

**CITY OF ROLLING HILLS ESTATES,
CALIFORNIA**

Comprehensive Annual Financial Report

Year Ended June 30, 2018

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



Certified
Public
Accountants



*Comprehensive Annual Financial Report
For the Year Ended June 30, 2018*

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

CITY OF ROLLING HILLS ESTATES
 Comprehensive Annual Financial Report
 Year Ended June 30, 2018

Table of Contents

	<i>Page(s)</i>
<u>Introductory Section (Unaudited)</u>	
Letter of Transmittal	v
Directory of City Officials	x
Organization Chart.....	xi
Certificate of Achievement for Excellence in Financial Reporting	xii
 <u>Financial Section</u>	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited)	5
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
 Fiduciary Fund Financial Statement:	
Statement of Fiduciary Net Position - Agency Fund	21
Notes to Financial Statements.....	22

CITY OF ROLLING HILLS ESTATES
 Comprehensive Annual Financial Report
 Year Ended June 30, 2018

Table of Contents
 (continued)

	<i>Page(s)</i>
Required Supplementary Information (Unaudited):	
General Fund – Budgetary Comparison Schedule	47
Prop A 4 th District Special Revenue Fund – Budgetary Comparison Schedule	48
Schedule of Proportionate Share of the Net Pension Liability	49
Schedule of City Contributions to the Pension Plan	50
Note to Required Supplementary Information	51
 Supplementary Information:	
Nonmajor Funds Combining Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds.....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds	57
Nonmajor Special Revenue and Capital Project Funds - Budgetary Comparison Schedules:	
Traffic Safety Special Revenue Fund	59
Prop A Transit Tax Special Revenue Fund	60
Air Quality Improvement Special Revenue Fund	61
Jr. Naturalist Grant Special Revenue Fund	62
Highway Users Tax Special Revenue Fund	63
Peppertree Foundation Special Revenue Fund.....	64
HUTA SB1 RMRA Special Revenue Fund	65
Traffic Mitigation Special Revenue Fund	66
Local Transportation Capital Project Fund	67
CDBG Grant Capital Project Fund	68
PEG Fees Capital Project Fund	69
Prop C Capital Project Fund	70
Measure R Capital Project Fund.....	71
State SR2S Capital Project Fund	72
Quimby Fees Capital Project Fund	73
Prop A Parks Capital Project Fund.....	74
Chandler Contribution Capital Project Fund.....	75
CalRecycle Asphalt Capital Projects Fund.....	76
Measure M Capital Project Fund.....	77

CITY OF ROLLING HILLS ESTATES
 Comprehensive Annual Financial Report
 Year Ended June 30, 2018

Table of Contents
 (continued)

	<i>Page(s)</i>
<u>Statistical Section (Unaudited):</u>	
Net Position by Component.....	81
Changes in Net Position.....	82
Fund Balances of Governmental Funds	84
Changes in Fund Balances of Governmental Funds	85
Business Tax Rates	86
Principal Property Tax Payers	87
Citywide Assessed Value and Estimate Actual Value of Taxable Property	88
Net Assessed Value of Property by Use Code	89
Direct and Overlapping Property Tax Rates	90
Principal Sales Tax Producers	91
Direct and Overlapping Debt.....	92
Legal Debt Margin Information.....	93
Demographic and Economic Statistics	94
Principal Employers.....	95
Full-Time and Part-Time City Employees by Function.....	96
Operating Indicators by Function.....	97
Capital Asset Statistics by Function	98
Miscellaneous Statistics.....	99

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INTRODUCTORY SECTION

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BRITT V. HUFF
Mayor
JUDY MITCHELL
Mayor Pro Tem
VELVETH SCHMITZ
Council Member
STEVEN ZUCKERMAN
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
310-377-1577 • FAX 310-377-4468
www.RHE.city

December 6, 2018

Honorable Mayor and City Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rolling Hills Estates, California (City) for the fiscal year ended June 30, 2018, 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 blended 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 blended 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 8,111. The City is a "bedroom" community with a commercial district. 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. In 2017, to ensure compliance with the California Voter Participation Act, the City changed its election date to coincide with the Statewide election in June which resulted in the current Council members' terms being extended by seven months.

Though the City's overall net position increased during the fiscal year ended June 30, 2018, 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, 2018 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 City's commitment to ensuring that its citizens are able to live and work in an enviable environment.

Planning, Building, and Code Enforcement

- The City Council approved two assisted living projects last year; one at the Village Shopping Center (Merrill Gardens) and a second at the former office building named Peninsula Pointe. Grading and construction of the Merrill Gardens project has started and is expected to be completed by December 2019.
- Last year, the Planning Commission approved an expansion project for Rolling Hills United Methodist Church including expanded office areas and classrooms. Construction of this project has started and is expected to be completed by December 2019.
- Last year, the City Council approved a parcel map, zone change and General Plan Amendment for the construction of two single family homes and a two-lot subdivision at 5883 Crest Road (northeast corner of Highridge and Crest Roads). Construction of this project should commence by late 2018.
- The City continued to monitor the development of the Butcher Ranch project, and the construction of the 627 and 927 Deep Valley Drive mixed-use projects. 627 Deep Valley Drive should be completed by the end of 2018. 927 Deep Valley Drive should be completed by 2020.
- The City continued to monitor the construction of the two-level parking structure approved at the Village Shopping Center for joint use with the Palos Verdes Library. The project was completed in mid-2018.
- The City continues to process plans for the Brickwalk project to repair the Indian Peak Landside project utilizing the findings of Cotton and Shire, a geotechnical consulting firm, which will require a redesign of the project.
- The City continues to monitor the Chandler Ranch and Rolling Hills Country Club project, which started in July 2015. Grading for the project is complete and the golf course opened for play in November 2017. The clubhouse facility is complete and fully operational. Construction of the model home complex is also complete. All infrastructure for the remaining 114-home project has been installed and streets, curb and gutter, and building pads are nearly complete (certified for construction). This project should be completed with the build-out of the homes by 2021.

- The City has processed a public works application, including the CEQA document as the Lead Agency, for California Water Company, which involves two new water mains going from their pumping facility located at Montecillo Drive and Palos Verdes Drive North, westbound on Palos Verdes Drive North towards Crenshaw Blvd., then southbound up Crenshaw to Crest Rd. A new pumping station is also proposed along Crenshaw Blvd., within the city of RHE. This project should be completed by the end of 2019.
- 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 full-time Code Compliance Officer.

Public Works

- The City completed the 2017-18 Street Resurfacing Project, which included a portion of Silver Spur Road and the residential streets of Deerhill Drive, Harbor Sight Drive, Spinning Wheel Lane and Sweetgrass Drive. The work also included isolated pavement repairs on Conestoga Drive, Estribo Drive, Gaucho Drive and Saddle Road. The project utilized a variety of funding sources, including Proposition C, Measure R Funds, RMRA (SB 1) and General Funds.

In FY 2017-18, the City completed “Year 4” of its sidewalk repair program in accordance with the 2014 Program and Condition Assessment Report for Curbs, Gutters, Sidewalks, Access Ramps and Driveway Approaches 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. The City receives an annual CDBG fund allocation of approximately \$22,000.

- The City awarded a bid for the 2017-18 Storm Drain Rehabilitation Project, which includes re-lining 11 “high priority” storm drain pipes. Work is expected to be completed in FY 2018-19.
- An updated Pavement Management System report was prepared in FY 2017-18, which found that the City’s overall average Pavement Condition Index (PCI) has improved from 47.9 (“Fair”) in 2014 to 52.7 (“Fair”) in 2017. The 2017 Report recommends a minimum annual capital budget of \$550,000 for structural overlays to catch up on major maintenance and increase the overall PCI over a 20-year period. During the last three fiscal years, the City has nearly doubled its street rehabilitation efforts by allocating an annual capital budget of approximately \$1 million for such project.

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.

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 \$750,000 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 Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. For the year ended June 30, 2018, less than \$750,000 was expended on Federal financial assistance programs; and therefore, a single audit was not 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, 2017. This was the twentieth 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: Mike Whitehead, Amelia Chan and Laurie Moromisato. Additionally, we want to acknowledge the contributions of the Department Heads, Assistant City Manager, City Manager, and the City Council's Audit Subcommittee.

