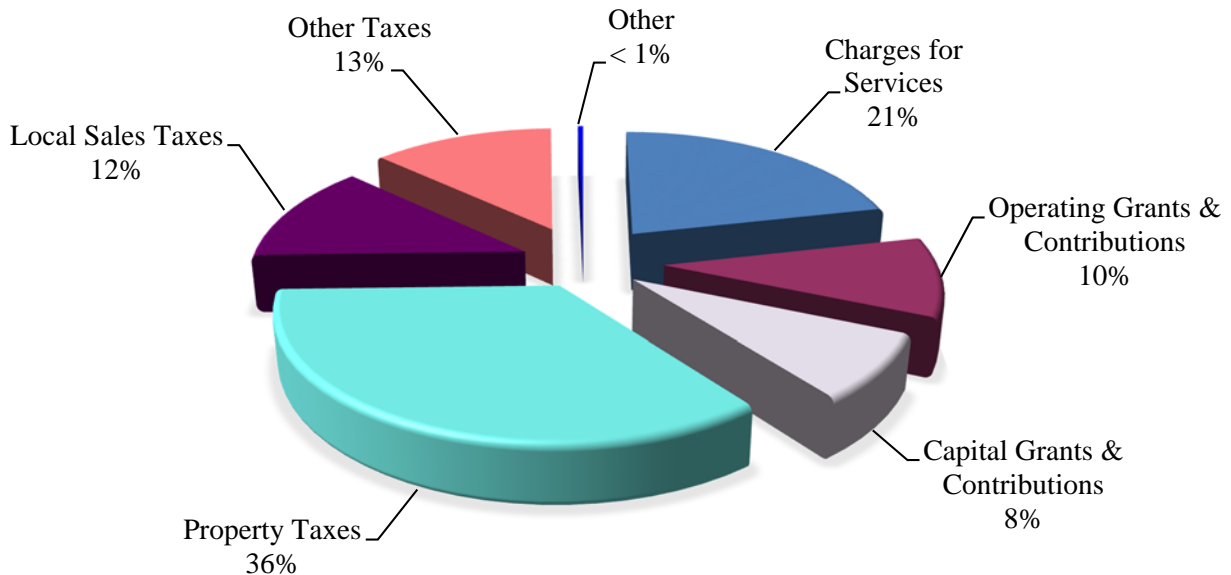
The following charts illustrate the proportion of sources of revenue for the fiscal years ended June 30, 2014 and 2013.

### Revenues by Source – Governmental Activities

#### Revenue Fiscal Year 2014



#### Revenue Fiscal Year 2013





## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis (Unaudited)

June 30, 2014

(Continued)

The City's governmental funds reported combined ending fund balances of \$2,432,456 at June 30, 2014, a decrease of \$177,861 in comparison with the prior year, for which ending fund balance was \$2,610,317. Approximately 34% of the combined ending fund balances (\$838,355) constitute unassigned fund balance, which is available for spending at the City's discretion. This is an increase from the 14% reported for fiscal year 2012-13. \$385,690 of ending fund balances are restricted to indicate that they are not available for new spending because they have already been restricted for: 1) the unspent portion of the CLEEP grant (\$5,201), 2) the maintenance of Hawthorne Canyon (\$10,000), 3) transportation (\$207,687), 4) capital projects (\$89,073), and 5) park improvements (\$73,729); \$8,797 and \$339,506 are non-spendable for inventories and advances to other funds; is assigned for equipment (\$60,000), capital projects (\$420,824), capital projects replacement (\$329,284), and insurance claims (\$50,000).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,578,477, an increase from the prior year unassigned fund balance by \$225,657.

Certain prior year balances were reclassified in order to conform to current year presentation. These reclassifications have no effect upon total reported net position or fund balances.

During the current fiscal year, the fund balance of the City's General Fund increased by \$231,837. The key factors contributing to the increase are as follows:

- Increase in revenue generated from licenses and permits.
- Decrease in general government expenditures due to no payment needed for side fund obligation to CalPERS

*Capital Project fund highlights.* The capital project funds, Federal STIP, CalRecycle Asphalt, and Prop A - Parks, are reported as major funds. The Federal STIP and CalRecycle Asphalt funds are used to account for grant monies received from the State Transportation Improvement Program (STIP) for transportation projects. The Federal Stip Project fund balance increased by \$375,608 due to the receipt of grant revenue for expenditures from the prior year. The CalRecycle Asphalt fund was a one-time grant of \$198,500 for road improvements. The Prop A - Parks fund is to account for grant monies received from Los Angeles County for maintenance and development of parks. The Prop A Parks fund decreased by \$79,535 as the City may not submit reimbursements for expenditures related to planning improvements until construction begins in September 2014.

*Proprietary funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements, however, in more detail. The major proprietary fund is the Equestrian Operation, and the non-major proprietary fund is the Tennis Operations. The total increase in proprietary funds' net position was \$94,492 compared to the prior year's increase of \$57,805. This increase was primarily due to the transfer of the horse stables management and operations to a concessionaire on December 1, 2011. The City Stables were operating in a deficit position when the City managed the enterprise; however, a concessionaire now manages the operations and remits a gross percentage of revenue to the City.

### **General Fund Budgetary Highlights**

The difference between the actual and final amended budget was a net increase in fund balance of \$313,508, and is primarily due to the following revenues not budgeted in the original or final budget amounts:



**CITY OF ROLLING HILLS ESTATES, CALIFORNIA**

**Management’s Discussion and Analysis (Unaudited)**

**June 30, 2014**

**(Continued)**

- Additional revenues in licenses and permits.
- Received reimbursement from Highway Through Cities Grant.

**Capital Asset and Debt Administration**

**Capital assets.** The City’s investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$12,745,054 (net of accumulated depreciation). The business-type activities investment in capital assets is \$118,040. These investments in capital assets include land, buildings and improvements, facilities and improvements, vehicles and equipment, furniture and fixtures, and infrastructure. During the current fiscal year, the City’s investment in capital assets increased by 36% primarily due to infrastructure upgrades in the bike lane project.

The following table presents the City’s investment in capital assets, net of accumulated depreciation, as of June 30, 2013 and 2014:

**Summary of Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2013-2014	FY2012-2013	FY2013-2014	FY2012-2013	FY2013-2014	FY2012-2013
Land	\$ 3,864,943	\$ 3,864,943	\$ -	\$ -	\$ 3,864,943	\$ 3,864,943
Construction in Progress	271,429	889,951	-	-	271,429	889,951
Buildings & Improvements	606,364	651,619	35,482	36,944	641,846	688,563
Facilities & Improvements	771,337	816,942	82,559	1,535	853,896	818,477
Vehicles & Equipment	79,887	111,413	-	-	79,887	111,413
Furniture & Fixtures	5,636	5,955	-	-	5,636	5,955
Infrastructure	7,145,458	3,069,192	-	-	7,145,458	3,069,192

Additional information regarding the City’s capital assets can be found in Note 1(e)4 on pages 30, and Note 4(b) on pages 39-40.

**Long-term liabilities.** The City had total long-term liabilities of \$1,928,237 at June 30, 2014, which is a decrease of \$140,516 or -7% from the previous year, after the issuance of the 2012 Taxable Pension Obligation Bond on August 23, 2012.



**CITY OF ROLLING HILLS ESTATES, CALIFORNIA**

**Management’s Discussion and Analysis (Unaudited)**

**June 30, 2014**

**(Continued)**

The following is a summary of the City’s long-term liabilities as of June 30, 2013 and 2014:

**Summary of Long-Term Liabilities**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2014-2013	FY2013-2012	FY2014-2013	FY2013-2012	FY2014-2013	FY2013-2012
Employee compensated absences	\$ 428,237	\$ 413,753	\$ -	\$ -	\$ 428,237	\$ 413,753
Pension obligation bond	1,500,000	1,655,000	-	-	1,500,000	1,655,000
<b>Total</b>	<b>\$ 1,928,237</b>	<b>\$ 2,068,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,928,237</b>	<b>\$ 2,068,753</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$392,209,882. The City operates well within the legal limit imposed by the State.

Additional information on the City’s long-term liabilities can be found in Note 4(e) on page 42 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

- Local property values remain modest, and account for approximately 27% of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations is forecasted to increase by 5.05%.
- There is a rebound from the recession in the construction with building permit fees anticipated to exceed \$1,000,000 in revenue.
- Sales tax revenues remain affected by the “Triple Flip” mechanism, which reduces one-quarter of local sales tax revenue and supplements the loss with a new State subvention called “Property Tax in lieu of Sales Tax – State” under the Revenues from Other Agencies category.
- Revenues from other agencies have eliminated the Motor Vehicle License Fees (VLF) for fiscal year 2011-2012, and Property Tax in lieu of Sales Tax is anticipated to remain flat for fiscal year 2014-2015. As mentioned above, the “Triple Flip” increases State subventions to supplement the lost one-quarter of local sales tax revenues, however, the City receives back less than one-quarter after administration fees. The VLF backfill has been eliminated, replaced by a “Property Tax in lieu of VLF – State” account – which is anticipated to have a slight increase in revenue for fiscal year 2014-2015.

All three of these factors were considered in preparing the City’s budget for fiscal year 2014-2015. The slow recovery of the economy and uncertainty of revenues has made the City’s budgeting process more complex.

Additionally, the City has adjusted the fees and charges revenue for certain activities that are listed in the Fees and Charges book.



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis (Unaudited)

June 30, 2014

(Continued)

#### Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Rolling Hills Estates 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 Administrative Services Department, 4045 Palos Verdes Drive North, Rolling Hills Estates, CA 90274. Also refer to the City's website [www.ci.Rolling-Hills-Estates.ca.us](http://www.ci.Rolling-Hills-Estates.ca.us) for additional financial information (Click "City Departments and Services" and then click "Administrative Services Department").





**CITY OF ROLLING HILLS ESTATES**

Statement of Net Position

June 30, 2014

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 1,840,491	\$ 15,561	\$ 1,856,052
Accounts receivable	1,011,405	26,502	1,037,907
Internal balances	339,506	(339,506)	-
Inventories	8,797	-	8,797
Capital assets:			
Not being depreciated	4,136,372	-	4,136,372
Being depreciated (net of accumulated depreciation)	8,608,682	118,040	8,726,722
Total assets	<u>15,945,253</u>	<u>(179,403)</u>	<u>15,765,850</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	446,344	1,956	448,300
Unearned revenue	1,000	-	1,000
Deposits payable	201,074	-	201,074
Interest payable	-	3,607	3,607
Non-current liabilities:			
Due within one year:			
Compensated absences payable	42,824	-	42,824
Pension obligation bond	168,000	-	168,000
Due in more than one year:			
Compensated absences payable	385,413	-	385,413
Pension obligation bond	1,332,000	-	1,332,000
Total liabilities	<u>2,576,655</u>	<u>5,563</u>	<u>2,582,218</u>
<b>Net Position:</b>			
Investment in capital assets	12,745,054	118,040	12,863,094
Restricted for:			
Cleop grant	5,201	-	5,201
Maintenance of Hawthorne Canyon	10,000	-	10,000
Road improvements	207,687	-	207,687
Equipment replacement	89,073	-	89,073
Park improvements	73,729	-	73,729
Unrestricted (deficit)	237,854	(303,006)	(65,152)
Total net position	<u>\$ 13,368,598</u>	<u>\$ (184,966)</u>	<u>\$ 13,183,632</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Statement of Activities  
Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 2,759,181	\$ 1,860,491	\$ 7,339	\$ 117,653
Public safety	1,906,657	92,028	100,000	-
Public works	937,914	367,966	530,547	2,394,183
Community services	1,403,739	69,922	129,883	-
Public health	26,478	-	-	-
Interest on bond payable	59,059	-	-	-
Total governmental activities	<u>7,093,028</u>	<u>2,390,407</u>	<u>767,769</u>	<u>2,511,836</u>
<b>Business-type activities:</b>				
Equestrian	802	101,525	-	-
Tennis	75,138	68,854	-	-
Total business-type activities	<u>75,940</u>	<u>170,379</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,168,968</u>	<u>\$ 2,560,786</u>	<u>\$ 767,769</u>	<u>\$ 2,511,836</u>

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Business license taxes
- Franchise taxes
- Other taxes
- Use of money and property
- Miscellaneous

Total general revenues

Change in net position

Net position, beginning as restated

Net position, ending

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (773,698)	\$ -	\$ (773,698)
(1,714,629)	-	(1,714,629)
2,354,782	-	2,354,782
(1,203,934)	-	(1,203,934)
(26,478)	-	(26,478)
(59,059)	-	(59,059)
<u>(1,423,016)</u>	<u>-</u>	<u>(1,423,016)</u>
-	100,723	100,723
-	(6,284)	(6,284)
<u>-</u>	<u>94,439</u>	<u>94,439</u>
<u>(1,423,016)</u>	<u>94,439</u>	<u>(1,328,577)</u>
2,724,873	-	2,724,873
902,838	-	902,838
247,188	-	247,188
558,571	-	558,571
86,828	-	86,828
2,337	53	2,390
16,040	-	16,040
<u>4,538,675</u>	<u>53</u>	<u>4,538,728</u>
3,115,659	94,492	3,210,151
<u>10,252,939</u>	<u>(279,458)</u>	<u>9,973,481</u>
<u>\$ 13,368,598</u>	<u>\$ (184,966)</u>	<u>\$ 13,183,632</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Balance Sheet

Governmental Funds

June 30, 2014

	<b>General Fund</b>	<b>Federal STIP Capital Project Fund</b>	<b>CalRecycle Asphalt Capital Project Fund</b>	<b>Prop A Parks Capital Project Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Cash and investments	\$ 1,500,147	\$ -	\$ -	\$ -	\$ 340,344	\$ 1,840,491
Accounts receivable	398,929	240,345	198,500	42,000	131,631	1,011,405
Due from other funds	1,159,868	-	-	-	-	1,159,868
Advances to other fund	339,506	-	-	-	-	339,506
Inventories	8,797	-	-	-	-	8,797
Total assets	<u>\$ 3,407,247</u>	<u>\$ 240,345</u>	<u>\$ 198,500</u>	<u>\$ 42,000</u>	<u>\$ 471,975</u>	<u>\$ 4,360,067</u>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 404,084	\$ -	\$ -	\$ 7,672	\$ 34,588	\$ 446,344
Due to other funds	-	240,345	198,500	580,306	140,717	1,159,868
Deposits payable	201,074	-	-	-	-	201,074
Unearned revenue	-	-	-	-	1,000	1,000
Total liabilities	<u>605,158</u>	<u>240,345</u>	<u>198,500</u>	<u>587,978</u>	<u>176,305</u>	<u>1,808,286</u>
<b>Deferred inflows of resources</b>						
Revenue earned but unavailable	-	-	-	-	119,325	119,325
<b>Fund balances (deficit):</b>						
Nonspendable:						
Inventories	8,797	-	-	-	-	8,797
Advances to other funds	339,506	-	-	-	-	339,506
Restricted for:						
Cleep grant	5,201	-	-	-	-	5,201
Maintenance of Hawthorne Canyon	10,000	-	-	-	-	10,000
Transportation	-	-	-	-	207,687	207,687
Capital projects	-	-	-	-	89,073	89,073
Park Improvements	-	-	-	-	73,729	73,729
Assigned to:						
Equipment	60,000	-	-	-	-	60,000
Capital projects replacement	329,284	-	-	-	-	329,284
Capital projects	420,824	-	-	-	-	420,824
Insurance claims	50,000	-	-	-	-	50,000
Unassigned	1,578,477	-	-	(545,978)	(194,144)	838,355
Total fund balances (deficit)	<u>2,802,089</u>	<u>-</u>	<u>-</u>	<u>(545,978)</u>	<u>176,345</u>	<u>2,432,456</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,407,247</u>	<u>\$ 240,345</u>	<u>\$ 198,500</u>	<u>\$ 42,000</u>	<u>\$ 471,975</u>	<u>\$ 4,360,067</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2014

Total fund balances, governmental funds	\$	2,432,456
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		12,745,054
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Bonds payable		(1,500,000)
Compensated absences		(428,237)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Under accrual accounting, revenue must be recognized when earned. This revenue is recorded as deferred inflows of resources on the governmental fund statements		119,325
Net position of governmental activities	\$	13,368,598

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2014

	General Fund	Federal STIP Capital Project Fund	CalRecycle Asphalt Capital Project Fund	Prop A Parks Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 2,724,873	\$ -	\$ -	\$ -	\$ -	\$ 2,724,873
Sales and use taxes	902,838	-	-	-	-	902,838
Business license taxes	247,188	-	-	-	-	247,188
Other taxes	645,399	-	-	-	-	645,399
Licenses and permits	1,628,949	-	-	-	-	1,628,949
Fines and forfeitures	33,313	-	-	-	55,649	88,962
Use of money and property	25,257	-	-	-	1,329	26,586
Charges for services	370,913	-	-	-	45,228	416,141
Revenues from other agencies	394,603	1,803,001	198,500	42,000	1,262,148	3,700,252
Other revenues	9,533	-	-	-	-	9,533
Total revenues	<u>6,982,866</u>	<u>1,803,001</u>	<u>198,500</u>	<u>42,000</u>	<u>1,364,354</u>	<u>10,390,721</u>
<b>Expenditures:</b>						
Current:						
General government	2,700,233	-	-	-	-	2,700,233
Public safety	1,872,425	-	-	-	34,232	1,906,657
Public works	260,681	-	-	-	487,163	747,844
Community services	1,235,725	-	-	17,127	25,861	1,278,713
Public health	26,478	-	-	-	-	26,478
Capital outlay	420,823	1,427,393	198,500	104,408	1,543,474	3,694,598
Debt Service:						
Principal	155,700	-	-	-	-	155,700
Interest	58,359	-	-	-	-	58,359
Total expenditures	<u>6,730,424</u>	<u>1,427,393</u>	<u>198,500</u>	<u>121,535</u>	<u>2,090,730</u>	<u>10,568,582</u>
Excess (deficiency of revenues over expenditures)	<u>252,442</u>	<u>375,608</u>	<u>-</u>	<u>(79,535)</u>	<u>(726,376)</u>	<u>(177,861)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	74,047	74,047
Transfers out	(20,605)	-	-	-	(53,442)	(74,047)
Total other financing sources (uses)	<u>(20,605)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,605</u>	<u>-</u>
Net change in fund balances	231,837	375,608	-	(79,535)	(705,771)	(177,861)
Fund balances (deficit), beginning	2,570,252	(375,608)	-	(466,443)	882,116	2,610,317
Fund balances (deficit), ending	<u>\$ 2,802,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (545,978)</u>	<u>\$ 176,345</u>	<u>\$ 2,432,456</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$ (177,861)
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 costs of those assets are allocated over their estimated useful lives and reported as depreciation:	
Capital outlay	3,684,335
Depreciation expense	(349,296)
The repayment of principal on long-term debt is reported as an expenditure in the governmental funds because current financial resources have been consumed. These transactions contribute to the change in fund balance, but do not have any effect on statement of activities:	
Principal retirement	155,000
Compensated absences payable reported in the statement of activities does not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(14,484)
Revenues that are earned, but unavailable in the current year are deferred in the governmental funds. For government-wide reporting, revenue is recognized when earned, regardless of availability.	<u>(182,035)</u>
Change in net position of governmental activities	<u>\$ 3,115,659</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Statement of Net Position

Proprietary Funds

June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Equestrian Operations</b>	<b>Nonmajor Tennis Operations</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ -	\$ 15,561	\$ 15,561
Accounts receivable	26,437	65	26,502
Total current assets	26,437	15,626	42,063
Capital assets being depreciated, net	31,519	86,521	118,040
Total assets	57,956	102,147	160,103
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	1,956	1,956
Advances from other fund	339,506	-	339,506
Unearned revenue	-	3,607	3,607
Total current liabilities	339,506	5,563	345,069
<b>Net Position:</b>			
Investment in capital assets	31,519	86,521	118,040
Unrestricted (deficit)	(313,069)	10,063	(303,006)
Total net position	\$ (281,550)	\$ 96,584	\$ (184,966)

See Accompanying Notes to Financial Statements.



**CITY OF ROLLING HILLS ESTATES**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Equestrian Operations</b>	<b>Nonmajor Tennis Operations</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 101,525	\$ 68,854	\$ 170,379
<b>Operating expenses:</b>			
Personnel	-	48,217	48,217
Administrative	-	14,000	14,000
Materials and supplies	-	8,575	8,575
Depreciation	802	4,346	5,148
Total operating expenses	802	75,138	75,940
Operating income (loss)	100,723	(6,284)	94,439
<b>Nonoperating revenues:</b>			
Interest income	-	53	53
Change in net position	100,723	(6,231)	94,492
Total net position, beginning	(382,273)	102,815	(279,458)
Total net position, ending	\$ (281,550)	\$ 96,584	\$ (184,966)

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Equestrian Operations</b>	<b>Nonmajor Tennis Operations</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 98,165	\$ 79,846	\$ 178,011
Cash paid to suppliers of goods and services	-	(22,074)	(22,074)
Cash paid to employees	-	(48,217)	(48,217)
Net cash provided by operating activities	<u>98,165</u>	<u>9,555</u>	<u>107,720</u>
<b>Cash flows from noncapital financing activities:</b>			
Cash paid to other funds	(98,165)	-	(98,165)
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	-	(84,709)	(84,709)
<b>Cash flows from investing activities:</b>			
Interest on investments	-	53	53
Net decrease in cash and cash equivalents	-	(75,101)	(75,101)
Cash and cash equivalents, beginning	-	90,662	90,662
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 15,561</u>	<u>\$ 15,561</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 100,723	\$ (6,284)	\$ 94,439
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	802	4,346	5,148
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(3,360)	7,385	4,025
Increase in accounts payable and accrued liabilities	-	501	501
Increase in unearned revenue	-	3,607	3,607
Net cash provided by operating activities	<u>\$ 98,165</u>	<u>\$ 9,555</u>	<u>\$ 107,720</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**

Statement of Fiduciary Net Position

Agency Fund

June 30, 2014

	<b>Peninsula Parking</b>
<b>Assets:</b>	
Cash and investments	\$ 3,082
<b>Total Assets</b>	<u>3,082</u>
<b>Liabilities:</b>	
Accounts payable	<u>3,082</u>
<b>Net Position</b>	<u><u>\$ -</u></u>

See Accompanying Notes to Financial Statements.

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# CITY OF ROLLING HILLS ESTATES

Notes to Financial Statements

June 30, 2014

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) *Reporting Entity*

The City of Rolling Hills Estates (City) was incorporated on September 18, 1957, as a general law city and operates under a Council-Manager form of government. The Council is composed of five members. As required by generally accepted accounting principles, the financial statements present the government and its component unit for which the government is considered financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with the data of the primary government.

### *Peppertree Foundation (the Foundation)*

The Foundation is an organization responsible for the development and maintenance of the parks in the City. The City is financially accountable for the Foundation as the City Council serves as members of the Foundation's governing board and controls its operations. The financial transactions and balances of the Peppertree Foundation have been blended into the City's basic financial statements and are presented in a special revenue fund. Additional information on the Foundation is available at:

City of Rolling Hills Estates  
4045 Palos Verdes Drive North  
Rolling Hills Estates, California 90274

### *Joint Ventures*

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority. The Transit Authority is comprised of three member cities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Each member City provides an annually determined contribution towards the ongoing operation. The City does not have a specified equity interest; however, in the event of dissolution of the Authority, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each member agency during the entire term of the agreement. 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 (expanded to include two Los Angeles County Metropolitan Transportation Authority (LACMTA) routes effective July 1, 2006), Dial-A-Ride, and a fixed route shuttle service.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Palos Verdes Peninsula Transit Authority's fiscal year ended on June 30. As of June 30, 2013 (most recent information available), audited financial statements indicated the following:

Total assets	<u>\$ 3,163,125</u>
Total liabilities	<u>\$ 107,803</u>
Total equity	<u>\$ 3,055,322</u>
Charges for services	\$ 363,959
JPA member contributions and other income	225,296
Governmental sources	<u>32,200</u>
Total operating revenues	621,455
Total operating expenses	(2,373,038)
Total non-operating revenues	<u>1,842,386</u>
Change in Net Position	<u>\$ 90,803</u>

Separate financial statements are available at:

Palos Verdes Peninsula Transit Joint Powers Authority  
38 Crest Road West  
Rolling Hills, CA 90274

**(b) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

Property taxes, motor vehicle in lieu taxes, charges for services, revenues from other agencies and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State of California (State) at year-end on behalf of the City are also recognized as revenue.

All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues.

The City reports the following major governmental funds:

The **General Fund** is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

The **Federal STIP Capital Project Fund** is used to account for grant monies received from the State Transportation Improvement Program (STIP) for transportation projects.

The **Cal Recycle Asphalt Capital Project Fund** is used to account for a grant from the State of California for road improvements.

The **Prop A – Parks Capital Project Fund** is used to account for grant monies received from Los Angeles County for the maintenance and development of parks.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City reports one major proprietary fund:

The **Equestrian Operation Fund** is used to account for the financial activity of the City-owned stables. The costs of providing these services to the general public are financed or recovered primarily through user charges. Effective December 1, 2011, the City turned over operations of the stables to a concessionaire.

Additionally, the City reports the following fund types:

***Governmental Funds:***

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

The Capital Project funds are used to account for the acquisition and construction of various capital improvements and equipment for the City. The City reclassified several special revenue funds to capital project funds during fiscal 2014.

***Proprietary Funds:***

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

***Fiduciary Funds:***

Fiduciary Fund financial statements include a statement of fiduciary net position. The City's fiduciary fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The City has one agency fund. The agency fund is accounted for on an accrual basis of accounting as are the proprietary funds explained above.

The City reports the following fiduciary fund which is excluded from the government-wide financial statements:

**Peninsula Parking Fund** – To account for monies received from parking citation processing under a joint three-city agreement and held by Rolling Hills Estates on behalf of the cities of Rancho Palos Verdes and Rolling Hills.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.



**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Equestrian Operations Enterprise Fund and the Tennis Operations Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then use unrestricted resources as needed.

**(d) *Property Taxes***

Under California law, the property tax rate is limited to 1% of market value plus other increases approved by the voters. Property taxes are levied by the County Tax Assessor and shared among local taxing authorities. The County of Los Angeles collects and distributes property taxes on the basis of each taxing authority's tax rate percentage.

As a "No Property Tax City," Rolling Hills Estates' city tax rate is zero. However, under State legislation (Assembly Bill (AB) 1197), the City began receiving a share of property tax revenue in 1990.

Property taxes are levied on July 1 and are due on November 1 and February 1. Property taxes become delinquent after December 10 and April 10 for the first and second installments, respectively. The lien date is January 1. The City recognizes property tax revenue based upon distributions received from the County of Los Angeles which occurs shortly after the delinquency dates.