Respectfully submitted,



Douglas R. Prichard
City Manager



Michael C. Whitehead
Administrative Services Director

CITY OF ROLLING HILLS ESTATES

Directory of City Officials

June 30, 2018

BRITT HUFF

MAYOR

JUDY MITCHELL

MAYOR PRO TEMPORE

VELVETH SCHMITZ

COUNCIL MEMBER

STEVEN ZUCKERMAN

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

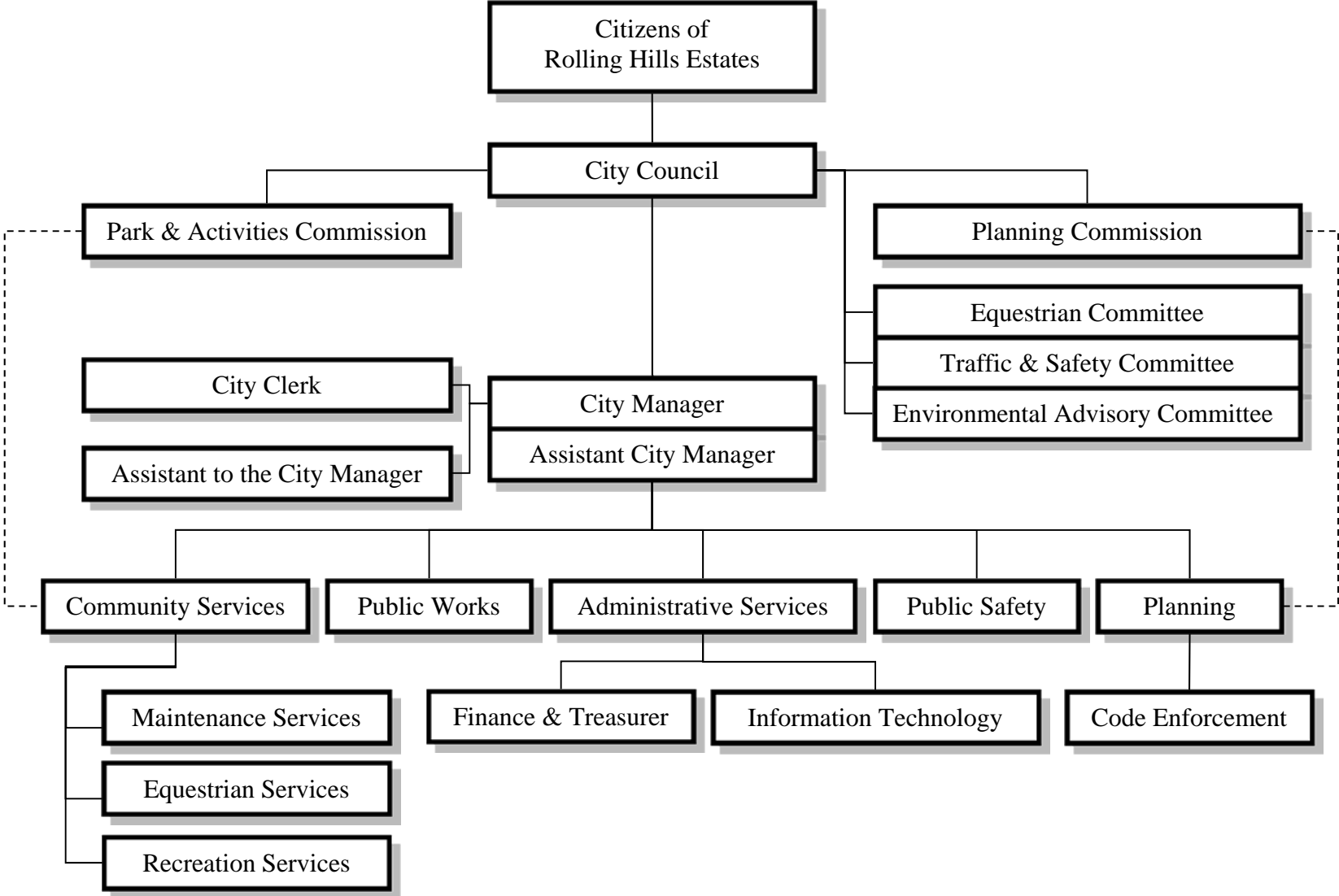
Donald M. Davis

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, 2017

Christopher P. Morill

Executive Director/CEO

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, 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, 2018, 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 an opinion 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 City'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 City'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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position 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, the budgetary comparison information for the General Fund and Prop A 4th District Fund, schedule of proportionate share of the net pension liability, and the schedule of City contribution to the pension plan, as listed in the table of contents, 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 combining and individual fund financial statements and schedules and other information, such as the introductory and statistical section as listed in the table of contents, 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 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 6, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
December 6, 2018

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CITY OF ROLLING HILLS ESTATES, CALIFORNIA
Management's Discussion and Analysis (Unaudited)
June 30, 2018

As management of the City of Rolling Hills Estates, California (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, 2018. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

Financial Highlights

- The City's proportionate share of net pension liability (NPL) for the retirement benefits, based on the ratio of the City's contributions to the CalPERS Public Agency Cost Sharing Multiple Employer Plan was \$4,500,624 as of the measurement date of June 30, 2017, and reporting date of June 30, 2018. NPL, the difference between the total pension liability (TPL) and the retirement plan's fiduciary net position, is an important measure required by Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, which required the City to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net pension liability.
- 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 \$13,932,434 (*net position*).
- The City had a \$4,090,309 deficit in *unrestricted net position* that will be funded by future revenues. The City had \$1,787,740 in deferred outflows of resources and \$2,435,417 in deferred inflows of resources related to pension as of June 30, 2018.
- The City's overall net position increased by \$977,523 from the prior fiscal year.
- The City's governmental funds in total reported combined ending fund balances of \$2,904,996, a decrease of \$102,149 in comparison with the prior year. Approximately \$2,244,758 (*unassigned and assigned fund balances*) is available for spending at the government's discretion.
- In the statement of revenues, expenditures, and changes in fund balances for the year ended June 30, 2018 (page 19), the year-end deficits of \$265,097 for Prop A – Parks and \$280,462 for Prop A 4th District reflect monies advanced by the General Fund in anticipation of reimbursement through the approved grant sources.
- The General Fund's fund balance increased \$416,444 from \$2,524,279 on June 30, 2017 to \$2,940,723 on June 30, 2018.
- The General Fund unassigned fund balance was \$1,976,085 or 25%, of total General Fund current operating expenditures. Out of the General Fund's assigned fund balance, \$30,000 was allocated to equipment, \$410,003 for capital projects replacement and \$500,000 for PERS unfunded accrued liability.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA

Management's Discussion and Analysis (Unaudited)

June 30, 2018

(Continued)

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items 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 City'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 City does not have any business-type activities.

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 *blended 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 two categories: governmental 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.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA

Management's Discussion and Analysis (Unaudited)

June 30, 2018

(Continued)

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 22 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, Prop A 4th District Fund, Quimby Fees Fund, and Prop A Parks Fund which are considered to be major funds. Data from the other 18 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. The governmental fund financial statements are listed in the table of contents.

Fiduciary fund. The City maintains one *fiduciary fund*, the Peninsula Parking Agency Fund. The statement of fiduciary net position presents the assets and liabilities associated with the 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, schedule of proportionate share of the net pension liability and the schedule of city contributions.

The combining statements and schedules 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.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA
 Management's Discussion and Analysis (Unaudited)
 June 30, 2018
 (Continued)

Government-wide Financial Analysis

- Net position may serve over time as a useful indicator of a government's financial position. The City's net position of \$13,932,434 in fiscal year 2017-18, increased from fiscal year 2016-17 by \$977,523. The largest portion of the City's total net position (\$17,377,140 or 125% in fiscal year 2017-18, and \$16,804,702 or 130% in fiscal year 2016-17) 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 (\$645,603 or 4.6% in fiscal year 2017-18, and \$1,546,634 or 11.9% in fiscal year 2016-17,) represents resources that are subject to external restrictions on how they may be used. The remaining deficit unrestricted net position (\$-4,090,309 or -29.4% in fiscal year 2017-18, and \$-5,396,425 or -41.7% in fiscal year 2016-17) represents amounts that will be funded by future revenues.

The following table presents of a summary of the City's net position as of June 30, 2018 and 2017:

Summary of Net Position

	Governmental Activities	
	FY 2017-2018	FY 2016-2017
Current and other assets	\$ 4,798,305	\$ 4,116,465
Capital assets	17,377,140	16,804,702
Total Assets	22,175,445	20,921,167
Deferred outflows of resources		
Deferred outflows of resources related to pension	1,787,740	1,141,714
Total Deferred Outflows of Resources	1,787,740	1,141,714
Current liabilities	2,169,349	1,365,613
Long-term liabilities	925,361	1,139,647
Net pension liability	4,500,624	5,553,069
Total Liabilities	7,595,334	8,058,329
Deferred inflows of resources		
Deferred inflows of resources related to pension	2,435,417	1,049,641
Total Deferred Inflows of Resources	2,435,417	1,049,641
Investment in capital assets	17,377,140	16,804,702
Restricted	645,603	1,546,634
Unrestricted (deficit)	(4,090,309)	(5,396,425)
Total Net Position	\$ 13,932,434	\$ 12,954,911



CITY OF ROLLING HILLS ESTATES, CALIFORNIA
 Management's Discussion and Analysis (Unaudited)
 June 30, 2018
 (Continued)

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

Summary of Changes in Net Position

	Governmental Activities	
	<u>FY 2017-2018</u>	<u>FY 2016-2017</u>
<u>Program Revenues:</u>		
Charges for services	\$ 3,904,546	\$ 3,678,659
Operating grants and contributions	964,680	1,611,349
Capital grants and contributions	260,968	446,924
<u>General Revenues:</u>		
Property taxes	2,994,694	2,801,529
Local sales taxes	1,287,221	1,171,000
Other taxes	983,645	899,730
Capital contribution	-	268,257
Other general revenue	95,999	97,871
Total Revenues	10,491,753	10,975,319
<u>Expenses:</u>		
General government	3,441,459	5,653,201
Public safety	2,327,680	2,357,650
Public works	1,438,526	2,127,233
Community services	2,248,864	1,688,376
Public health	24,526	17,995
Interest on bond payable	33,175	40,490
Total Expenses	9,514,230	11,884,945
(Decrease) Increase in Net Position	977,523	(909,626)
Transfer of Operations	-	109,490
Net Position, beginning of year	12,954,911	13,755,047
Net Position, end of year	\$ 13,932,434	\$ 12,954,911

Governmental activities. Governmental activities increased the City's net position by \$977,523 in fiscal year 2017-18, and decreased by \$800,136 in fiscal year 2016-17. Key elements of the \$977,523 increase in net position are as follows:

- Operating grants and contributions decreased by \$646,669.
- General government expenses decreased by \$2,211,742, which is primarily due to the \$1.8 million UAL payment made in fiscal year 2016-17.
- Public works expenses decreased by \$688,707.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA

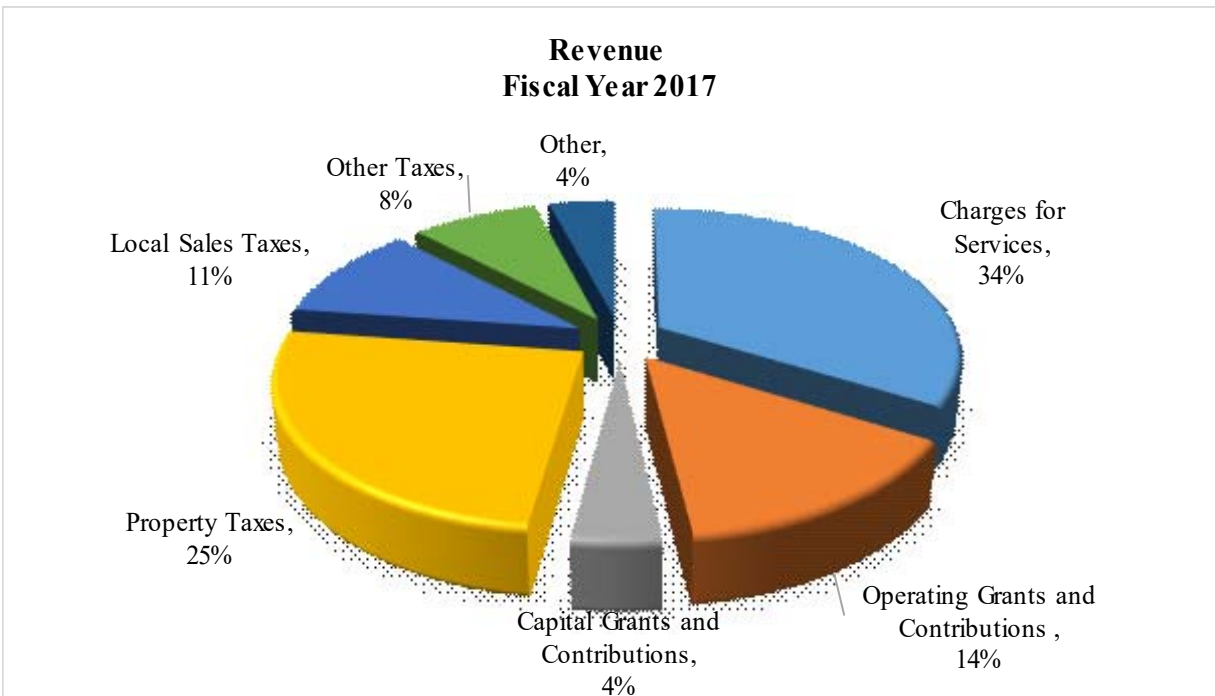
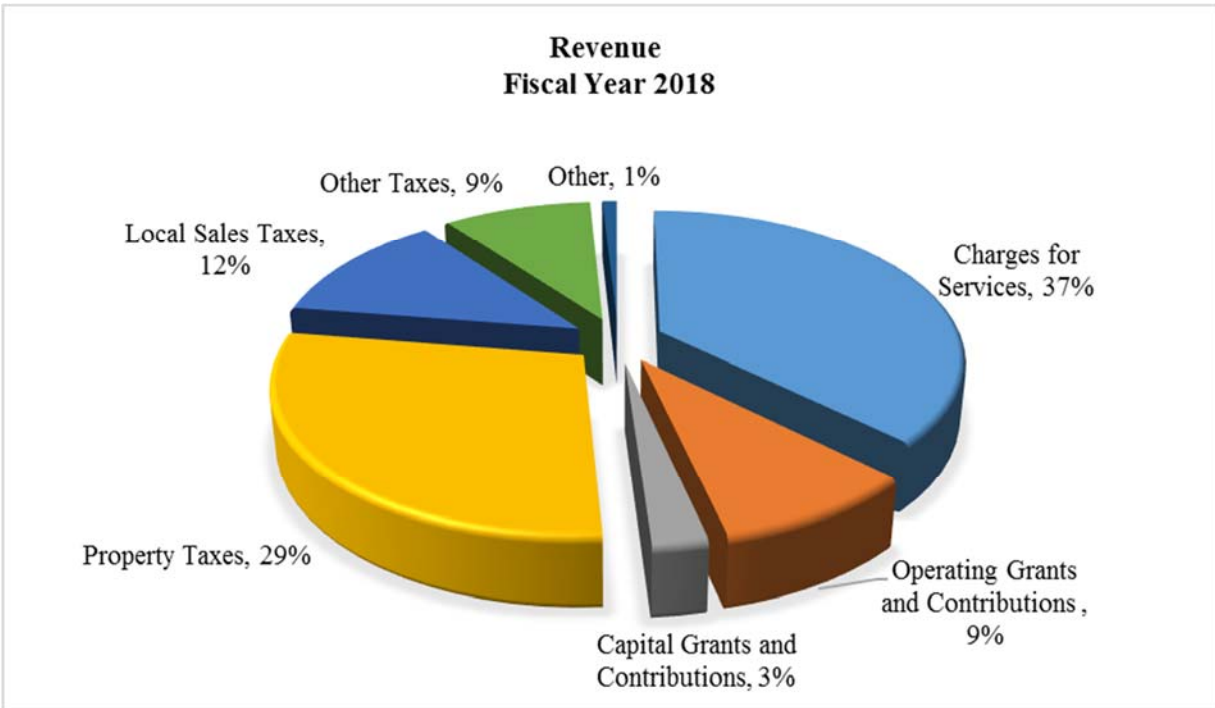
Management's Discussion and Analysis (Unaudited)

June 30, 2018

(Continued)

The following charts illustrate the proportion of sources of revenue for the fiscal years ended June 30, 2018 and 2017:

Revenues by Source – Governmental Activities





CITY OF ROLLING HILLS ESTATES, CALIFORNIA

Management's Discussion and Analysis (Unaudited)

June 30, 2018

(Continued)

The City's governmental funds reported combined ending fund balances of \$2,904,996 at June 30, 2018, a decrease of \$102,149 in comparison with the prior year, for which ending fund balance was \$3,007,145. Approximately 77% of the combined ending fund balances (\$2,244,758) constitute unassigned and assigned fund balance, which is available for spending at the City's discretion. This is an increase from the 55% reported for fiscal year 2016-17. \$645,603 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 maintenance of Hawthorne Canyon (\$10,000), 2) transportation (\$457,618), 3) capital projects (\$61,892), and 4) park improvements (\$116,093). \$14,635 is a non-spendable for inventories. The City has assigned fund balances of \$30,000 for equipment, \$410,003 for capital projects replacement and \$500,000 for PERS unfunded accrued liability to make a payment towards the CalPERS unfunded accrued liability amount.

The General Fund is the chief operating fund of the City. At June 30, 2018, unassigned fund balance of the General Fund was \$1,976,085, an increase from the prior year unassigned fund balance by \$83,149.

During the fiscal year ended June 30, 2018, the fund balance of the City's General Fund increased by \$416,444. The key factors contributing to the increase are due to a significant decrease in general government expenditures and an increase in the revenues from development in the City.

Capital Project Funds Highlights. The capital project funds, Quimby Fees Fund and Prop A Parks Fund are reported as major funds. The Quimby Fees are used to account for monies received from developers or home purchasers for park and equestrian improvement projects. 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 increased by \$349,079 as the Chandler Contribution Fund was transferred to the Prop A Parks Fund as of June 30, 2018. The activities of the Chandler Contribution Fund are presented in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for nonmajor governmental funds.

Special Revenue Funds Highlights. The special revenue fund, Prop A 4th District Fund, is reported as a major fund. The special revenue fund, Prop A 4th District, is reported as a major fund for the improvement to the City Municipal stables including a new horse barn with numerous stalls. The Prop A 4th District fund decreased by \$49,574 due to increase in capital outlay expenditures.

General Fund Budgetary Highlights

There were no significant changes between the original and final budget. The difference between the actual and final amended budget was a positive variance of \$285,053, and is primarily due to the following revenues not budgeted in the original or final budget amounts:

- Additional revenues in licenses and building permits are at an all-time high.
- Additional revenues in property taxes from the robust economy and new development.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA
 Management's Discussion and Analysis (Unaudited)
 June 30, 2018
 (Continued)

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$17,377,140 (net of accumulated depreciation). These investments in capital assets include land, buildings and improvements, facilities and improvements, vehicles and equipment, furniture and fixtures, and infrastructure. During the fiscal year 2017-18, the City's investment in capital assets increased by 3.4% primarily due to more work-in-progress projects.

The following table presents the City's investment in capital assets, net of accumulated depreciation, as of June 30, 2018 and 2017, respectively:

Summary of Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	
	<u>FY2017-2018</u>	<u>FY2016-2017</u>
Land	\$ 4,241,414	\$ 4,242,690
Construction in Progress	1,625,898	89,274
Buildings & Improvements	2,683,134	2,799,321
Facilities & Improvements	697,014	808,267
Vehicles & Equipment	154,757	219,610
Furniture & Fixtures	-	4,978
Infrastructure	7,974,923	8,640,562
Total	\$ 17,377,140	\$ 16,804,702

The City made significant capital improvements for a new horse barn for the Peter Weber Equestrian Center and street resurfacing projects. Additional information regarding the City's capital assets can be found in Note 1(g) on page 27, and Note 4 on pages 37-38.