**(e) *Assets, Liabilities, and Net Position or Equity***

**1. *Cash and Investments***

Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as revenue from use of money and property reported for that fiscal year. Revenue from use of money and property includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance. For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's cash management pool is also considered to be cash equivalents.

**2. *Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (the current portion of interfund loans) or "advances to/ from other funds" (interfund loans that are not expected to be repaid within one year). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The amounts recorded as a receivable due from other governments include amounts collected or provided by Federal, State and County governments and not remitted to the City as of June 30, 2014. The County of Los Angeles assesses, bills, and collects taxes for the City.

**3. *Inventories***

Inventories are valued at cost using the average-cost method. Inventories in the governmental fund types are accounted for using the consumption method.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As a phase 3 government under GASB Statement No. 34, the City has elected to report only major general infrastructure assets acquired subsequent to June 30, 2003. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. 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. The City utilizes a capitalization threshold of \$5,000.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	35-50 years
Facilities and improvements	7-20 years
Vehicles and equipment	4-18 years
Furniture and fixtures	3-13 years
Infrastructure	20-50 years

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. *Compensated Absences***

City employees receive from 10 to 20 days vacation each year depending upon length of service. An employee may accumulate earned vacation time to a maximum not to exceed 35 days. Upon termination, employees are paid the full value of their unused vacation time at their existing salary. City employees receive 12 personal necessity/sick leave days each year. Any accrued sick leave over 60 days is automatically cashed out for the end of the calendar year. Upon termination, employees with a minimum of 30 days accumulated are paid the full value of their unused personal necessity/sick leave time at their existing salary.

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits relating to the operations of the funds. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. Non-current amounts are recorded in the long-term liability section of the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental funds accrue current liabilities for material vacation leave benefits due on demand to governmental fund employees that have terminated prior to year-end. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

**6. *Long-term Obligations***

The City's governmental fund obligations not currently due and payable at year-end are reported in the government-wide statement of net position. In the fund financial statements, governmental funds accrue current liabilities for principals and interests due on or prior to year-end.

**7. *Fund Equity***

Fund balance for governmental funds is classified as follows:

**Nonspendable** – includes amounts that are (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted** – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**Committed** – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council adopting a resolution or ordinance.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assigned – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council.

Unassigned – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The City Council adopts the City Fund Balance Policy annually. The policy establishes guidelines for budget decisions as to the appropriate use of General Fund resources and the maintenance of adequate reserves for contingencies, emergencies, capital improvements, and other such uses as determined by the City Council. Assigned fund balance for capital projects expenditures is based on the Six Year Capital Improvement plan forecast, within the limits of the overall Fund Balance Policy. Capital improvements are funded by prior year operating surpluses.

General Fund reserve requirements - Appropriation for contingencies are maintained at approximately two months of operating expenditures. Unassigned fund balance is eligible for use at the discretion of the City Council at a time of an unforeseen fiscal crisis. Such determinations are made by the City Council on a case-by-case basis. The unassigned fund balance of the General Fund must not be less than \$1.2 million at any time. At June 30, 2014 \$350,000 of unassigned fund balance has been identified for future operating expenditures.

**8. Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/ expenses during the reporting period. Actual results could differ from those estimates.

**9. New Pronouncements**

Implementation of the following GASB Sttements is effective for fiscal year 2014:

In March 2012, GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

resources. The City recognized \$119,325 in deferred inflows. In addition bond issuance costs should now be expensed in the current period rather than amortized over the bond life. The City had to expense \$63,808 in bond issuance costs from prior years. Please see Note #2 Restatement of Financial Statements for further details. .

In March 2012, GASB No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement had no material impact on the City’s financial statements.

The following standards are not yet effective and the City is currently analyzing its accounting practices to determine their potential impact on the financial statements.

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This will result in a net pension liability being recorded. Statement is effective for the City’s fiscal year ending June 30, 2015.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations, which provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. Application of this statement is effective for the City’s fiscal year ending June 30, 2015.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, which provides guidance to state and local governments clarifying the transition provisions for GASB No. 68 regarding pension contributions made after the measurement date. Application of this statement is effective for the City’s fiscal year ending June 30, 2015.

**(2) RESTATEMENT OF FINANICAL STATEMENTS**

The beginning net position at July 1, 2013 for the governmental activities were restated to report a correction of an error and to record a change in accounting principle for the following:

1. Adjustment to reduce prepaid pension asset for amounts paid for pension liabilities instead of a prepayment of pension costs.
2. Bond issuance costs are no longer permitted to be amortized over a period of time per the bond requirements of GASB #65.

**Governmental Activities:**

Ending net position, June 30, 2013, as previously stated	\$11,907,939
Adjustment to prepaid pension assets	(1,591,192)
Bond issuance costs, net of amortization	<u>(63,808)</u>
Ending net position, July 1, 2014, as restated	<u>\$10,252,939</u>

**CITY OF ROLLING HILLS ESTATES**  
Notes to Financial Statements (Continued)  
June 30, 2014

**(3) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*(a) Budgetary Data*

On or before June 30 of each year, the City Council adopts a budget for the ensuing fiscal year. The City Manager is responsible for the preparation and administration of the annual budget.

Budgets are reported on the same basis as the fund types and are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. The legal level of control or the level at which expenditures may not legally exceed appropriations is at the program level. The program level includes General Government, Public Safety, Public Works, Community Services, Public Health and Capital Outlay. Unexpended budgetary appropriations lapse at year-end.

Management may amend budgets within the program level. Budgetary revisions that alter the total appropriations of a program must be approved by the City Council.

*(b) Excess of Expenditures over Appropriations*

The following individual funds exceeded the expenditures budget:

General Fund - Principal	700
Prop A Capital Project Fund - Capital outlays	22,331
Nonmajor governmental funds:	
Traffic Safety Special Revenue Fund - Public safety	232
Transit Improvement Tax Special Revenue Fund - Public safety	184
Highway Users Tax Special Revenue Fund - Public works	75,484
Quimby Fees Capital Project Fund - Capital outlay	30,250
Proposition C Capital Project Fund - Capital outlay	44,058
STPL Grant Capital Project Fund - Capital outlay	94
Measure R Capital Project Fund - Capital outlay	75,000
State SR2S Capital Project Fund - Capital outlay	443,488

These expenditures are funded with a combination of excess revenues or by the available fund balance.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(3) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**(b) Deficit Fund Equity**

The following funds have an accumulated deficit at June 30, 2014:

Proprietary:		
Equestrian Operations	\$	281,550
Capital Project:		
Proposition A Parks		545,978
Proposition C		12,954
Quimby Fees		61,865
State SR2S		119,325

These deficits will be funded with future grant revenues, development fees or charges for services.

**(4) DETAILED NOTES ON ALL FUNDS**

**(a) Cash and Investments**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

<b>Statement of net position:</b>		
Cash and investments	\$	1,856,052
<b>Fiduciary funds:</b>		
Cash and investments		3,082
		<u>3,082</u>
	\$	<u>1,859,134</u>

Cash and investments were comprised of the following as of June 30, 2014:

Cash on hand	\$	685
Deposits with financial institution		550,807
Investments		1,307,642
		<u>1,307,642</u>
Total cash and investments	\$	<u>1,859,134</u>

**CITY OF ROLLING HILLS ESTATES**  
Notes to Financial Statements (Continued)  
June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

***Investments Authorized by the Entity's Investment Policy***

The City of Rolling Hills Estates' Statement of Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and the investment types authorized are more restrictive than the investment vehicles authorized by Section 53601 of the California Government Code (CGC), except for U.S. treasury notes and U.S. treasury bonds. The maximum maturity authorized by the CGC for U.S. treasury notes and U.S. treasury bonds is 5 years, and the City's investment policy is 1 - 10 years and 10 - 30 years, respectively. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

Authroized Investment Type	Maximum Maturity		Maximum Percentage of Portfolio *		Maximum Investment in One Issuer	
	CGC	City Policy	CGC	City Policy	CGC	City Policy
	U.S. Treasury Bills **	5 years	1 year	None	N/A	None
U.S. Treasury Notes **	5 years	10 years	None	N/A	None	90%
U.S. Treasury Bonds **	5 years	30 years	None	N/A	None	90%
Negotiable Certificates of Deposit	5 years	5 years	30%	30%	None	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	90% ***	None	\$50M
Savings Passbook	N/A	N/A	None	None	None	90%

\* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

\*\* A maximum of 25% of the total investment portfolio may be invested for a period exceeding 5 years.

\*\*\*When LAIF yields exceed those of other allowable investment vehicles, the City is permitted to maintain up to 100% of excess funds in LAIF.

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk and credit risk. The primary objective of the City's investment function shall be safety, since the safeguarding of City assets is of paramount importance. Most investments will be highly liquid with maturities selected to anticipate cash needs and avoid the need for forced liquidations. Yield shall be a consideration only after the basic requirements of safety and liquidity have been met.

***Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.



**CITY OF ROLLING HILLS ESTATES**  
Notes to Financial Statements (Continued)  
June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Information about the sensitivity of fair values of the City's investments to market interest rate is provided by the following table that shows the distribution of the City's investments by maturity:

<b>Investment Types</b>	<b>Remaining Maturity (in Months) 12 Months Or Less</b>
LAIF	\$ 1,103,597
Negotiable certificates of deposit	204,045
Total	\$ 1,307,642

***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. Presented below is the minimum rating required by the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

<b>Investment Type</b>	<b>Total Investment</b>	<b>Minimum Legal Rating</b>	<b>Not Rated</b>
LAIF	\$ 1,103,597	N/A	\$ 1,103,597
Negotiable certificates of deposit	204,045	N/A	204,045
Total	\$ 1,307,642		\$ 1,307,642

***Concentration of Credit Risk***

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<b>Issuer</b>	<b>Investment Type</b>	<b>Reported Amount</b>	<b>% of Portfolio</b>
Malaga Bank	Negotiable certificate of deposit	\$ 204,045	15.6%

***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

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014, the carrying amount of the City's bank deposits was \$550,807, and the respective bank balances totaled \$547,725. Of the bank balance, \$250,000 was insured through the FDIC.

***Investment in State Investment Pool***

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

The total amount invested by all public agencies in LAIF as of June 30, 2014 was \$21.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2014 had a balance of \$64.9 billion. Of that amount 1.09% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 278 days as of June 30, 2014. LAIF is unrated as to credit quality.

**CITY OF ROLLING HILLS ESTATES**  
Notes to Financial Statements (Continued)  
June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**(b) Capital Assets**

A summary of changes in capital asset activity for the City's governmental and business-type activities for the year ended June 30, 2014 is as follows:

<u>Governmental activities</u>	<u>Balance at July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2014</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 3,864,943	\$ -	\$ -	\$ 3,864,943
Construction in progress	889,951	104,408	(722,930)	271,429
Total capital assets, not being depreciated	<u>4,754,894</u>	<u>104,408</u>	<u>(722,930)</u>	<u>4,136,372</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,495,859	-	-	1,495,859
Facilities and improvements	2,011,974	36,521	-	2,048,495
Vehicles and equipment	852,255	-	-	852,255
Furniture and fixtures	92,444	-	-	92,444
Infrastructure	3,991,938	4,266,336	-	8,258,274
Total capital assets, being depreciated	<u>8,444,470</u>	<u>4,302,857</u>	<u>-</u>	<u>12,747,327</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(844,240)	(45,255)	-	(889,495)
Facilities and improvements	(1,195,032)	(82,126)	-	(1,277,158)
Vehicles and equipment	(740,842)	(31,526)	-	(772,368)
Furniture and fixtures	(86,489)	(319)	-	(86,808)
Infrastructure	(922,746)	(190,070)	-	(1,112,816)
Total accumulated depreciation	<u>(3,789,349)</u>	<u>(349,296)</u>	<u>-</u>	<u>(4,138,645)</u>
Total capital assets, being depreciated, net	<u>4,655,121</u>	<u>3,953,561</u>	<u>-</u>	<u>8,608,682</u>
Governmental activities capital assets, net	<u>\$ 9,410,015</u>	<u>\$ 4,057,969</u>	<u>\$ (722,930)</u>	<u>\$ 12,745,054</u>

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

	<u>Balance at</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>June 30, 2014</u>
<b><u>Business-type activities</u></b>				
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	\$ 287,569	\$ -	\$ (46,946)	\$ 240,623
Facilities and improvements	237,951	84,710	-	322,661
Vehicles and equipment	41,055	-	(25,055)	16,000
Furniture and fixtures	21,033	-	-	21,033
Total capital assets, being depreciated	<u>587,609</u>	<u>84,710</u>	<u>(72,001)</u>	<u>600,317</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(250,626)	(1,462)	46,946	(205,142)
Facilities and improvements	(236,416)	(3,686)	-	(240,102)
Vehicles and equipment	(41,055)	-	25,055	(16,000)
Furniture and fixtures	(21,033)	-	-	(21,033)
Total accumulated depreciation	<u>(549,130)</u>	<u>(5,148)</u>	<u>72,001</u>	<u>(482,277)</u>
Business-type activities capital assets, net	<u>\$ 38,479</u>	<u>\$ 79,562</u>	<u>\$ -</u>	<u>\$ 118,040</u>

Depreciation expense of \$354,444 was charged to the following functions:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
General government	\$ 44,464	\$ -
Community services	114,762	-
Public works	190,070	-
Equestrian operations	-	802
Tennis operations	-	4,346
Total	<u>\$ 349,296</u>	<u>\$ 5,148</u>

**CITY OF ROLLING HILLS ESTATES**  
Notes to Financial Statements (Continued)  
June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**(c) *Interfund Receivable and Payable***

The composition of interfund balances as of June 30, 2014 are as follows:

<u>Due to other funds</u>	<u>Receivable fund General Fund</u>
Federal STIP Capital Project Fund	\$ 240,345
CalRecycle Asphalt Capital Project Fund	198,500
Proposition A- Parks Capital Project Fund	580,306
Nonmajor Governmental Funds	140,717
	<u>\$ 1,159,868</u>

Due to other funds balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) short-term borrowings. All Due to other funds balances are expected to be reimbursed within the subsequent year.