Long-term liabilities. The City had total long-term liabilities of \$1,201,401 at June 30, 2018, which is a decrease of \$194,540 or 13.9% from the previous year.

The following is a summary of the City's long-term liabilities as of June 30, 2018 and 2017, respectively:

Summary of Long-Term Liabilities

	Governmental Activities	
	<u>FY2017-2018</u>	<u>FY2016-2017</u>
Employee compensated absences	\$ 460,401	\$ 442,941
Bonds payable	741,000	953,000
Total	\$ 1,201,401	\$ 1,395,941

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 \$484,220,340. 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 6 on pages 38-39 of this report.



CITY OF ROLLING HILLS ESTATES, CALIFORNIA
Management's Discussion and Analysis (Unaudited)
June 30, 2018
(Continued)

Net Pension Liability.

The City recorded \$4,500,624 in fiscal year 2018 to recognize the City's proportionate share of net pension liability. In addition to the net pension liability, the City also recognized the proportionate share of deferred outflows of resources related to pension of \$1,787,740 and deferred inflows of resources related to pension of \$2,435,417. Implementation of GASB Statements No. 68 and 71 is solely for financial reporting purpose and it does not represent an immediate funding requirement.

Economic Factors and Next Year's Budgets and Rates

- Local property values remain modest, and account for approximately 32% of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations increased by 6.02% in 2018 and continues to increase annually.
- There is a rebound from the recession in construction with building permit fees anticipated to exceed \$3,000,000 in revenue.
- Sales tax revenues remain flat in the City and the commercial district has seen some areas redeveloped that might spur additional sales tax revenues in the future. The Triple Flip has finally ended.

All three of these factors were considered in preparing the City's budget for fiscal year 2018-2019. The booming recovery of the economy has increased the revenues of the City and capital projects, especially the street repaving the storm drains' repairs.

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.RHE.city for additional financial information (Click "City Departments and Services" and then click "Administrative Services Department").



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CITY OF ROLLING HILLS ESTATES

Statement of Net Position

June 30, 2018

	Governmental Activities
Assets:	
Cash and investments	\$ 3,945,529
Accounts receivable	838,140
Inventories	14,636
Capital assets:	
Not being depreciated	5,867,312
Being depreciated, net	11,509,828
Total capital assets	<u>17,377,140</u>
Total assets	<u>22,175,445</u>
Deferred Outflows of Resources:	
Deferred outflows of resources related to pension	<u>1,787,740</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	1,624,880
Unearned revenue	6,750
Deposits payable	261,679
Current portion of long-term liabilities	276,040
Total current liabilities	<u>2,169,349</u>
Non-current liabilities:	
Bonds payable	511,000
Compensated absences	414,361
Net pension liability	4,500,624
Total non-current liabilities	<u>5,425,985</u>
Total liabilities	<u>7,595,334</u>
Deferred Inflows of Resources:	
Deferred inflows of resources related to pension	<u>2,435,417</u>
Net Position:	
Investment in capital assets	17,377,140
Restricted for:	
Maintenance of Hawthorne Canyon	10,000
Transportation	457,618
Capital Projects	61,892
Park Improvements	116,093
Unrestricted (deficit)	<u>(4,090,309)</u>
Total net position	<u>\$ 13,932,434</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

Statement of Activities
Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Changes in Net Position</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Governmental</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>
Governmental activities:					
General government	\$ 3,441,459	\$ 3,186,879	\$ 10,168	\$ -	\$ (244,412)
Public safety	2,327,680	47,762	139,416	-	(2,140,502)
Public works	1,438,526	435,296	745,101	200,589	(57,540)
Community services	2,248,864	234,609	69,995	60,379	(1,883,881)
Public health	24,526	-	-	-	(24,526)
Interest on bond payable	33,175	-	-	-	(33,175)
Total governmental activities	<u>9,514,230</u>	<u>3,904,546</u>	<u>964,680</u>	<u>260,968</u>	<u>(4,384,036)</u>

General revenues and contributions:

Taxes:

Property taxes	2,994,694
Sales taxes	1,287,221
Business license taxes	229,750
Franchise taxes	604,648
Other taxes	149,247
Use of money and property	26,026
Miscellaneous	69,973
Total general revenues and contributions	<u>5,361,559</u>
Change in net position	977,523
Net position, beginning	<u>12,954,911</u>
Net position, ending	<u>\$ 13,932,434</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

Balance Sheet
Governmental Funds
June 30, 2018

		<u>Special Revenue Fund</u>	<u>Capital Project Funds</u>			<u>Total</u>
	<u>General</u>	<u>Prop A</u>	<u>Quimby</u>	<u>Prop A</u>	<u>Nonmajor</u>	<u>Governmental</u>
	<u>Fund</u>	<u>4th District</u>	<u>Fees</u>	<u>Parks</u>	<u>Funds</u>	<u>Funds</u>
Assets:						
Cash and investments	\$ 3,026,689	\$ -	\$ 108,340	\$ -	\$ 810,500	\$ 3,945,529
Accounts receivable	786,225	-	284	-	51,631	838,140
Due from other funds	704,387	-	-	-	-	704,387
Inventories	14,635	-	-	-	-	14,635
Total assets	\$ 4,531,936	\$ -	\$ 108,624	\$ -	\$ 862,131	\$ 5,502,691
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,329,534	\$ -	\$ 3,940	\$ -	\$ 291,406	\$ 1,624,880
Due to other funds	-	280,462	-	265,097	158,828	704,387
Deposits payable	261,679	-	-	-	-	261,679
Unearned revenue	-	-	-	-	6,750	6,750
Total liabilities	1,591,213	280,462	3,940	265,097	456,984	2,597,696
Fund balances (deficit):						
Nonspendable:						
Inventories	14,635	-	-	-	-	14,635
Restricted for:						
Maintenance of Hawthorne Canyon	10,000	-	-	-	-	10,000
Transportation	-	-	-	-	457,618	457,618
Capital projects	-	-	-	-	61,892	61,892
Park Improvements	-	-	104,684	-	11,409	116,093
Assigned to:						
Equipment	30,000	-	-	-	-	30,000
Capital projects replacement	410,003	-	-	-	-	410,003
PERS UAL	500,000	-	-	-	-	500,000
Unassigned	1,976,085	(280,462)	-	(265,097)	(125,771)	1,304,755
Total fund balances (deficit)	2,940,723	(280,462)	104,684	(265,097)	405,148	2,904,996
Total liabilities and fund balances	\$ 4,531,936	\$ -	\$ 108,624	\$ -	\$ 862,131	\$ 5,502,691

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, 2018

Total fund balances, governmental funds	\$ 2,904,996
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.	17,377,140
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds payable	(741,000)
Compensated absences	(460,401)
Pension liabilities and the related deferred inflows and outflows are not due and payable in the current period and therefore, are not reported in the funds.	
Net pension liability	(4,500,624)
Deferred outflows of resources related to pension	1,787,740
Deferred inflows of resources related to pension	(2,435,417)
Net position of governmental activities	\$ 13,932,434

CITY OF ROLLING HILLS ESTATES
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
		Prop A 4th District	Quimby Fees	Prop A Parks		
Revenues:						
Property taxes	\$ 2,994,694	\$ -	\$ -	\$ -	\$ -	\$ 2,994,694
Sales and use taxes	1,287,221	-	-	-	-	1,287,221
Business license taxes	229,750	-	-	-	-	229,750
Other taxes	753,895	-	-	-	-	753,895
Licenses and permits	3,056,594	-	-	-	-	3,056,594
Fines and forfeitures	85,107	-	-	-	17,295	102,402
Use of money and property	204,215	-	1,370	-	9,800	215,385
Charges for services	427,752	-	-	-	224,691	652,443
Revenues from other agencies	393,361	-	1,500	60,379	735,466	1,190,706
Other revenues	8,665	-	-	-	-	8,665
Total revenues	9,441,254	-	2,870	60,379	987,252	10,491,755
Expenditures:						
Current:						
General government	3,599,516	-	-	-	-	3,599,516
Public safety	2,289,664	-	-	-	38,016	2,327,680
Public works	427,754	-	-	-	241,532	669,286
Community services	1,415,553	-	-	14,071	40,235	1,469,859
Public health	24,524	-	-	-	-	24,524
Capital outlay	1,016,599	49,574	133,231	11,303	1,047,157	2,257,864
Debt Service:						
Principal	212,000	-	-	-	-	212,000
Interest	33,175	-	-	-	-	33,175
Total expenditures	9,018,785	49,574	133,231	25,374	1,366,940	10,593,904
Excess (deficiency) of revenues over expenditures	422,469	(49,574)	(130,361)	35,005	(379,688)	(102,149)
Other financing sources (uses):						
Transfers in	-	-	-	546,933	106,380	653,313
Transfers out	(6,025)	-	-	(232,859)	(414,429)	(653,313)
Total other financing sources (uses)	(6,025)	-	-	314,074	(308,049)	-
Net change in fund balances	416,444	(49,574)	(130,361)	349,079	(687,737)	(102,149)
Fund balances (deficit), beginning	2,524,279	(230,888)	235,045	(614,176)	1,092,885	3,007,145
Fund balances (deficit), ending	\$ 2,940,723	\$ (280,462)	\$ 104,684	\$ (265,097)	\$ 405,148	\$ 2,904,996

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, 2018

Net change in fund balances - total governmental funds	\$ (102,149)
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	1,477,232
Depreciation expense	(904,795)
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	212,000
Increase in compensated absences payable resulted in the utilized current resources and were reported as expenditures in the governmental funds but were reported as expenses in the statement of activities in prior years.	
	(17,460)
Pension expense 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.	
	(3,794)
Employer pension contributions made after the measurement date of the net pension liability as of June 30, 2017 which are recorded as deferred outflows of resources on the statement of net position	
	<u>316,489</u>
Change in net position of governmental activities	<u><u>\$ 977,523</u></u>

CITY OF ROLLING HILLS ESTATES

Statement of Fiduciary Net Position

Agency Fund

June 30, 2018

	Peninsula Parking
Assets:	
Accounts receivable	\$ 15,190
Total Assets	\$ 15,190
Liabilities:	
Accounts payable	\$ 15,190
Total Liabilities	\$ 15,190

CITY OF ROLLING HILLS ESTATES

Notes to Financial Statements

June 30, 2018

(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 accounting principles generally accepted in the United States of America (GAAP), the basic 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 City's operations and so data from this unit is combined with the data of the City's primary government.