<u>Advances to other funds</u>	<u>Receivable fund General Fund</u>
Equestrian Operations Enterprise Fund	\$ 339,506

Advances to other funds balances resulted from long-term borrowings. All Advances to other funds balances are reimbursed in more than one year.

**(d) *Interfund Transfers***

<u>Transfers In</u>	<u>Transfer Out</u>		<u>Total</u>
	<u>General Fund</u>	<u>NonMajor Funds</u>	
NonMajor Funds	\$ 20,605	\$ 53,442	\$ 74,047
Total Transfers	<u>\$ 20,605</u>	<u>\$ 53,442</u>	<u>\$ 74,047</u>

The NonMajor Air Quality Improvement Special Revenue Fund received \$6,685 to repay disallowed costs from fiscal year 2013. The NonMajor Prop 40 Parks Grants Special Revenue Fund received from the Quimby Fund \$53,442, the NonMajor ARRA EECBG Special Revenue Fund and the NonMajor Prop A 4<sup>th</sup> District Special Revenue fund received, respectively, \$12,121 and \$1,799 from the General Fund as the funds had no means of repaying their interfund liabilities they had to the General Fund.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(4) DETAILED NOTES ON ALL FUNDS (CONTINUED)**

*(e) Long-Term Liabilities*

**Governmental Activities:**

***Long-Term Debt***

On August 23, 2012, the City issued the 2012 Taxable Pension Obligation Bonds with a par amount of \$1,807,000 and interest rate of 3.62% to refinance the outstanding “side fund” obligations to the CalPERS retirement system. The purpose of the side fund was to account for the difference between the funded status of the pool and the funded status of the plan, in addition to the existing unfunded liability. The bonds will mature on June 30, 2021. The debt service remaining on the bonds as of June 30, 2014 is \$1,720,114, payable through fiscal year 2021.

As of June 30, 2014, annual debt service requirements to maturity are as follows:

<b><u>Fiscal year ending June 30:</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2015	168,000	52,798
2016	182,000	46,589
2017	197,000	39,856
2018	212,000	32,598
2019	230,000	24,761
2020-2021	511,000	23,512
<b>Total requirements</b>	<b>\$ 1,500,000</b>	<b>\$ 220,114</b>

***Compensated Absences Payable***

The City’s policies relating to compensated absences are described in Note (1)(e)5. This liability will be paid from future resources primarily from the General Fund.

\$ 428,237

The following is a summary of changes in long-term liabilities for Governmental Activities:

	<b><u>Balance at July 1, 2013</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance at June 30, 2014</u></b>	<b><u>Due within one year</u></b>
Bonds payable	\$ 1,655,000	\$ -	\$ (155,000)	\$ 1,500,000	\$ 168,000
Compensated absences	413,753	22,540	(8,056)	428,237	42,824
	<b><u>\$ 2,068,753</u></b>	<b><u>\$ 22,540</u></b>	<b><u>\$ (163,056)</u></b>	<b><u>\$ 1,928,237</u></b>	<b><u>\$ 210,824</u></b>

**Business-type Activities:**

No long-term liabilities are due for Business-type Activities.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(5) OTHER INFORMATION**

**(a) *Liability, Property and Workers' Compensation Protection***

***1. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement***

The City of Rolling Hills Estates is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority 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 lines of coverage. The California JPIA 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 nine-member Executive Committee including one member of the City Council of Rolling Hills Estates.

***2. Self-Insurance Programs of the Authority***

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(5) OTHER INFORMATION (CONTINUED)**

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

**Liability** – In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

**Workers' Compensation** – In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is



**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(5) OTHER INFORMATION (CONTINUED)**

evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**3. Purchased Insurance**

**Pollution Legal Liability Insurance** –

The City of Rolling Hills Estates participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rolling Hills Estates. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

**Property Insurance** –

The City of Rolling Hills Estates participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills Estates property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills Estates to the Authority. City of Rolling Hills Estates property currently has all-risk property insurance protection in the amount of \$5,698,473. 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 retrospective adjustments.

**Earthquake and Flood Insurance** –

The City of Rolling Hills Estates purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$5,598,473. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

**Crime Insurance** –

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

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(5) OTHER INFORMATION (CONTINUED)**

**Special Event Tenant User Liability Insurance** –

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

**4. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

**(b) Related Party Transactions**

The California Joint Powers Insurance Authority provides insurance services to the City as mentioned above. One of the City's council members is also a board of director at the Authority. The contributions paid by the City to the Authority for the year ended June 30, 2014 were \$183,767.

**(c) City Employees Retirement Plan**

**1. Defined Benefit Pension Plan**

**Plan Description:** The City contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, CA 95811.

**Funding Policy:** Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 23.5% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pensions Cost:** For fiscal year 2013-2014, the City's annual pension cost of \$259,357 for PERS was equal to the City's required contributions.

**CITY OF ROLLING HILLS ESTATES**

Notes to Financial Statements (Continued)

June 30, 2014

**(5) OTHER INFORMATION (CONTINUED)**

The following is a summary of information for PERS for a three-year period ending each June 30:

**Three-Year Trend Information for PERS**  
**Schedule of Employer Contributions (\$ in 000's)**

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
6/30/12	\$ 380	100%	\$ -
6/30/13	234	100%	-
6/30/14	259	100%	-

**2. Defined Contribution Retirement System**

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. The City has adopted this tax qualified governmental defined contribution plan for the benefit of its eligible employees (full-time employee) to provide supplemental retirement benefits to eligible employees in addition to the benefits employees will receive from the Public Employees' Retirement System (Note (5)(c)1).

However, as of July 2011, the City suspended contributions to PARS, except for \$400 per month for administrative fees.

No changes in the plan provisions occurred during the year. The plan held no securities of the City or other related parties during or at the close of the fiscal year.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ROLLING HILLS ESTATES**

General Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 1,711,379	\$ 2,686,414	\$ 2,724,873	\$ 38,459
Sales and use taxes	935,117	891,793	902,838	11,045
Business license taxes	240,000	240,000	247,188	7,188
Other taxes	685,000	586,500	645,399	58,899
Licenses and permits	1,377,000	1,408,000	1,628,949	220,949
Fines and forfeitures	73,000	38,000	33,313	(4,687)
Use of money and property	18,500	24,500	25,257	757
Charges for services	257,500	540,079	370,913	(169,166)
Revenues from other agencies	1,175,035	200,000	394,603	194,603
Other revenues	267,050	15,000	9,533	(5,467)
Total revenues	<u>6,739,581</u>	<u>6,630,286</u>	<u>6,982,866</u>	<u>352,580</u>
<b>Expenditures:</b>				
Current:				
General government	2,984,362	2,728,721	2,700,233	28,488
Public safety	1,749,660	1,776,172	1,872,425	(96,253)
Public works	415,440	355,440	260,681	94,759
Community services	1,004,409	1,147,961	1,235,725	(87,764)
Public health	35,000	-	26,478	(26,478)
Capital outlay	519,541	469,541	420,823	48,718
Debt service:				
Principal	-	155,000	155,700	(700)
Interest	-	58,517	58,359	158
Total expenditures	<u>6,708,412</u>	<u>6,691,352</u>	<u>6,730,424</u>	<u>(39,072)</u>
Excess (deficiency) of revenues over expenditures	31,169	(61,066)	252,442	313,508
<b>Other Financing Uses</b>				
Transfers out	<u>-</u>	<u>(20,605)</u>	<u>(20,605)</u>	<u>-</u>
Net change in fund balance	31,169	(81,671)	231,837	313,508
Fund balance, beginning	<u>2,570,252</u>	<u>2,570,252</u>	<u>2,570,252</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 2,601,421</u></u>	<u><u>\$ 2,488,581</u></u>	<u><u>\$ 2,802,089</u></u>	<u><u>\$ 313,508</u></u>

See Accompanying Note to Required Supplementary Information.

**CITY OF ROLLING HILLS ESTATES**  
Note to Required Supplementary Information  
June 30, 2014

**(1) Budgetary Data**

On or before June 30 of each year, the City Council adopts a budget for the ensuing fiscal year. The City Manager is responsible for the preparation and administration of the annual budget.

Budgets are reported on the same basis as the fund types and are adopted on a basis consistent with generally accepted accounting principles. The legal level of control or the level at which expenditures may not legally exceed appropriations is at the program level. The program level includes general government, public safety, public works, community services, public health and capital outlay. Unexpended budgetary appropriations lapse at year-end.

Management may amend budgets within the program level. Budgetary revisions that alter the total appropriations of a program must be approved by City Council.



**SUPPLEMENTARY INFORMATION**

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**CITY OF ROLLING HILLS ESTATES**

Federal STIP Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Revenue from other agencies	\$ 1,803,000	\$ 1,803,001	\$ 1
<b>Expenditures:</b>			
Capital outlay	<u>1,803,000</u>	<u>1,427,393</u>	<u>375,607</u>
Net change in fund balance	-	375,608	375,608
Fund balance (deficit), beginning	<u>(375,608)</u>	<u>(375,608)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (375,608)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 375,608</u></u>

**CITY OF ROLLING HILLS ESTATES**

CalRecycle Asphalt Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Revenue from other agencies	\$ 198,500	\$ 198,500	\$ -
Total revenues	198,500	198,500	-
<b>Expenditures:</b>			
Capital outlay	198,500	198,500	-
Total expenditures	198,500	198,500	-
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance (deficit), beginning	-	-	-
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ROLLING HILLS ESTATES**

Prop A Parks Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ 363,000	\$ 42,000	\$ (321,000)
Total Revenues	<u>363,000</u>	<u>42,000</u>	<u>(321,000)</u>
<b>Expenditures:</b>			
Community services	19,000	17,127	1,873
Capital outlay	82,077	104,408	(22,331)
Total expenditures	<u>101,077</u>	<u>121,535</u>	<u>(20,458)</u>
Excess (deficiency) of revenues over expenditures	261,923	(79,535)	(341,458)
Fund balance (deficit), beginning	<u>(466,443)</u>	<u>(466,443)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (204,520)</u>	<u>\$ (545,978)</u>	<u>\$ (341,458)</u>

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## DESCRIPTION OF NONMAJOR FUNDS

### *Special Revenue Funds*

The Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes.

**Traffic Safety Fund** - To account for traffic fines to be used for traffic safety purposes.

**Prop A Transit Improvement Tax Fund** - To account for funds received through the Los Angeles County Metropolitan Transit Authority to be used to provide transportation services.

**Air Quality Improvement Fund** - To account for monies received from the Department of Motor Vehicles to be used for the purpose of reducing air pollution.

**ARRA Energy Efficiency and Conservation Block Grant (EECBG) Fund** - To account for grant monies received from the American Recovery and Reinvestment Act (ARRA) for upgrades to the City Council's HVAC and lighting.

**State Park Grant Fund** - To account for revenues received from developers for the purpose of park development.

**Prop A 40 Parks Grant Fund** - To account for grant monies received from the State of California for the maintenance and development of parks, recreation facilities, and open space.

**Prop A 4<sup>th</sup> District Fund** - To account for grant monies received for the replacement of three-rail fencing in the City.

**Peppertree Foundation Fund** - To account for monies received from donations for special recreational purposes.

**Highway Users Tax Fund** - To account for State gasoline taxes used for street maintenance, construction, and/or right of way acquisition.

### *Capital Projects Funds*

The Capital Project funds are used to account for the acquisition and construction of various capital improvements and equipment for the City.

**Quimby Fees Fund**- To account for park-in-lieu fees for all new residential projects from developers who cannot provide land and park improvements as part of their development.

**Local Transportation Fund** - To account for grant monies received from the State of California for the development of bike lanes.

**PEG Fees Fund** - To account for revenues received from the cable operator to be used for equipment, upgrades and maintenance.

**Prop C Fund** - To account for the City's share of an additional one-half cent sales tax collected by the County of Los Angeles to finance transit projects within the City.

## DESCRIPTION OF NONMAJOR FUNDS (CONTINUED)

**STPL Grant Fund**- To account for funds received for improvements to the City's bike lanes.

**Measure R Fund** - To account for the City's share of the half-cent sales tax approved by of Los Angeles County voters to finance new transportation projects and programs within the City.

**State SR2S Fund** - To account for funds received for projects to promote safe routes to school.

### *Agency Fund*

The Agency Fund is used to account for assets held by the government as an agent for individuals, other governments and/or other funds.

**Peninsula Parking Fund** - To account for monies received from parking citation processing under a joint three-city agreement and held by Rolling Hills Estates on behalf of the Cities of Rancho Palos Verdes and Rolling Hills.



**CITY OF ROLLING HILLS ESTATES**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2014

	<b>Special Revenue Funds</b>								
	<b>Traffic</b>	<b>Prop A</b>	<b>Air Quality</b>	<b>ARRA</b>	<b>State</b>	<b>Prop 40</b>	<b>Prop A</b>	<b>Peppertree</b>	<b>Highway</b>
	<b>Safety</b>	<b>Transit Tax</b>	<b>Improvement</b>	<b>EECBG</b>	<b>Park Grant</b>	<b>Parks Grant</b>	<b>4th District</b>	<b>Foundation</b>	<b>Users Tax</b>
<b>Assets:</b>									
Cash and investments	\$ 22,358	\$ 51,754	\$ 40,799	-	\$ 62,281	\$ -	\$ -	\$ 12,863	\$ 90,001
Accounts receivable	4,563	8	6	-	12	-	-	16	490
Total assets	<u>\$ 26,921</u>	<u>\$ 51,762</u>	<u>\$ 40,805</u>	<u>\$ -</u>	<u>\$ 62,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,879</u>	<u>\$ 90,491</u>
<b>Liabilities:</b>									
Accounts payable and accrued liabilities	\$ 286	\$ 740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443	\$ 33,119
Due to other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	1,000	-
Total liabilities	<u>286</u>	<u>740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443</u>	<u>33,119</u>
<b>Deferred inflows of resources:</b>									
Revenue earned but unavailable	-	-	-	-	-	-	-	-	-
<b>Fund balances (deficits):</b>									
Restricted for:									
Transportation	26,635	51,022	40,805	-	-	-	-	-	57,372
Capital projects	-	-	-	-	-	-	-	-	-
Park Improvements	-	-	-	-	62,293	-	-	11,436	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>26,635</u>	<u>51,022</u>	<u>40,805</u>	<u>-</u>	<u>62,293</u>	<u>-</u>	<u>-</u>	<u>11,436</u>	<u>57,372</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 26,921</u>	<u>\$ 51,762</u>	<u>\$ 40,805</u>	<u>\$ -</u>	<u>\$ 62,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,879</u>	<u>\$ 90,491</u>

(Continued)

	Capital Project Funds							Total Nonmajor Governmental
	Quimby	Local	PEG	Prop	STPL	Measure	State	
	Fees	Transportation	Fees	C	Grant	R	SR2S	
<b>Assets:</b>								
Cash and investments	\$ (53,442)	\$ 7,290	\$ 81,885	\$ -	\$ -	\$ 24,555	\$ -	\$ 340,344
Accounts receivable	15	-	7,188	-	-	8	119,325	131,631
Total assets	<u>\$ (53,427)</u>	<u>\$ 7,290</u>	<u>\$ 89,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,563</u>	<u>\$ 119,325</u>	<u>\$ 471,975</u>
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,588
Due to other funds	8,438	-	-	12,954	-	-	119,325	140,717
Unearned revenue	-	-	-	-	-	-	-	1,000
Total liabilities	<u>8,438</u>	<u>-</u>	<u>-</u>	<u>12,954</u>	<u>-</u>	<u>-</u>	<u>119,325</u>	<u>176,305</u>
<b>Deferred inflows of resources</b>								
Revenue earned but unavailable	-	-	-	-	-	-	119,325	119,325
<b>Fund balances (deficits):</b>								
Restricted for:								
Transportation	-	7,290	-	-	-	24,563	-	207,687
Capital projects	-	-	89,073	-	-	-	-	89,073
Park Improvements	-	-	-	-	-	-	-	73,729
Unassigned	(61,865)	-	-	(12,954)	-	-	(119,325)	(194,144)
Total fund balances (deficits)	<u>(61,865)</u>	<u>7,290</u>	<u>89,073</u>	<u>(12,954)</u>	<u>-</u>	<u>24,563</u>	<u>(119,325)</u>	<u>176,345</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ (53,427)</u>	<u>\$ 7,290</u>	<u>\$ 89,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,563</u>	<u>\$ 119,325</u>	<u>\$ 471,975</u>

**CITY OF ROLLING HILLS ESTATES**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	<b>Special Revenue Funds</b>								
	<b>Traffic Safety</b>	<b>Prop A Transit Tax</b>	<b>Air Quality Improvement</b>	<b>ARRA EECBG</b>	<b>State Park Grant</b>	<b>Prop 40 Parks Grant</b>	<b>Prop A 4th District</b>	<b>Peppertree Foundation</b>	<b>Highway Users Tax</b>
<b>Revenues:</b>									
Fines and forfeitures	\$ 55,649	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -
Use of money and property	21	95	33	-	85	-	-	9	235
Charges for services	-	-	-	-	-	-	-	45,228	-
Revenues from other agencies	-	138,167	7,339	-	-	-	-	-	251,199
Total revenues	<u>55,670</u>	<u>138,262</u>	<u>7,372</u>	<u>-</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>45,237</u>	<u>251,434</u>
<b>Expenditures:</b>									
Current:									
Public safety	34,232	-	-	-	-	-	-	-	-
Public works	-	138,679	-	-	-	-	-	-	348,484
Community services	-	-	-	-	-	-	-	25,861	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>34,232</u>	<u>138,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,861</u>	<u>348,484</u>
Excess (deficiency) of revenues over expenditures	21,438	(417)	7,372	-	85	-	-	19,376	(97,050)
<b>Other financing sources (uses):</b>									
Transfers in	-	-	6,685	12,121	-	53,442	1,799	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,685</u>	<u>12,121</u>	<u>-</u>	<u>53,442</u>	<u>1,799</u>	<u>-</u>	<u>-</u>
Net change in fund balances	21,438	(417)	14,057	12,121	85	53,442	1,799	19,376	(97,050)
Fund balances (deficits), beginning	5,197	51,439	26,748	(12,121)	62,208	(53,442)	(1,799)	(7,940)	154,422
Fund balances (deficits), ending	<u>\$ 26,635</u>	<u>\$ 51,022</u>	<u>\$ 40,805</u>	<u>\$ -</u>	<u>\$ 62,293</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 11,436</u>	<u>\$ 57,372</u>

(Continued)

**Capital Projects Funds**

	<b>Quimby Fees</b>	<b>Local Transportation</b>	<b>PEG Fees</b>	<b>Proposition C</b>	<b>STPL Grant</b>	<b>Measure R</b>	<b>State SR2S</b>	<b>Total Nonmajor Governmental</b>
<b>Revenues:</b>								
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,649
Use of money and property	337	4	93	197	94	126	-	1,329
Charges for services	-	-	-	-	-	-	-	45,228
Revenues from other agencies	15,000	15,900	27,656	114,516	117,653	85,530	489,188	1,262,148
Total revenues	15,337	15,904	27,749	114,713	117,747	85,656	489,188	1,364,354
<b>Expenditures:</b>								
Current:								
Public safety	-	-	-	-	-	-	-	34,232
Public works	-	-	-	-	-	-	-	487,163
Community services	-	-	-	-	-	-	-	25,861
Capital outlay	355,099	15,900	687	336,253	117,747	170,000	547,788	1,543,474
Total expenditures	355,099	15,900	687	336,253	117,747	170,000	547,788	2,090,730
Excess (deficiency) of revenues over expenditures	(339,762)	4	27,062	(221,540)	-	(84,344)	(58,600)	(726,376)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	74,047
Transfers out	(53,442)	-	-	-	-	-	-	(53,442)
Total other financing sources (uses)	(53,442)	-	-	-	-	-	-	20,605
Net change in fund balances	(393,204)	4	27,062	(221,540)	-	(84,344)	(58,600)	(705,771)
Fund balances (deficits), beginning	331,339	7,286	62,011	208,586	-	108,907	(60,725)	882,116
Fund balances (deficits), ending	\$ (61,865)	\$ 7,290	\$ 89,073	\$ (12,954)	\$ -	\$ 24,563	\$ (119,325)	\$ 176,345

**CITY OF ROLLING HILLS ESTATES**

Traffic Safety Special Revenue Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Fines and forfeitures	\$ 42,000	\$ 55,649	\$ 13,649
Use of money and property	-	21	21
Total revenues	<u>42,000</u>	<u>55,670</u>	<u>13,670</u>
<b>Expenditures:</b>			
Public safety	<u>34,000</u>	<u>34,232</u>	<u>(232)</u>
Total expenditures	<u>34,000</u>	<u>34,232</u>	<u>(232)</u>
Excess (deficiency) of revenues over expenditures	8,000	21,438	13,438
Fund balance (deficit), beginning	<u>5,197</u>	<u>5,197</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 13,197</u>	<u>\$ 26,635</u>	<u>\$ 13,438</u>

**CITY OF ROLLING HILLS ESTATES**  
 Prop A Transit Improvement Tax Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 95	\$ (5)
Revenues from other agencies	137,545	138,167	622
Total revenues	137,645	138,262	617
<b>Expenditures:</b>			
Current:			
Public works	138,495	138,679	(184)
Total expenditures	138,495	138,679	(184)
Excess (deficiency) of revenues over expenditures	(850)	(417)	433
Fund balance, beginning	51,439	51,439	-
Fund balance, ending	\$ 50,589	\$ 51,022	\$ 433

**CITY OF ROLLING HILLS ESTATES**  
 Air Quality Improvement Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ 50	\$ 33	\$ (17)
Revenues from other agencies	9,100	7,339	(1,761)
Total revenues	9,150	7,372	(1,778)
<b>Expenditures:</b>			
Current:			
General government	6,685	-	6,685
Total expenditures	6,685	-	6,685
Excess of revenues over expenditures	2,465	7,372	4,907
<b>Other Financing Sources</b>			
Transfers in	-	6,685	6,685
Total other financing sources	-	6,685	6,685
Net change in fund balance	2,465	14,057	11,592
Fund balance, beginning	26,748	26,748	-
Fund balance, ending	\$ 29,213	\$ 40,805	\$ 11,592

**CITY OF ROLLING HILLS ESTATES**

ARRA EECBG Special Revenue Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
<b>Other financing sources:</b>			
Transfers in	<u>12,121</u>	<u>12,121</u>	<u>-</u>
Total other financing sources	<u>12,121</u>	<u>12,121</u>	<u>-</u>
Net change in fund balance	12,121	12,121	-
Fund balance (deficit), beginning	<u>(12,121)</u>	<u>(12,121)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF ROLLING HILLS ESTATES**

State Park Grant Special Revenue Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 85	\$ (15)
Total revenues	<u>100</u>	<u>85</u>	<u>(15)</u>
<b>Expenditures:</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	100	85	(15)
Fund balance, beginning	62,208	62,208	-
Fund balance, ending	<u>\$ 62,308</u>	<u>\$ 62,293</u>	<u>\$ (15)</u>

**CITY OF ROLLING HILLS ESTATES**  
 Prop 40 - Parks Grant Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Revenue from other agencies	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources:</b>			
Transfers in	53,442	53,442	-
Total other financing sources	<u>53,442</u>	<u>53,442</u>	<u>-</u>
Net change in fund balance	53,442	53,442	-
Fund balance (deficit), beginning	(53,442)	(53,442)	-
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ROLLING HILLS ESTATES**

Prop A 4th District Special Revenue Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
<b>Other financing sources:</b>			
Transfers in	<u>1,799</u>	<u>1,799</u>	<u>-</u>
Total other financing uses	<u>1,799</u>	<u>1,799</u>	<u>-</u>
Net change in fund balance	1,799	1,799	-
Fund balance (deficit), beginning	<u>(1,799)</u>	<u>(1,799)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ROLLING HILLS ESTATES**  
 Peppertree Foundation Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 9	\$ 9
Charges for services	<u>44,000</u>	<u>45,228</u>	<u>1,228</u>
Total revenues	<u>44,000</u>	<u>45,237</u>	<u>1,237</u>
<b>Expenditures:</b>			
Community services	<u>29,450</u>	<u>25,861</u>	<u>3,589</u>
Total expenditures	<u>29,450</u>	<u>25,861</u>	<u>3,589</u>
Excess of Revenues over expenditures	14,550	19,376	4,826
Fund balance (deficit), beginning	(7,940)	(7,940)	-
Fund balance (deficit), ending	<u>\$ 6,610</u>	<u>\$ 11,436</u>	<u>\$ 4,826</u>

**CITY OF ROLLING HILLS ESTATES**  
Highway Users Tax Special Revenue Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ 150	\$ 235	\$ 85
Revenues from other agencies	243,336	251,199	7,863
Total revenues	<u>243,486</u>	<u>251,434</u>	<u>7,948</u>
<b>Expenditures:</b>			
Public works	273,000	348,484	(75,484)
Total expenditures	<u>273,000</u>	<u>348,484</u>	<u>(75,484)</u>
Excess (deficiency) of revenues over expenditures	(29,514)	(97,050)	(67,536)
Fund balance, beginning	154,422	154,422	-
Fund balance, ending	<u>\$ 124,908</u>	<u>\$ 57,372</u>	<u>\$ (67,536)</u>

**CITY OF ROLLING HILLS ESTATES**

Quimby Fees Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ 500	\$ 337	\$ (163)
Revenues from other agencies	-	15,000	15,000
	<u>500</u>	<u>15,337</u>	<u>14,837</u>
<b>Expenditures:</b>			
Capital outlay	324,849	355,099	(30,250)
	<u>324,849</u>	<u>355,099</u>	<u>(30,250)</u>
Excess (deficiency) of revenues over expenditures	(324,349)	(339,762)	(15,413)
<b>Other financing uses:</b>			
Transfers out	-	(53,442)	(53,442)
Total other financing uses	<u>-</u>	<u>(53,442)</u>	<u>(53,442)</u>
Net change in fund balance	(324,349)	(393,204)	(68,855)
Fund balance, beginning	<u>331,339</u>	<u>331,339</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 6,990</u>	<u>\$ (61,865)</u>	<u>\$ (68,855)</u>