Peppertree Foundation (the Foundation)

The Foundation is an organization responsible for the development and maintenance of the parks located within the City. The City controls and is financially accountable for the Foundation as City Council serves as members of the Foundation's governing board. 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

(b) *Joint Ventures*

The City is a member of the Palos Verdes Peninsula Transit Joint Powers Authority (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, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Palos Verdes Peninsula Transit Authority’s fiscal year ended on June 30. As of June 30, 2017 (most recent information available), audited financial statements indicated the following:

Total assets	\$ 3,153,801
Total liabilities	127,798
Total net position	\$ 3,026,003
Charges for services	\$ 346,432
JPA member contributions and other income	610,261
Governmental sources	32,200
Total operating revenues	988,893
Total operating expenses	2,425,356
Total non-operating revenues	1,558,500
Change in Net Position	\$ 122,037

Separate financial statements are available at:

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

(c) *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.

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 and a fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide 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 requirement have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues.

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.

The City reports the following major governmental funds:

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

The **Prop A 4th District – Special Revenue Fund** is used to account for grant monies received from the State of California for the maintenance and development of parks, recreation facilities, and open space.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The **Quimby Fees – Capital Project Fund** is used 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.

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.

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.

Fiduciary Fund:

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; however, does not present a net position.

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

The **Peninsula Parking Agency Fund** is used 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.

(e) *Interfund Activity*

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. 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 are reported in the government-wide financial statements as "internal balances."

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) *Property Taxes*

Under California law, the property tax rate is limited to 1% of market value plus other increases approved by the voters. The City's share of property tax is 7% of the 1% or .00067. 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.

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

Cash and Investments

Investments are reported in the accompanying statement of net position and balance sheet 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.

The City pools its 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 basic financial statements as pooled 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. The City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash invested in the State of California Local Agency Investment Fund (LAIF) is also considered to be cash equivalents.

Accounts Receivable and Allowance for Bad Debt

The \$838,140 recorded as accounts receivable consist of \$352,848 due from businesses and individuals, which includes building permits and licenses, and \$485,292 due from State and County governments for amounts collected and not remitted to the City as of June 30, 2018. The receivables due from other governments include property taxes from the County of Los Angeles which assesses, bills, and collects taxes for the City. The City considers all of these receivables as fully collectible.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental 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 acquisition 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 \$10,000. 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
Park facilities and improvements	7-20 years
Vehicles and equipment	4-18 years
Furniture and fixtures	3-13 years
Infrastructure	20-50 years

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 governmental activities of 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 governmental activities 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.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund Balance

Fund balance for governmental funds is classified as follows:

Nonspendable – includes amounts that cannot be converted to cash and amounts that will not be converted to cash soon enough to affect the current reporting period (i.e. long-term receivables, prepaids, inventory, land held for resale).

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.

Assigned – comprise of 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 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 Capital Improvement plan forecast, within the limits of the overall Fund Balance Policy. Capital improvements are funded by prior year operating surpluses, special funds, and current year revenues.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018, \$1,976,085 of unassigned fund balance has been identified for future operating expenditures. General fund is the only fund that reports a positive unassigned fund balance amount.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualify for reporting in this category; deferred pension related items reported in the statement of net position.

In addition to liabilities, the balance sheet or statement of net position will sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, deferred inflows of resources related to the City's net pension liability.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deduction from CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publically available reports that can be obtained at CalPERS' website under Forms and Publications (www.calpers.ca.gov).

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reported results pertain to liability and assets information within the following defined time frames:

Valuation Date (VD) – June 30, 2016
Measurement Date (MD) – June 30, 2017
Measurement Period (MP) – July 1, 2016 to June 30, 2017

Use of Estimates

The preparation of financial statements in conformity with 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.

New Pronouncements

Implementation of the following GASB Statements is effective for fiscal year 2018:

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses accounting and financial reporting for other postemployment benefit (OPEB) that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement has no impact on the City's basic financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement and revenue when the resources become applicable to the reporting period. GASB 81 also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement has no impact on the City's basic financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which is meant to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). This Statement has no impact on the City's basic financial statements.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which will establish accounting principles and disclosure requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. This Statement will also require in financial statements using the economic resources measurement focus to recognize any difference between the reacquisition price and net carrying amount (including prepaid insurance) of the defeased debt as a separately gain and loss. This Statement has no impact on the City's basic financial statements.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. The City is evaluating the potential impacts of the following GASB Statements on its accounting practices and financial statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs). This includes establishing criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. Implementation of this Statement is effective fiscal year 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Implementation of this Statement is effective fiscal year 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will supercede previous standards on accounting for leases. This Statement will require the recognition of assets, deferred outflows and inflows, liabilities on certain lease agreements that were previously recognized as operating leases. Implementation of this Statement is effective for fiscal year 2021.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related To Debt, Including Direct Borrowings And Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements as well as clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Implementation of this Statement is effective for fiscal year 2019.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Implementation of this Statement is effective for fiscal year 2020.

(2) DEFICIT FUND BALANCES

The following funds have an accumulated deficit at June 30, 2018:

Special Revenue Funds:	
Prop A 4th District	280,462
Traffic Safety	8,591
Highway Users Tax	56,465
HUTA SB1 RMRA	9,326
Capital Project Funds:	
Prop A Parks	265,097
CDBG Grant	17,177
CalRecycle Asphalt	42,803

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

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(3) CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, are classified in the accompanying basic financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ <u><u>3,945,529</u></u>

Cash and investments were comprised of the following as of June 30, 2018:

Cash on hand	\$ 1,550
Deposits with financial institution	1,117,817
Investments	<u>2,826,162</u>
	\$ <u><u>3,945,529</u></u>

Investments are stated at fair value and are valued on a yearly basis. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. The City investments are in an external government investment pool, which is not subject to reporting within the level hierarchy. In addition, the City holds certificates of deposits with separate financial institutions, which are not subject to the level of hierarchy. Please see additional information in "Investment in State Investment Pool".

(a) *Investments Authorized by the City's Investment Policy*

The City of Rolling Hills Estates' Statement of Investment Policy (Policy) is reviewed and adopted by the City Council each year. The 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 Policy is 1 - 10 years and 10 - 30 years, respectively. Investment vehicles not specifically mentioned in the City's 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:

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(3) CASH AND INVESTMENTS (CONTINUED)

Authorized 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 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.

(b) 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.

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:

Investment Types	Remaining Maturity (in Months)
	12 Months or Less
LAIF	\$ 2,415,987
Certificates of Deposits	410,175
	<u>\$ 2,826,162</u>

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(3) CASH AND INVESTMENTS (CONTINUED)

(c) 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 Policy, and the actual rating as of year end for each investment type.

<u>Investment Types</u>	<u>Total Investment</u>	<u>Minimum Legal Rating</u>	<u>Rated</u>
LAIF	\$ 2,415,987	N/A	\$ 2,415,987
Certificates of Deposits	410,175	N/A	410,175
	<u>\$ 2,826,162</u>		<u>\$ 2,826,162</u>

(d) Concentration of Credit Risk

With the exception of U.S. Treasury Bills, U.S. Treasury Notes and U.S. Treasury Bonds, the 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. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total City investments.

(e) Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's 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, 2018, the carrying amount of the City's bank deposits was \$1,117,817, and the respective bank balances totaled \$1,453,440. Of the bank balance, \$250,000 was insured through the Federal Deposit Insurance Corporation.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(3) CASH AND INVESTMENTS (CONTINUED)

(f) 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 basic 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, 2018, was \$22.5 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2018, had a balance of \$88.8 billion. Of that amount 2.67% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 193 days as of June 30, 2018. LAIF is unrated as to credit quality.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(4) CAPITAL ASSETS

A summary of changes in capital asset activity for the City's governmental activities for the year ended June 30, 2018, is as follows:

<u>Governmental activities</u>	<u>Balance at July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2018</u>
Capital assets, not being depreciated:				
Land	\$ 4,242,690	\$ -	\$ (1,276)	\$ 4,241,414
Construction in progress	89,273	1,536,625	-	1,625,898
Total capital assets, not being depreciated	<u>4,331,963</u>	<u>1,536,625</u>	<u>(1,276)</u>	<u>5,867,312</u>
Capital assets, being depreciated:				
Buildings and improvements	3,849,253	-	(61,023)	3,788,230
Facilities and improvements	2,195,389	-	(125,787)	2,069,602
Vehicles and equipment	743,203	-	(52,788)	690,415
Furniture and fixtures	92,444	-	(12,573)	79,871
Infrastructure	11,321,579	-	-	11,321,579
Total capital assets, being depreciated	<u>18,201,868</u>	<u>-</u>	<u>(252,171)</u>	<u>17,949,697</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,049,931)	(93,134)	37,969	(1,105,096)
Facilities and improvements	(1,387,121)	(88,827)	103,360	(1,372,588)
Vehicles and equipment	(523,594)	(56,876)	44,812	(535,658)
Furniture and fixtures	(87,466)	(319)	7,914	(79,871)
Infrastructure	(2,681,017)	(665,639)	-	(3,346,656)
Total accumulated depreciation	<u>(5,729,129)</u>	<u>(904,795)</u>	<u>194,055</u>	<u>(6,439,869)</u>
Total capital assets, being depreciated, net	<u>12,472,739</u>	<u>(904,795)</u>	<u>(58,116)</u>	<u>11,509,828</u>
Governmental activities capital assets, net	<u>\$ 16,804,702</u>	<u>\$ 631,830</u>	<u>\$ (59,392)</u>	<u>\$ 17,377,140</u>

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(4) CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

	Governmental Activities
General government	\$ 125,084
Community services	114,072
Public works	665,639
Total	\$ 904,795

(5) INTERFUND RECEIVABLE AND PAYABLE

The composition of interfund balances as of June 30, 2018, are as follows:

	Receivable Fund
Due to other funds	General Fund
Proposition A 4th District Special Revenue Fund	\$ 280,462
Proposition A Parks Capital Project Fund	265,097
Nonmajor Governmental Funds	158,828
	\$ 704,387

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.

(6) LONG-TERM LIABILITIES

(a) Bonds Payable

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 balance remaining on the bonds as of June 30, 2018, is \$741,000, payable through fiscal year 2021.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(6) LONG-TERM LIABILITIES (CONTINUED)

As of June 30, 2018, annual debt service requirements to maturity are as follows:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2019	230,000	24,761
2020	246,000	16,290
2021	265,000	7,222
Total requirements	<u>\$ 741,000</u>	<u>\$ 48,273</u>

(b) Compensated Absences Payable

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

\$ 460,401

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

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2018</u>	<u>Due within one year</u>
Bonds payable	\$ 953,000	\$ -	\$ (212,000)	\$ 741,000	\$ 230,000
Compensated absences	442,941	39,278	(21,818)	460,401	46,040
	<u>\$ 1,395,941</u>	<u>\$ 39,278</u>	<u>\$ (233,818)</u>	<u>\$ 1,201,401</u>	<u>\$ 276,040</u>

(7) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 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 Authority 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.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

**(7) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE
(CONTINUED)**

Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government 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 evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2017-18 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

**(7) LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE
(CONTINUED)**

Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability insurance program 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 an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

Property Insurance – The City 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 \$7,655,900. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$7,552,918. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance – The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance – The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on 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 facilitated by the Authority.

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 2017-18.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(8) RELATED PARTY TRANSACTIONS

The California Joint Powers Insurance Authority provides insurance services to the City as mentioned above. The contributions paid by the City to the Authority for the year ended June 30, 2018 were \$145,247.

(9) RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description: All full-time employees of the City are eligible to participate in the Miscellaneous plan administered by the State of California’s Public Employees’ Retirement System (CalPERS), a cost sharing multiple employer defined-benefit pension plan. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. CalPERS provides retirement, disability and death benefits based on the employee’s years of service, age and final compensation. Employees vest after five years of services. Benefit provisions and other requirements are established by State statute and City ordinance. Copies of CalPERS’ annual financial report may be obtained from their executive office: 400 “P” Street, Sacramento, CA 95811.

The State of California passed the California’s Employee’s Pension Reform Act (PEPRA) which became effective on January 1, 2013. PEPRA changes included the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specific by the Public Employees’ Retirement Law.

	Misc	2nd Tier	PEPRA Misc
		Between 12/6/2011 and 12/31/2012	
Hire date	Prior to 12/6/2011		On/after 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63 & Up	60 & Up	62 & Up
Monthly benefits, as a percentage of eligible compensation	1.426% - 2.418%	1.000% - 2.000%	1.000% - 2.000%
Required employee contribution rates	7.00%	7.00%	6.50%

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(9) RETIREMENT PLANS (CONTINUED)

Contributions: Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate which is 9.353% or 7.510% for non-safety employees of annual covered payroll depending upon hire date. Section 20814c of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The local government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability: As of June 30, 2018, the City reported a liability of \$4,500,624 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2018, which is the accounting date, the City's proportion was 0.162 percent, which was a decrease of 0.002 percent from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Flows of Resources Related to Pensions: For the year ended June 30, 2018, the City recognized pension expense of \$3,794. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 316,489	\$ -
Change in assumptions	1,081,568	82,471
Differences between expected and actual experience	8,717	124,886
Net differences between projected and actual earnings on plan investments	244,606	-
Changes in employer's proportion	136,360	1,632,810
Difference between the employer's contributions and the employer's proportionate share of contributions	-	595,250
Total	\$ 1,787,740	\$ 2,435,417

City contributions of \$316,489 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(9) RETIREMENT PLANS (CONTINUED)

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	(667,829)
2019	(18,849)
2020	(132,261)
2021	(145,227)
Thereafter	-

Actuarial Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The total pension liability in the June 30, 2016 actuarial valuation which was rolled forward to June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Inflation Rate	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report. The experience study report can be obtained at CalPERS' website under Forms and Publications.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on CalPERS' website under Forms and Publications.

Change in Assumptions: GASB Statement No. 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. The discount rate of 7.15 percent used for the June 30, 2017 measurement date was net of administrative expenses.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(9) RETIREMENT PLANS (CONTINUED)

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate.

Based on the testing of the plans, the tests revealed assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments for funding valuation purposes was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both the short-term and the long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. The present value of benefits was calculated using the expected nominal returns for both short-term and long-term., The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

The target allocations shown was adopted by the CalPERS Board effective July 1, 2014.

<u>Asset Class</u>	<u>Allocation</u>	<u>Year 1-10(a)</u>	<u>Year 11+ (b)</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.50% used for this period.

(b) An expected inflation of 3.00% used for this period.

CITY OF ROLLING HILLS ESTATES
Notes to Financial Statements (Continued)
June 30, 2018

(9) RETIREMENT PLANS (CONTINUED)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net Pension Liability	\$8,065,781	\$4,500,624	\$1,547,896

Pension Plan Fiduciary Net Position: Detailed information about pension plan fiduciary net position is available in the separately issued CalPERS financial report.

Defined Contribution Retirement Plan

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan administered by the PARS. 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. The contributions paid by the City to the PARS for the year ended June 30, 2018 were \$42,350.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROLLING HILLS ESTATES

General Fund

Budgetary Comparison Schedule

Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 2,947,788	\$ 2,947,788	\$ 2,994,694	\$ 46,906
Sales and use taxes	1,251,631	1,251,631	1,287,221	35,590
Business license taxes	240,000	240,000	229,750	(10,250)
Other taxes	740,000	740,000	753,895	13,895
Licenses and permits	3,233,000	2,808,000	3,056,594	248,594
Fines and forfeitures	34,500	89,500	85,107	(4,393)
Use of money and property	160,800	160,800	204,215	43,415
Charges for services	510,000	455,000	427,752	(27,248)
Revenues from other agencies	100,000	389,056	393,361	4,305
Other revenues	241,070	15,000	8,665	(6,335)
Total revenues	<u>9,458,789</u>	<u>9,096,775</u>	<u>9,441,254</u>	<u>344,479</u>
Expenditures:				
Current:				
General government	3,440,062	3,729,788	3,599,516	130,272
Public safety	2,123,040	2,184,511	2,289,664	(105,153)
Public works	479,671	435,170	427,754	7,416
Community services	1,359,124	1,403,006	1,415,553	(12,547)
Public health	20,000	20,000	24,524	(4,524)
Capital outlay	1,383,000	948,311	1,016,599	(68,288)
Debt service:				
Principal	212,000	212,000	212,000	-
Interest	32,598	32,598	33,175	(577)
Total expenditures	<u>9,049,495</u>	<u>8,965,384</u>	<u>9,018,785</u>	<u>(53,401)</u>
Excess (deficiency) of revenues over expenditures	<u>409,294</u>	<u>131,391</u>	<u>422,469</u>	<u>291,078</u>
Other financing uses:				
Transfers out	-	-	6,025	(6,025)
Total other financing sources	<u>-</u>	<u>-</u>	<u>6,025</u>	<u>(6,025)</u>
Net change in fund balances	409,294	131,391	416,444	285,053
Fund balance, beginning	<u>2,524,279</u>	<u>2,524,279</u>	<u>2,524,279</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,933,573</u>	<u>\$ 2,655,670</u>	<u>\$ 2,940,723</u>	<u>\$ 285,053</u>

See Accompanying Note to Required Supplementary Information.

CITY OF ROLLING HILLS ESTATES
Prop A 4th District Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Revenues from other agencies	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital Outlay	11,000	49,574	49,574	-
Total expenditures	<u>11,000</u>	<u>49,574</u>	<u>49,574</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(11,000)	(49,574)	(49,574)	-
Fund deficit, beginning	<u>(230,888)</u>	<u>(230,888)</u>	<u>(230,888)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (241,888)</u></u>	<u><u>\$ (280,462)</u></u>	<u><u>\$ (280,462)</u></u>	<u><u>\$ -</u></u>

CITY OF ROLLING HILLS ESTATES
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 Last 10 Fiscal Years*

Measurement Period	2017	2016	2015	2014
Proportion of the net pension liability	0.045%	0.064%	0.060%	0.156%
Proportionate share of the net pension liability	\$ 4,500,624	\$ 5,553,069	\$ 4,129,172	\$ 3,857,655
Covered payroll - See note (1)	\$ 1,995,167	\$ 2,016,467	\$ 1,849,121	\$ 1,769,537
Total Assets				
Total revenues		5,553,069	4,129,172	3,857,655
Proportionate share of the net pension liability as percentage of covered payroll	226%	275%	223%	218%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	80.43%

Notes to Schedule:

(1) Covered payroll for 2014 is based on pensionable earnings per CalPERS for 2014.

Change in benefit terms -The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden handshakes).

Changes in assumptions - The discount rate was changed from 7.65 percent (net of administrative expense) in 2016 to 7.15% in 2017.

* Since fiscal year 2015 was the first year of implementation, only four years are shown.

CITY OF ROLLING HILLS ESTATES
 Required Supplementary Information
 Schedule of City Contributions to the Pension Plan
 Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution (ADC)	\$ 316,489	\$ 317,398	\$ 316,760	\$ 218,382
Less: Contributions in relation to ADC	<u>(316,489)</u>	<u>(317,398)</u>	<u>(316,760)</u>	<u>(218,382)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll - See note (1)	\$ 2,011,062	\$ 1,995,167	\$ 2,016,467	\$ 1,849,121
Contributions as a percentage of covered employee payroll	15.74%	15.91%	15.71%	11.81%

Notes to Schedule:

(1) Covered-employee payroll represents all pensionable wages of the City.

* Since fiscal year 2015 was the first year of implementation, only four years are shown.

CITY OF ROLLING HILLS ESTATES
 Note to Required Supplementary Information
 June 30, 2018

(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.

(a) Expenditures in Excess of Appropriations

The following program levels reported an excess of expenditures over appropriations:

Fund	Amounts Over Budget
General Fund - Public safety	\$ 105,153
General Fund - Community services	12,547
General Fund - Public health	4,524
General Fund - Capital outlay	68,288
General Fund - Interest	577

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

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SUPPLEMENTARY INFORMATION

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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 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.

Jr. Naturalist Park Grant - To account for a state grant received to help expand the hours, programs and events held at the George F. Canyon Nature Center.

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

Peppertree Foundation Fund - To account for citizen donations to enrich the quality of life in the City.

HUTA SBI RMRA Fund - To account for the City's share of funds used to address basic road maintenance, rehabilitation and critical safety needs on local streets, which is funded through a per gallon fuel tax and vehicle registration fees.

Traffic Mitigation Fund - To account for an impact fee under the Public Facilities Impact Fee Program for New Development. It is only for new and expanded projects in the City's Commercial District. These monies are earmarked for improvements to the City's roadways for traffic mitigation purposes.

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.

Local Transportation Fund - To account for the City's share of the one-fourth cent general sales tax collected by the County of Los Angeles for local streets and roads projects within the City.

CDBG Grant Fund - To account for grant monies received from the Los Angeles County Community Development Commission utilized to eliminate slum and blighted conditions, assist low and moderate-income households or to meet the needs of special population groups, such as the disabled.

PEG Fees Fund - To account for fees 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.

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.

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

CalRecycle Asphalt Fund - To account for funds received from the State Transportation Improvement Program for transportation projects.

The Chandler Contribution Fund - To account for donations made to the City for equestrian improvements at the discretion of the City Council. The excess of fund balance was transferred to the Prop A Parks Fund as of June 30, 2018.

Measure M Fund - To account for the City's share of the half-cent sales tax to fund new street and transportation projects and programs.

CITY OF ROLLING HILLS ESTATES
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds							
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Jr. Naturalist Park Grant	Highway Users Tax	Peppertree Foundation	HUTA SB1 RMRA	
Assets:								
Cash and investments	\$ -	\$ 36,088	\$ 82,698	\$ -	\$ -	\$ 19,951	-	188,561
Accounts receivable	1,954	61	2,853	-	880	61	7,022	467
Total assets	<u>\$ 1,954</u>	<u>\$ 36,149</u>	<u>\$ 85,551</u>	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 20,012</u>	<u>\$ 7,022</u>	<u>\$ 189,028</u>
Liabilities:								
Accounts payable and accrued liabilities	\$ 851	\$ 227	\$ -	\$ -	\$ 13,475	\$ 1,853	\$ -	\$ -
Due to other funds	9,694	-	-	-	43,870	-	16,348	-
Unearned revenue	-	-	-	-	-	6,750	-	-
Total liabilities	<u>10,545</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>57,345</u>	<u>8,603</u>	<u>16,348</u>	<u>-</u>
Fund balances (deficits):								
Restricted for:								
Transportation	(8,591)	35,923	85,551	-	-	-	-	189,028
Capital projects	-	-	-	-	-	-	-	-
Park Improvements	-	-	-	-	-	11,409	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,465)</u>	<u>-</u>	<u>(9,326)</u>	<u>-</u>
Total fund balances (deficits)	<u>(8,591)</u>	<u>35,923</u>	<u>85,551</u>	<u>-</u>	<u>(56,465)</u>	<u>11,409</u>	<u>(9,326)</u>	<u>189,028</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,954</u>	<u>\$ 36,149</u>	<u>\$ 85,551</u>	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 20,012</u>	<u>\$ 7,022</u>	<u>\$ 189,028</u>

CITY OF ROLLING HILLS ESTATES
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2018

	Capital Project Funds										Total Nonmajor Governmental
	Local Transportation	CDBG Grant	PEG Fees	Prop C	Measure R	State SR2S	STPL Grant	Calrecycle Asphalt	Chandler Contribution	Measure M	
Assets:											
Cash and investments	\$ -	\$ -	\$ 53,900	\$ 104,374	\$ 240,436	\$ -	\$ -	\$ -	\$ -	\$ 84,492	\$ 810,500
Accounts receivable	7,040	21,896	7,992	640	577	-	-	-	-	188	51,631
Total assets	<u>\$ 7,040</u>	<u>\$ 21,896</u>	<u>\$ 61,892</u>	<u>\$ 105,014</u>	<u>\$ 241,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,680</u>	<u>\$ 862,131</u>
Liabilities:											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 75,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	291,406
Due to other funds	7,040	39,073	-	-	-	-	-	42,803	-	-	158,828
Unearned revenue	-	-	-	-	-	-	-	-	-	-	6,750
Total liabilities	<u>7,040</u>	<u>39,073</u>	<u>-</u>	<u>75,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>42,803</u>	<u>-</u>	<u>-</u>	<u>456,984</u>
Fund balances (deficits):											
Restricted for:											
Transportation	-	-	-	30,014	41,013	-	-	-	-	84,680	457,618
Capital projects	-	-	61,892	-	-	-	-	-	-	-	61,892
Park Improvements	-	-	-	-	-	-	-	-	-	-	11,409
Unassigned	-	(17,177)	-	-	-	-	-	(42,803)	-	-	(125,771)
Total fund balances (deficits)	<u>-</u>	<u>(17,177)</u>	<u>61,892</u>	<u>30,014</u>	<u>41,013</u>	<u>-</u>	<u>-</u>	<u>(42,803)</u>	<u>-</u>	<u>84,680</u>	<u>405,148</u>
Total liabilities and fund balances (deficits)	<u>\$ 7,040</u>	<u>\$ 21,896</u>	<u>\$ 61,892</u>	<u>\$ 105,014</u>	<u>\$ 241,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,680</u>	<u>\$ 862,131</u>

CITY OF ROLLING HILLS ESTATES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue Funds							
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Jr. Naturalist Park Grant	Highway Users Tax	Peppertree Foundation	HUTA SBI RMRA	Traffic Mitigation
Revenues:								
Fines and forfeitures	\$ 17,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	49	155	662	-	-	226	8	788
Charges for services	-	-	-	-	-	36,451	-	188,240
Revenues from other agencies	-	149,748	10,168	-	174,426	-	37,186	-
Total revenues	17,344	149,903	10,830	-	174,426	36,677	37,194	189,028
Expenditures:								
Current:								
Public safety	38,016	-	-	-	-	-	-	-
Public works	-	153,484	-	-	88,048	-	-	-
Community services	-	-	-	-	-	40,235	-	-
Capital outlay	-	-	-	-	-	2,375	46,520	-
Total expenditures	38,016	153,484	-	-	88,048	42,610	46,520	-
Excess (deficiency) of revenues over expenditures	(20,672)	(3,581)	10,830	-	86,378	(5,933)	(9,326)	189,028
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(20,672)	(3,581)	10,830	-	86,378	(5,933)	(9,326)	189,028
Fund balances (deficits), beginning	12,081	39,504	74,721	-	(142,843)	17,342	-	-
Fund balances (deficits), ending	<u>\$ (8,591)</u>	<u>\$ 35,923</u>	<u>\$ 85,551</u>	<u>\$ -</u>	<u>\$ (56,465)</u>	<u>\$ 11,409</u>	<u>\$ (9,326)</u>	<u>\$ 189,028</u>

CITY OF ROLLING HILLS ESTATES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2018