**CITY OF ROLLING HILLS ESTATES**  
 Local Transportation Capital Project Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 4	\$ 4
Revenues from other agencies	5,000	15,900	10,900
Total revenues	5,000	15,904	10,904
<b>Expenditures:</b>			
Capital outlay	16,320	15,900	420
Total expenditures	16,320	15,900	420
Excess (deficiency) of revenues over expenditures	(11,320)	4	11,324
Fund balance, beginning	7,286	7,286	-
Fund balance (deficit), ending	\$ (4,034)	\$ 7,290	\$ 11,324

**CITY OF ROLLING HILLS ESTATES**

PEG Fees Capital Project Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 93	\$ (7)
Revenues from other agencies	<u>25,600</u>	<u>27,656</u>	<u>2,056</u>
Total revenues	<u>25,700</u>	<u>27,749</u>	<u>2,049</u>
<b>Expenditures:</b>			
Capital outlay	<u>1,200</u>	<u>687</u>	<u>513</u>
Total expenditures	<u>1,200</u>	<u>687</u>	<u>513</u>
Excess of revenues over expenditures	24,500	27,062	2,562
Fund balance, beginning	<u>62,011</u>	<u>62,011</u>	-
Fund balance, ending	<u>\$ 86,511</u>	<u>\$ 89,073</u>	<u>\$ 2,562</u>



**CITY OF ROLLING HILLS ESTATES**

Proposition C Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 197	\$ 97
Revenues from other agencies	104,090	114,516	10,426
Total revenues	<u>104,190</u>	<u>114,713</u>	<u>10,523</u>
<b>Expenditures:</b>			
Capital outlay	292,195	336,253	(44,058)
Total expenditures	<u>292,195</u>	<u>336,253</u>	<u>(44,058)</u>
(Deficiency) of revenues over expenditures	(188,005)	(221,540)	(33,535)
Fund balance, beginning	208,586	208,586	-
Fund balance (deficit), ending	<u>\$ 20,581</u>	<u>\$ (12,954)</u>	<u>\$ (33,535)</u>

**CITY OF ROLLING HILLS ESTATES**

STPL Grant Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Use of money and property	\$ -	\$ 94	\$ 94
Revenues from other agencies	117,653	117,653	-
Total revenues	<u>117,653</u>	<u>117,747</u>	<u>94</u>
Expenditures:			
Capital outlay	117,653	117,747	(94)
Total expenditures	<u>117,653</u>	<u>117,747</u>	<u>(94)</u>
Excess of revenues over expenditures	-	-	-
Fund balance, beginning	-	-	-
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ROLLING HILLS ESTATES**

Measure R Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Use of money and property	\$ 50	\$ 126	\$ 76
Revenues from other agencies	<u>85,567</u>	<u>85,530</u>	<u>(37)</u>
Total revenues	<u>85,617</u>	<u>85,656</u>	<u>39</u>
<b>Expenditures:</b>			
Capital outlay	<u>95,000</u>	<u>170,000</u>	<u>(75,000)</u>
Total expenditures	<u>95,000</u>	<u>170,000</u>	<u>(75,000)</u>
(Deficiency) of revenues over expenditures	(9,383)	(84,344)	(74,961)
Fund balance, beginning	108,907	108,907	-
Fund balance (deficit), ending	<u>\$ 99,524</u>	<u>\$ 24,563</u>	<u>\$ (74,961)</u>

**CITY OF ROLLING HILLS ESTATES**

State SR2S Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Revenue from other agencies	\$ 396,495	\$ 489,188	\$ 92,693
Total revenues	<u>396,495</u>	<u>489,188</u>	<u>92,693</u>
<b>Expenditures:</b>			
Capital outlay	<u>104,300</u>	<u>547,788</u>	<u>(443,488)</u>
Total expenditures	<u>104,300</u>	<u>547,788</u>	<u>(443,488)</u>
Excess (deficiency) of revenues over expenditures	292,195	(58,600)	(350,795)
Fund balance (deficit), beginning	(60,725)	(60,725)	-
Fund balance (deficit), ending	<u>\$ 231,470</u>	<u>\$ (119,325)</u>	<u>\$ (350,795)</u>

## **STATISTICAL INFORMATION**

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**CITY OF ROLLING HILLS ESTATES**

Comprehensive Annual Financial Report

Year Ended June 30, 2014

**STATISTICAL SECTION**

This part of the City of Rolling Hills Estates 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 government’s overall financial health.

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**CITY OF ROLLING HILLS ESTATES**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year					Fiscal Year				
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
Investment in capital assets	\$ 5,341,886	\$ 5,987,248	\$ 7,494,508	\$ 7,507,337	\$ 7,522,061	\$ 7,437,235	\$ 7,823,648	\$ 8,353,841	\$ 9,410,015	\$ 12,745,054
Restricted	215,475	529,600	144,809	378,721	533,470	963,108	1,200,294	1,097,622	1,051,065	385,690
Unrestricted	5,031,669	4,342,205	5,102,324	4,451,803	2,733,165	1,822,165	1,528,215	2,053,400	1,446,859	237,854
Total governmental activities net position	<u>\$ 10,589,030</u>	<u>\$ 10,859,053</u>	<u>\$ 12,741,641</u>	<u>\$ 12,337,861</u>	<u>\$ 10,788,696</u>	<u>\$ 10,222,508</u>	<u>\$ 10,552,157</u>	<u>\$ 11,504,863</u>	<u>\$ 11,907,939</u>	<u>\$ 13,368,598</u>
<b>Business-type activities:</b>										
Investment in capital assets	\$ 70,600	\$ 65,512	\$ 61,650	\$ 57,789	\$ 53,927	\$ 50,065	\$ 46,203	\$ 42,341	\$ 38,479	\$ 118,040
Unrestricted	167,105	111,250	60,942	20,132	(127,910)	(180,723)	(267,237)	(379,604)	(317,937)	(303,006)
Total business-type activities net position	<u>\$ 237,705</u>	<u>\$ 176,762</u>	<u>\$ 122,592</u>	<u>\$ 77,921</u>	<u>\$ (73,983)</u>	<u>\$ (130,658)</u>	<u>\$ (221,034)</u>	<u>\$ (337,263)</u>	<u>\$ (279,458)</u>	<u>\$ (184,966)</u>
<b>Primary government:</b>										
Investment in capital assets	\$ 5,412,486	\$ 6,052,760	\$ 7,556,158	\$ 7,565,126	\$ 7,575,988	\$ 7,487,300	\$ 7,869,851	\$ 8,396,182	\$ 9,448,494	\$ 12,863,094
Restricted	215,475	529,600	144,809	378,721	533,470	963,108	1,200,294	1,097,622	1,051,065	385,690
Unrestricted	5,198,774	4,453,455	5,163,266	4,471,935	2,605,255	1,641,442	1,260,978	1,673,796	1,128,922	(65,152)
Total primary government net position	<u>\$ 10,826,735</u>	<u>\$ 11,035,815</u>	<u>\$ 12,864,233</u>	<u>\$ 12,415,782</u>	<u>\$ 10,714,713</u>	<u>\$ 10,091,850</u>	<u>\$ 10,331,123</u>	<u>\$ 11,167,600</u>	<u>\$ 11,628,481</u>	<u>\$ 13,183,632</u>

(Continued)

Source: City Administrative Services Department.

**CITY OF ROLLING HILLS ESTATES**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 2,254,568	\$ 2,973,724	\$ 3,221,350	\$ 3,747,375	\$ 3,369,758
Public safety	1,666,787	1,705,592	1,878,066	1,898,712	2,111,932
Public works	765,218	606,608	711,452	831,273	1,170,470
Community services	1,408,536	1,531,124	1,712,418	1,571,983	1,432,368
Public health	34,968	37,026	44,290	24,148	28,101
Interest on bond payable	-	-	-	-	-
Total governmental activities expenses	<u>6,130,077</u>	<u>6,854,074</u>	<u>7,567,576</u>	<u>8,073,491</u>	<u>8,112,629</u>
Business-type activities:					
Equestrian	627,980	704,009	716,304	727,488	803,244
Tennis	53,302	43,402	48,595	47,910	79,890
Total business-type activities expenses	<u>681,282</u>	<u>747,411</u>	<u>764,899</u>	<u>775,398</u>	<u>883,134</u>
Total primary government expenses	<u>6,811,359</u>	<u>7,601,485</u>	<u>8,332,475</u>	<u>8,848,889</u>	<u>8,995,763</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	1,063,064	1,187,773	1,683,238	1,269,611	839,830
Public safety	106,084	110,482	107,778	154,439	118,323
Public works	110,005	121,529	128,179	145,452	167,659
Community services	177,682	118,074	108,927	52,704	60,771
Operating grants and contributions	704,988	903,422	851,242	1,132,788	722,578
Capital grants and contributions	-	-	570,000	-	76,110
Total governmental activities program revenues	<u>2,161,823</u>	<u>2,441,280</u>	<u>3,449,364</u>	<u>2,754,994</u>	<u>1,985,271</u>
Business-type activities:					
Charges for services:					
Equestrian	619,158	630,146	650,405	670,547	668,641
Tennis	44,040	46,354	49,250	52,838	59,804
Capital grants and contributions	-	-	-	-	-
Total business-type activities	<u>663,198</u>	<u>676,500</u>	<u>699,655</u>	<u>723,385</u>	<u>728,445</u>
Total primary government program revenues	<u>2,825,021</u>	<u>3,117,780</u>	<u>4,149,019</u>	<u>3,478,379</u>	<u>2,713,716</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(3,968,254)	(4,412,794)	(4,118,212)	(5,318,497)	(6,127,358)
Business-type activities	(18,084)	(70,911)	(65,244)	(52,013)	(154,689)
Total net revenues (expenses)	<u>(3,986,338)</u>	<u>(4,483,705)</u>	<u>(4,183,456)</u>	<u>(5,370,510)</u>	<u>(6,282,047)</u>

(Continued)

		<b>Fiscal Year</b>							
		<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>			
\$	3,004,041	\$	3,075,846	\$	2,881,374	\$	2,742,166	\$	2,759,181
	1,819,095		1,830,016		1,588,967		1,739,467		1,906,657
	912,695		1,114,138		846,106		949,190		937,914
	1,302,670		1,341,466		1,285,501		1,324,048		1,403,739
	34,059		21,329		16,568		14,781		26,478
	-		-		-		54,335		59,059
	<u>7,072,560</u>		<u>7,382,795</u>		<u>6,618,516</u>		<u>6,823,987</u>		<u>7,093,028</u>
	775,686		760,759		431,121		804		802
	71,075		75,132		79,373		75,536		75,138
	<u>846,761</u>		<u>835,891</u>		<u>510,494</u>		<u>76,340</u>		<u>75,940</u>
	<u>7,919,321</u>		<u>8,218,686</u>		<u>7,129,010</u>		<u>6,900,327</u>		<u>7,168,968</u>
	927,498		957,765		1,213,944		1,213,474		1,860,491
	120,235		92,018		123,578		85,883		92,028
	171,782		178,088		579,149		181,759		367,966
	75,083		59,559		61,664		68,415		69,922
	776,625		1,295,997		885,398		720,544		767,769
	158,306		758,259		356,336		588,410		2,511,836
	<u>2,229,529</u>		<u>3,341,686</u>		<u>3,220,069</u>		<u>2,858,485</u>		<u>5,670,012</u>
	730,410		688,871		333,106		65,332		101,525
	58,923		56,167		60,849		68,607		68,854
	-		-		-		-		-
	<u>789,333</u>		<u>745,038</u>		<u>393,955</u>		<u>133,939</u>		<u>170,379</u>
	<u>3,018,862</u>		<u>4,086,724</u>		<u>3,614,024</u>		<u>2,992,424</u>		<u>5,840,391</u>
	(4,843,031)		(4,041,109)		(3,398,447)		(3,965,502)		(1,423,016)
	(57,428)		(90,853)		(116,539)		57,599		94,439
	<u>(4,900,459)</u>		<u>(4,131,962)</u>		<u>(3,514,986)</u>		<u>(3,907,903)</u>		<u>(1,328,577)</u>

(Continued)

**CITY OF ROLLING HILLS ESTATES**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General revenues and other changes in net position:</b>					
<b>governmental activities:</b>					
Taxes:					
Property taxes	\$ 2,028,224	\$ 2,189,508	\$ 2,387,652	\$ 2,492,172	\$ 2,525,072
Sales taxes	1,176,372	1,252,817	1,192,703	1,199,466	986,408
Motor vehicle in lieu taxes -general purpose	196,408	60,142	47,500	36,304	27,834
Business license taxes	469,858	447,760	508,260	407,451	383,777
Franchise taxes	360,033	449,007	474,638	530,806	513,902
Other taxes	83,640	88,058	156,565	52,394	40,548
Use of money and property	84,432	183,821	334,457	206,181	91,946
Loss on sale of capital asset	-	-	800,000	(25,560)	-
Miscellaneous	39,486	11,704	99,025	15,503	8,706
Total governmental activities	<u>4,438,453</u>	<u>4,682,817</u>	<u>6,000,800</u>	<u>4,914,717</u>	<u>4,578,193</u>
Business-type activities:					
Use of money and property	5,535	9,968	11,074	7,342	2,785
Total primary government	<u>4,443,988</u>	<u>4,692,785</u>	<u>6,011,874</u>	<u>4,922,059</u>	<u>4,580,978</u>
<b>Changes in net position:</b>					
Governmental activities	470,199	270,023	1,882,588	(403,780)	(1,549,165)
Business-type activities	(12,549)	(60,943)	(54,170)	(44,671)	(151,904)
Total primary government	<u>\$ 457,650</u>	<u>\$ 209,080</u>	<u>\$ 1,828,418</u>	<u>\$ (448,451)</u>	<u>\$ (1,701,069)</u>

(Continued)

Source: City Administrative Services Department.

<b>Fiscal Year</b>				
<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 2,369,270	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873
917,855	917,016	871,060	893,871	902,838
	41,550	-	-	-
24,024	-	-	-	-
221,600	267,177	236,334	250,668	247,188
492,746	518,175	551,059	508,991	558,571
65,435	72,779	69,824	157,810	86,828
30,770	18,467	8,706	5,355	2,337
-	-	-	-	-
155,143	40,766	121,641	20,643	16,040
<u>4,276,843</u>	<u>4,370,758</u>	<u>4,351,153</u>	<u>4,368,578</u>	<u>4,538,675</u>
753	477	310	206	53
<u>4,277,596</u>	<u>4,371,235</u>	<u>4,351,463</u>	<u>4,368,784</u>	<u>4,538,728</u>
(566,188)	329,649	952,706	403,076	3,115,659
<u>(56,675)</u>	<u>(90,376)</u>	<u>(116,229)</u>	<u>57,805</u>	<u>94,492</u>
<u>\$ (622,863)</u>	<u>\$ 239,273</u>	<u>\$ 836,477</u>	<u>\$ 460,881</u>	<u>\$ 3,210,151</u>

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**CITY OF ROLLING HILLS ESTATES**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year				Fiscal Year
	2005	2006	2007	2008	2009
<b>General fund:</b>					
Reserved	\$ 142,169	\$ 151,099	\$ 833,201	\$ 664,853	\$ 502,156
Unreserved	4,032,898	4,513,907	4,606,973	3,836,098	2,838,092
Total general fund	<u>\$ 4,175,067</u>	<u>\$ 4,665,006</u>	<u>\$ 5,440,174</u>	<u>\$ 4,500,951</u>	<u>\$ 3,340,248</u>
<b>All other governmental funds:</b>					
Unreserved, reported in:					
Special revenue funds	\$ 353,650	\$ 529,600	\$ 144,809	\$ 729,352	\$ 361,329
Total all other governmental funds	<u>\$ 353,650</u>	<u>\$ 529,600</u>	<u>\$ 144,809</u>	<u>\$ 729,352</u>	<u>\$ 361,329</u>
<b>General fund:</b>	<b>2010 <sup>1</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Nonspendable	\$ 247,242	\$ 86,741	\$ 10,406	\$ 445,585	\$ 348,303
Restricted	44,823	37,172	37,172	32,922	15,201
Assigned	642,800	502,264	651,223	738,925	860,108
Unassigned	1,882,122	1,766,793	2,101,763	1,352,820	1,578,477
Total general fund	<u>\$ 2,816,987</u>	<u>\$ 2,392,970</u>	<u>\$ 2,800,564</u>	<u>\$ 2,570,252</u>	<u>\$ 2,802,089</u>
<b>All other governmental funds:</b>					
Restricted	\$ 918,285	\$ 1,163,122	\$ 1,060,450	\$ 1,018,143	\$ 370,489
Unassigned	(494,826)	(436,051)	(302,206)	(978,078)	(740,122)
Total other governmental funds	<u>\$ 423,459</u>	<u>\$ 727,071</u>	<u>\$ 758,244</u>	<u>\$ 40,065</u>	<u>\$ (369,633)</u>

Source: City Administrative Services Department.

Note:

<sup>1</sup> The City early implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**CITY OF ROLLING HILLS ESTATES**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues:</b>					
Property taxes	\$ 2,028,224	\$ 1,252,817	\$ 2,387,652	\$ 2,492,172	\$ 2,525,072
Sales and use taxes	1,176,372	1,252,817	1,192,703	1,199,467	986,408
Business license taxes	469,858	447,760	508,260	407,452	383,777
Other taxes	443,673	1,473,756	631,202	583,202	554,450
Licenses and permits	943,695	1,012,310	968,981	733,268	491,632
Fines and forfeitures	97,555	104,315	100,602	150,491	114,203
Use of money and property	118,395	239,659	363,487	221,489	107,527
Charges for services	311,571	316,052	842,995	630,758	442,179
Revenues from other agencies	949,400	1,034,968	1,558,834	1,269,099	955,535
Other revenues	27,762	3,150	95,449	7,873	2,681
Total revenues	<u>6,566,505</u>	<u>7,137,604</u>	<u>8,650,165</u>	<u>7,695,271</u>	<u>6,563,464</u>
<b>Expenditures:</b>					
Current:					
General government	2,359,003	2,891,255	3,134,345	3,619,451	3,257,757
Public safety	1,666,786	1,705,599	1,878,066	1,898,712	2,111,932
Public works	678,543	428,794	589,891	551,488	533,166
Community services	1,365,740	1,444,252	1,617,366	1,472,495	1,347,204
Public health	34,968	37,026	44,290	24,148	28,101
Capital outlay	51,887	959,921	1,795,830	483,657	814,030
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>6,156,927</u>	<u>7,466,847</u>	<u>9,059,788</u>	<u>8,049,951</u>	<u>8,092,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>409,578</u>	<u>(329,243)</u>	<u>(409,623)</u>	<u>(354,680)</u>	<u>(1,528,726)</u>
<b>Other financing sources (uses):</b>					
Transfers in	67,874	-	-	48,062	-
Transfers out	(67,874)	-	-	(48,062)	-
Bond issued	-	-	-	-	-
Gain on sale of capital asset	-	-	800,000	-	-
Donations	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 409,578</u>	<u>\$ (329,243)</u>	<u>\$ 390,377</u>	<u>\$ (354,680)</u>	<u>\$ (1,528,726)</u>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A

Source: City Administrative Services Department.



		<b>Fiscal Year</b>				
		<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$	2,369,270	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873	
	917,855	917,016	871,060	893,871	902,838	
	221,600	267,177	236,334	250,668	247,188	
	558,182	590,954	620,883	666,801	645,399	
	674,137	681,549	945,463	1,057,943	1,628,949	
	123,547	103,258	123,299	86,871	88,962	
	49,555	34,489	26,341	24,759	26,586	
	345,137	345,871	336,337	255,098	416,141	
	1,099,465	2,261,985	1,779,337	1,146,994	3,700,252	
	147,624	15,317	39,642	11,459	9,533	
	<u>6,506,372</u>	<u>7,712,444</u>	<u>7,471,225</u>	<u>6,925,704</u>	<u>10,390,721</u>	
	2,913,496	3,040,509	2,821,517	4,367,972	2,700,233	
	1,819,095	1,830,016	1,588,967	1,739,467	1,906,657	
	591,294	545,170	545,997	521,988	747,844	
	1,215,844	1,300,490	1,188,626	1,219,020	1,278,713	
	34,059	21,329	16,568	14,781	26,478	
	393,715	1,095,335	970,781	1,539,850	3,694,598	
	-	-	-	152,000	155,700	
	-	-	-	54,335	58,359	
	-	-	-	71,784	-	
	<u>6,967,503</u>	<u>7,832,849</u>	<u>7,132,456</u>	<u>9,681,197</u>	<u>10,568,582</u>	
	<u>(461,131)</u>	<u>(120,405)</u>	<u>338,769</u>	<u>(2,755,493)</u>	<u>(177,861)</u>	
	-	-	13,395	100,355	74,047	
	-	-	(13,395)	(100,355)	(74,047)	
	-	-	-	1,807,000	-	
	-	-	-	-	-	
	-	-	100,000	-	-	
	-	-	100,000	1,807,000	-	
\$	<u>(461,131)</u>	<u>(120,405)</u>	<u>\$ 438,769</u>	<u>\$ (948,493)</u>	<u>\$ (177,861)</u>	
	N/A	N/A	N/A	2.6%	3.2%	

**CITY OF ROLLING HILLS ESTATES**  
**Business Tax Rates**  
**June 30, 2014**

FEE TYPE	BUSINESS TYPE / DESCRIPTION
Application fee	
\$20	New license
\$10	Renewal
Flat fee	
\$40	Contractor
\$100	Delivery, gardener, maintenance, seasonal businesses
\$400	Horse trainer
\$25	Performing arts theatre
Base fee	
\$25	home occupation
Base + gross receipts	(gross receipt formulas vary according to business type)
\$25 + gross receipts formula	Retail, restaurant, private school, recreational business, wholesale
\$100 + gross receipts formula	Alarm companies
\$150 + gross receipts formula	Landfills
\$500 + gross receipts formula	Ready mix plants
\$75 + gross receipts formula	Vending machines
Base + owner/employee fee	
\$150 + \$15 per owner/employee	Realtor, professional service
\$75 + \$10 per owner/employee	Research & development
Base + square footage	
\$25 + square footage formula	Commercial property rental/leasing
AB 939	10% of any of the above fees for businesses located within Rolling Hills Estates, excluding home occupation, alarm and vending machine businesses.
SB 1186 State Mandate Fee of \$1.00	
Daily fee	
\$500/day	Motion picture filming - non-commercial/non-public areas
\$1,000/day	Motion picture filming - commercial/public areas
\$200/day	Still photography - City property
\$100/day	Still photography - other property
Daily/Quarterly/Annually	
\$50/day	Solicitation permit (commercial)
\$200/quarterly	Solicitation permit (commercial)
\$500/annually	Solicitation permit (commercial)

Note: Business tax rates have not changed within the past three years.

Source: City's Administrative Services Department.

**CITY OF ROLLING HILLS ESTATES**  
**Property Tax - Principal Payers**  
**June 30, 2014**

Taxpayer	2013-14			2004-05		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Stopen LLC	98,360,018	1	3.75%	-	-	-
Principal Life Insurance Company	59,565,609	2	2.27%	51,590,244	2	2.72%
Cox Communications Inc	21,148,193	3	0.81%	13,549,951	3	0.72%
Continental RHE Corp	12,937,243	4	0.49%	-	-	-
Highpoint Assoc LLC	10,710,000	5	0.41%	-	-	-
Silver Spur Shopping Center LLC	10,173,623	6	0.39%	8,811,491	4	0.47%
Koll Per Peninsula Pointe LLC	9,020,000	7	0.34%	-	-	-
Park Rolling Hills LLC	8,028,495	8	0.31%	-	-	-
Longs Drug Stores Inc	7,999,838	9	0.30%	-	-	-
JP Morgan Chase Bank	7,636,698	10	0.29%	-	-	-
Cousins Properties Inc	-	-	-	93,456,376	1	4.94%
Norris Center for the Performing	-	-	-	7,373,188	5	0.39%
331 Victoria Company	-	-	-	6,169,377	6	0.33%
Tumanjan George TR	-	-	-	5,500,817	7	0.29%
Peninsula Pointe LLC	-	-	-	5,320,238	8	0.28%
Rolling Hills Country Club	-	-	-	5,002,510	9	0.26%
Palos Verdes Medical Center	-	-	-	4,570,625	10	0.24%
Total Top 10 Taxpayers	<u>245,579,717</u>		<u>9.36%</u>	<u>201,344,817</u>		<u>10.64%</u>
Total Taxable Value	<u>\$ 2,624,732,544</u>		<u>100.00%</u>	<u>\$ 1,893,681,074</u>		<u>100.00%</u>

Source: MuniServices, LLC

**CITY OF ROLLING HILLS ESTATES**  
**Citywide Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Eight Fiscal Years**

<b>Fiscal Year End</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other Property</b>	<b>Unsecured Property</b>	<b>Less Tax-Exempt Property</b>	<b>Taxable Assessed Value</b>	<b>% Change</b>	<b>Total Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value (2)</b>	<b>Factor of Taxable Assessed Value (2)</b>
2006-07	1,816,626,506	241,497,438	46,335,087	45,356,848	41,631,500	2,108,184,379	-	.066911	-	-
2007-08	1,920,235,241	262,232,643	58,461,236	49,268,371	44,202,701	2,245,994,790	6.54%	.066911	-	-
2008-09	1,964,156,378	272,300,616	92,297,834	34,269,843	46,147,592	2,316,877,079	3.16%	.066911	3,081,492,853	1.330020
2009-10	1,976,409,539	286,272,572	95,377,084	30,457,260	46,560,140	2,341,956,315	1.08%	.066911	2,432,753,961	1.038770
2010-11	1,993,512,479	278,689,956	98,863,310	28,939,924	45,631,511	2,354,374,158	0.53%	.066911	2,320,431,747	0.985583
2011-12	2,061,696,869	277,854,185	99,946,323	29,751,454	38,867,923	2,430,380,908	3.23%	.066911	2,880,175,075	1.185071
2012-13	2,112,132,352	290,644,062	103,898,054	49,151,518	39,321,445	2,516,504,541	3.54%	.066911	2,798,147,570	1.111918
2013-14	2,211,361,003	303,910,169	107,689,529	48,780,757	47,008,914	2,624,732,544	4.30%	.066911	3,735,116,198	1.423046

Source: County Assessor data, MuniServices, LLC

(-) Data Unavailable

(1.) Total direct rate is represented by TRA 007-085.

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current medial sales prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

**CITY OF ROLLING HILLS ESTATES**  
**Net Assessed Value of Property by Use Code, Citywide**  
**Last Eight Fiscal Years**

<b>Category</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Residential	1,800,249,616	1,903,619,710	1,947,769,093	1,959,884,813	1,977,045,555	2,045,190,204	2,094,679,181	2,195,271,320
Commercial	241,490,438	262,225,643	272,293,616	286,265,572	278,682,956	277,847,185	290,637,062	303,903,169
Institution	3,717,519	2,995,194	3,211,846	3,373,427	4,696,332	3,537,694	3,585,954	3,643,361
Vacant	6,634,907	16,180,135	6,605,565	6,398,075	8,982,524	11,676,070	13,318,109	14,000,694
Recreation	7,038,058	7,801,680	7,610,444	7,956,210	8,167,553	16,305,996	16,715,571	8,610,967
Unknown	3,712,348	3,917,620	42,048,529	44,462,502	44,690,082	42,582,090	45,404,330	47,148,755
Miscellaneous	89,645	91,437	93,264	95,127	94,900	126,614	124,224	126,708
Possessory Interest	3,318,471	3,313,171	3,069,879	3,158,329	3,164,332	3,458,601	2,983,592	3,341,813
Net Secured Value	2,066,251,002	2,200,144,590	2,282,702,236	2,311,594,055	2,325,524,234	2,400,724,454	2,467,448,023	2,576,046,787
Unsecured Value	45,251,848	49,163,371	34,174,843	30,362,260	28,849,924	29,656,454	49,056,518	48,685,757
Net Assessed Value	2,111,502,850	2,249,307,961	2,316,877,079	2,341,956,315	2,354,374,158	2,430,380,908	2,516,504,541	2,624,732,544

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Source: Los Angeles County Assessor data, MuniServices, LLC  
Use code categories are based on Los Angeles County Assessor's data

# CITY OF ROLLING HILLS ESTATES

## Business Tax - Principal Payors

June 30, 2014

### 2013-14 Principal Payors

Abercrombie & Fitch  
Ann Taylor  
Arco Am/Pm Mini Marts  
Atlantic Coast Media Services  
Banana Republic  
Bristol Farms Market  
Chicken Maison  
Chico's  
CVS/Pharmacy  
J Crew  
Luna Rossa  
Marmalade Café  
Medawar Fine Jewelers  
Morgan's Jewelers  
Petco Animal Supplies  
Pier 1 Imports  
Red Onion Restaurant  
Rite Aid Drug Stores  
Rolling Hills Country Club  
Rubio's Baja Grill  
Ruby's Diner  
T.J. Maxx  
The Gap  
Vons Grocery Company  
Williams-Sonoma

### 2004-05 Principal Payors

Abercrombie & Fitch  
Arco Am/Pm Mini Marts  
Banana Republic  
Borders Books & Music  
Bristol Farms Market  
Chandler's Sand & Gravel  
Chico's  
CVS/Pharmacy  
Island Equipment  
Marmalade Café  
Morgan's Jewelers  
Petco Animal Supplies  
Red Onion Restaurant  
Restoration Hardware  
Rite Aid Drug Stores  
Rolling Hills Country Club  
Ruby's Diner  
Saks Fifth Avenue  
Sharper Image  
Stein Mart  
Talbots Store  
T.J. Maxx  
The Gap  
Vons Grocery Company  
Williams-Sonoma

Source: MuniServices, LLC

**CITY OF ROLLING HILLS ESTATES**  
**Direct and Overlapping Debt**  
**June 30, 2014**

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>Debt</u></b> <b><u>June 30, 2014</u></b>	<b><u>% Applicable</u></b> <sup>(1)</sup>	<b><u>City's Share of Debt</u></b> <b><u>June 30, 2014</u></b>
Los Angeles County Flood Control District	\$ 17,480,000	0.236%	\$ 41,253
Metropolitan Water District	132,275,000	0.121%	160,053
Los Angeles Community College District	3,642,560,000	0.422%	15,371,603
Palos Verdes Peninsula Unified School District	75,600,531	13.537%	10,234,044
<b>City of Rolling Hills Estates</b>	<b>0.00</b>	<b>100%</b>	<b>0.00</b>
Palos Verdes Library District	3,530,000	12.895%	455,194
Los Angeles County Regional Park and and Open Space Assessment District	113,615,000	0.232%	263,587
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 3,985,060,531</b>		<b>\$ 26,525,734</b>
 <b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$ 1,835,420,030	0.232%	\$ 4,258,174
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	0.232%	22,109
Los Angeles County Sanitation District No. 5 Authority	35,543,738	3.201%	1,137,755
Los Angeles County Sanitation District South Bay Cities Authority	6,055,916	0.027%	1,635
City of Rolling Hills Estates Pension Obligations	1,500,000	100%	1,500,000
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 6,919,673</b>
Less: LA County Landfill Revenues			(11,682)
<b>TOTAL NET OVERLAPPING G.F. DEBT</b>			<b>\$ 6,907,991</b>
 Total Direct Debt			 \$ 1,500,000
Gross Combined Total Debt			\$ 33,445,407 <sup>(2)</sup>
Net Combined Total Debt			\$ 33,433,725

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

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

**Ratios to Assessed Valuation:**

Total Direct and Overlapping Tax and Assessment Debt .....	1.00%
Direct Debt (\$1,500,000).....	0.06%
Gross Combined Total Debt .....	1.27%
Net Combined Total Debt .....	1.27%

Source: MuniServices, LLC

**CITY OF ROLLING HILLS ESTATES**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year					Fiscal Year				
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed valuation	\$ 1,909,388,088	\$ 1,990,314,921	\$ 2,111,502,850	\$ 2,249,307,961	\$ 2,316,877,079	\$ 2,341,956,315	\$ 2,354,374,158	\$ 2,430,380,908	\$ 2,516,504,541	\$ 2,624,732,544
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	286,408,213	298,547,238	316,725,428	337,396,194	347,531,562	351,293,447	353,156,124	364,557,136	377,475,681	393,709,882
Total net debt applicable to limit: Pension obligation bonds	-	-	-	-	-	-	-	-	1,655,000	1,500,000
Legal debt margin	<u>\$ 286,408,213</u>	<u>\$ 298,547,238</u>	<u>\$ 316,725,428</u>	<u>\$ 337,396,194</u>	<u>\$ 347,531,562</u>	<u>\$ 351,293,447</u>	<u>\$ 353,156,124</u>	<u>\$ 364,557,136</u>	<u>\$ 375,820,681</u>	<u>\$ 392,209,882</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%

Source: MuniServices, LLC



**CITY OF ROLLING HILLS ESTATES**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (in millions) <sup>(2)</sup></b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>
<b>2005</b>	8,191	346,423	35,022	1.4%
<b>2006</b>	8,073	369,174	37,362	1.2%
<b>2007</b>	8,099	573,207	70,775	1.2%
<b>2008</b>	8,185	601,542	73,493	1.3%
<b>2009</b>	8,138	595,954	73,231	1.9%
<b>2010</b>	8,118	601,885	74,142	3.4%
<b>2011</b>	8,093	602,386	74,433	3.8%
<b>2012</b>	8,097	634,253	78,332	3.3%
<b>2013</b>	8,141	647,008	79,475	3.2%
<b>2014</b>	8,184	659,951	80,639	2.2%

Sources: (1) MuniServices, LLC from the California Department of Finance Projections.  
(2) MuniServices, LLC from the U.S. Census Data, 2010 American Community Survey  
Income estimates now incorporate 2010 Census counts as the benchmark.  
(3) MuniServices, LLC from the EDD's Bureau of Labor Statistics Department.

**CITY OF ROLLING HILLS ESTATES**  
**Principal Employers**  
**Current Year**

2014		
Employer	Number of Employees	Percent of Total Employment
Palos Verdes Peninsula Unified School District	1,380 *	33.66%
Equinox Palos Verdes	120	2.93%
US Post Office	111	2.71%
Vons/Pavilions	108 **	2.63%
Rolling Hills Country Club	100	2.44%
Bristol Farms	99	2.41%
Rolling Hills Covenant Church	83	2.02%
Spectrum Health Club	80	1.95%
Marmalade Cafe	51	1.24%
Abercrombie & Fitch	44	1.07%
Total Top Employers	2,176	53.06%
Total City Employment <sup>(1)</sup>	4,100	

(1) Total City Employment provided by EDD Local Force Data.

\*Palos Verdes Peninsula Unified School District's employment count represents the entire district, employee counts are not tracked by location.

\*\*Count is from last year, business could not be reached.

*The City of Rolling Hills Estates has elected to present only current year data.*

Source: MuniServices, LLC

Results based on direct correspondence with City's local businesses.

**CITY OF ROLLING HILLS ESTATES**  
**Full-time and Part-time City Employees**  
**by Function**  
**Last Five Fiscal Years**

<b>Full-Time and Part-Time Employees as of June 30,</b>					
<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government	15	15	13	13	13
Public safety	1	2	2	0	0
Community services	10	7	7	7	7
Equestrian	7	7	6	0	0
Tennis	4	4	3	4	3
Total	37	35	31	24	23

*The City of Rolling Hills Estates has elected to show only five years of data for this schedule.*

Source: City's Administrative Services Department.

**CITY OF ROLLING HILLS ESTATES**  
**Operating Indicators**  
**by Function**  
**Last Five Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Police:</b>					
Arrests	113	80	53	80	79
Parking citations issued	635	333	214	95	134
<b>Fire:</b>					
Number of emergency calls	531	691	706	683	679
Inspections	3	263	515	531	531
<b>Public works:</b>					
Street resurfacing (miles)	<1	1.2	<1	<1	1.5
<b>Community services:</b>					
Number of recreation classes	5	5	5	5	5
Number of facility rentals	10	10	10	10	10
<b>Equestrian:</b>					
Number of equestrian classes	40	40	20	20	20
Number of facility rentals	16	16	15	15	15
<b>Tennis:</b>					
Number of tennis classes	80	80	80	80	80

*The City of Rolling Hills Estates has elected to show only five years of data for this schedule.*

Source: Various City's Departments, L.A. County Sheriffs Dept., & L.A. County Fire Dept.

**CITY OF ROLLING HILLS ESTATES**  
**Capital Asset Statistics**  
**by Function**  
**Last Five Fiscal Years**

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Police:</b>					
Stations	0	0	0	0	0
<b>Fire:</b>					
Fire stations	1 LA County's	1 LA County's	1 LA County's	1 LA County's	1 LA County's
<b>Public works:</b>					
Streets (miles)	28	28	28	28	28
Streetlights	0	0	0	0	0
Traffic signals	17 intersections	17 intersections	17 intersections	14 intersections	14 intersections
<b>Community services:</b>					
Parks	7	7	7	7	7
Community centers	1	1	1	1	1
<b>Equestrian:</b>					
Facilities	1	1	1	1	1
<b>Tennis:</b>					
Facilities	1	1	1	1	1

*The City of Rolling Hills Estates has elected to show only five years of data for this schedule.*

Source: Various City's Departments, L.A. County Sheriffs Dept., & L.A. County Fire Dept.

# CITY OF ROLLING HILLS ESTATES

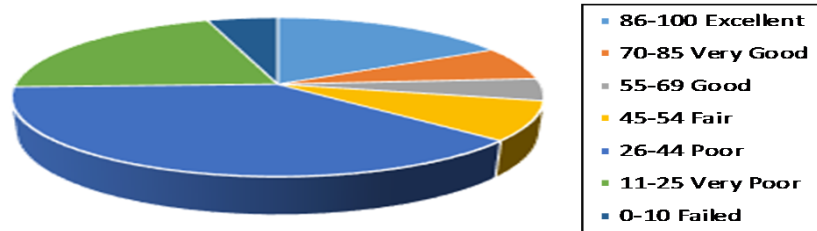
## Street Conditions

**June 30, 2014**

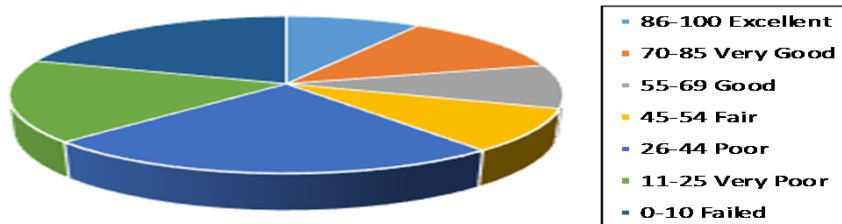
The street inventory for the City consists of 28.4 miles of streets with a pavement area of 5,242,000 square feet of streets. The condition of the roads of the City were as follows for 2014 and 2011:

	86-100 Excellent	70-85 Very Good	55-69 Good	45-54 Fair	26-44 Poor	11-25 Very Poor	0-10 Failed
2014	17.1%	6.8%	4.5%	8.0%	38.2%	20.6%	5.0%
2011	9%	12%	9%	9%	24%	17%	20%

**Year 2014 Street Conditions**  
**Average PCI = 47.9**



**Year 2011 Street Conditions**  
**(PCI Distribution)**  
**Projected Average PCI = 34.4**



Source: WillDan Pavement Management Reports 2014 and 2011

Refer to the 2014 Pavement Management Report for long-term cost of the street maintenance program.

**CITY OF ROLLING HILLS ESTATES**  
**Miscellaneous Statistics**  
**June 30, 2014**

Date of incorporation	September 18, 1957
Population	8,184
Form of government	Council/Manager
Contract Services:	
Police protection	County Sheriff
Fire protection	County Fire Protection Dist.
Sewers	County Sanitation Dist. #5
Utilities:	
Water	California Water Company
Gas	Southern California Gas Co.
Electricity	Southern California Edison
Telephone	Verizon
City Facilities:	
Streets	28 miles
Bike paths	10 miles
Bridle trails	16 miles
Parks	7 with 52.5 acres
Stables	1
Employees:	
Full-time	20
Other	3
Business licenses issued	1,270
Number of Registered Voters	5,830

Source: City Departments, Los Angeles County Registrar - Recorder, & California Dept. of Finance

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