Capital Project Funds

	Local Transportation	CDBG Grant	PEG Fees	Prop C	Measure R	State SR2S	STPL Grant	CalRecycle Asphalt	Chandler Contribution	Measure M	Total Nonmajor Governmental
Revenues:											
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,295
Use of money and property	-	-	465	2,297	1,714	-	-	-	3,066	370	9,800
Charges for services	-	-	-	-	-	-	-	-	-	-	224,691
Revenues from other agencies	7,040	21,896	32,044	124,265	94,383	-	-	-	-	84,310	735,466
Total revenues	7,040	21,896	32,509	126,562	96,097	-	-	-	3,066	84,680	987,252
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	-	-	38,016
Public works	-	-	-	-	-	-	-	-	-	-	241,532
Community services	-	-	-	-	-	-	-	-	-	-	40,235
Capital outlay	7,040	21,896	11,723	351,097	200,000	-	-	144	406,362	-	1,047,157
Total expenditures	7,040	21,896	11,723	351,097	200,000	-	-	144	406,362	-	1,366,940
Excess (deficiency) of revenues over expenditures	-	-	20,786	(224,535)	(103,903)	-	-	(144)	(403,296)	84,680	(379,688)
Other financing sources (uses):											
Transfers in	-	-	-	-	-	6,025	-	-	100,355	-	106,380
Transfers out	-	-	-	-	-	-	-	-	(414,429)	-	(414,429)
Total other financing sources (uses)	-	-	-	-	-	6,025	-	-	(314,074)	-	(308,049)
Net change in fund balances	-	-	20,786	(224,535)	(103,903)	6,025	-	(144)	(717,370)	84,680	(687,737)
Fund balances (deficits), beginning	-	(17,177)	41,106	254,549	144,916	(6,025)	-	(42,659)	717,370	-	1,092,885
Fund balances (deficits), ending	\$ -	\$ (17,177)	\$ 61,892	\$ 30,014	\$ 41,013	\$ -	\$ -	\$ (42,803)	\$ -	\$ 84,680	\$ 405,148

CITY OF ROLLING HILLS ESTATES
 Traffic Safety Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 30,000	\$ 17,295	\$ (12,705)
Use of money and property		49	49
Total revenues	<u>30,000</u>	<u>17,344</u>	<u>(12,656)</u>
Expenditures:			
Public safety	<u>37,645</u>	<u>38,016</u>	<u>(371)</u>
Total expenditures	<u>37,645</u>	<u>38,016</u>	<u>(371)</u>
Excess (deficiency) of revenues over expenditures	(7,645)	(20,672)	(13,027)
Fund balance, beginning	<u>12,081</u>	<u>12,081</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 4,436</u>	<u>\$ (8,591)</u>	<u>\$ (13,027)</u>

CITY OF ROLLING HILLS ESTATES
Prop A Transit Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 100	\$ 155	\$ 55
Revenues from other agencies	165,692	149,748	(15,944)
Total revenues	<u>165,792</u>	<u>149,903</u>	<u>(15,889)</u>
Expenditures:			
Public works	159,443	153,484	5,959
Total expenditures	<u>159,443</u>	<u>153,484</u>	<u>5,959</u>
Excess (deficiency) of revenues over expenditures	6,349	(3,581)	(9,930)
Fund balance, beginning	39,504	39,504	-
Fund balance (deficit), ending	<u>\$ 45,853</u>	<u>\$ 35,923</u>	<u>\$ (9,930)</u>

CITY OF ROLLING HILLS ESTATES
 Air Quality Improvement Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 50	\$ 662	\$ 612
Revenues from other agencies	9,100	10,168	1,068
Total revenues	<u>9,150</u>	<u>10,830</u>	<u>1,680</u>
Expenditures:			
Current:			
General government	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	9,150	10,830	1,680
Fund balance, beginning	74,721	74,721	-
Fund balance, ending	<u>\$ 83,871</u>	<u>\$ 85,551</u>	<u>\$ 1,680</u>

CITY OF ROLLING HILLS ESTATES
 Jr. Naturalist Grant Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Revenues from other agencies	\$ 6,544	\$ -	\$ (6,544)
Total revenues	6,544	-	(6,544)
Expenditures:			
Community services	6,544	-	6,544
Total expenditures	6,544	-	6,544
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

CITY OF ROLLING HILLS ESTATES
Highway Users Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 150	\$ -	\$ (150)
Revenues from other agencies	184,107	174,426	(9,681)
Total revenues	<u>184,257</u>	<u>174,426</u>	<u>(9,831)</u>
Expenditures:			
Public works	<u>274,107</u>	<u>88,048</u>	<u>186,059</u>
Total expenditures	<u>274,107</u>	<u>88,048</u>	<u>186,059</u>
Excess (deficiency) of revenues over expenditures	(89,850)	86,378	176,228
Fund balance (deficit), beginning	(142,843)	(142,843)	-
Fund balance (deficit), ending	<u>\$ (232,693)</u>	<u>\$ (56,465)</u>	<u>\$ 176,228</u>

CITY OF ROLLING HILLS ESTATES
 Peppertree Foundation Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 70	\$ 226	\$ 156
Charges for services	41,000	36,451	(4,549)
Total revenues	<u>41,070</u>	<u>36,677</u>	<u>(4,393)</u>
Expenditures:			
Community services	31,700	40,235	(8,535)
Capital outlay	19,620	2,375	17,245
Total expenditures	<u>31,700</u>	<u>42,610</u>	<u>(10,910)</u>
Excess (deficiency) of revenues over expenditures	9,370	(5,933)	(15,303)
Fund balance, beginning	17,342	17,342	-
Fund balance (deficit), ending	<u>\$ 26,712</u>	<u>\$ 11,409</u>	<u>\$ (15,303)</u>

CITY OF ROLLING HILLS ESTATES
HUTA SB1 RMRA Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Revenues from other agencies	\$ 46,520	\$ 37,186	\$ (9,334)
Use of money and property	2	8	6
Total revenues	46,522	37,194	(9,328)
Expenditures:			
Current:			
Capital Outlay	46,520	46,520	-
Total expenditures	46,520	46,520	-
Excess (deficiency) of revenues over expenditures	2	(9,326)	(9,328)
Fund balance, beginning	-	-	-
Fund balance (deficit), ending	\$ 2	\$ (9,326)	\$ (9,328)

CITY OF ROLLING HILLS ESTATES
 Traffic Mitigation Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 530	\$ 788	\$ 258
Charges for services	188,240	188,240	-
Total revenues	<u>188,770</u>	<u>189,028</u>	<u>258</u>
Expenditures:			
Community services	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	188,770	189,028	258
Fund balance, beginning	-	-	-
Fund balance, ending	<u>\$ 188,770</u>	<u>\$ 189,028</u>	<u>\$ 258</u>

CITY OF ROLLING HILLS ESTATES
 Local Transportation Capital Project Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Revenues from other agencies	\$ -	\$ 7,040	\$ 7,040
Total revenues	-	7,040	7,040
Expenditures:			
Capital outlay	-	7,040	(7,040)
Total expenditures	-	7,040	(7,040)
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance, beginning	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -

CITY OF ROLLING HILLS ESTATES
CDBG Grant Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ -	\$ -
Revenues from other agencies	25,000	21,896	(3,104)
Total revenues	<u>25,000</u>	<u>21,896</u>	<u>(3,104)</u>
Expenditures:			
Capital outlay	25,000	21,896	3,104
Total expenditures	<u>25,000</u>	<u>21,896</u>	<u>3,104</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance (deficit), beginning	<u>(17,177)</u>	<u>(17,177)</u>	-
Fund balance (deficit), ending	<u><u>\$ (17,177)</u></u>	<u><u>\$ (17,177)</u></u>	<u><u>\$ -</u></u>

CITY OF ROLLING HILLS ESTATES
 PEG Fees Capital Project Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 250	\$ 465	\$ 215
Revenues from other agencies	29,500	32,044	2,544
Total revenues	<u>29,750</u>	<u>32,509</u>	<u>2,759</u>
Expenditures:			
Capital outlay	<u>15,000</u>	<u>11,723</u>	<u>3,277</u>
Total expenditures	<u>15,000</u>	<u>11,723</u>	<u>3,277</u>
Excess (deficiency) of revenues over expenditures	14,750	20,786	6,036
Fund balance, beginning	41,106	41,106	-
Fund balance, ending	<u>\$ 55,856</u>	<u>\$ 61,892</u>	<u>\$ 6,036</u>

CITY OF ROLLING HILLS ESTATES

Prop C Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 100	\$ 2,297	\$ 2,197
Revenues from other agencies	137,437	124,265	(13,172)
Total revenues	<u>137,537</u>	<u>126,562</u>	<u>(10,975)</u>
Expenditures:			
Capital outlay	<u>325,000</u>	<u>351,097</u>	<u>(26,097)</u>
Total expenditures	<u>325,000</u>	<u>351,097</u>	<u>(26,097)</u>
Excess (deficiency) of revenues over expenditures	(187,463)	(224,535)	(37,072)
Fund balance, beginning	254,549	254,549	-
Fund balance (deficit), ending	<u>\$ 67,086</u>	<u>\$ 30,014</u>	<u>\$ (37,072)</u>

CITY OF ROLLING HILLS ESTATES

Measure R Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ 50	\$ 1,714	\$ 1,664
Revenues from other agencies	103,078	94,383	(8,695)
Total revenues	<u>103,128</u>	<u>96,097</u>	<u>(7,031)</u>
Expenditures:			
Capital outlay	255,000	200,000	55,000
Total expenditures	<u>255,000</u>	<u>200,000</u>	<u>55,000</u>
Excess (deficiency) of revenues over expenditures	(151,872)	(103,903)	47,969
Fund balance, beginning	144,916	144,916	-
Fund balance (deficit), ending	<u>\$ (6,956)</u>	<u>\$ 41,013</u>	<u>\$ 47,969</u>

CITY OF ROLLING HILLS ESTATES

State SR2S Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Revenue from other agencies	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources:			
Transfers in	-	6,025	6,025
Fund balance (deficit), beginning	(6,025)	(6,025)	-
Fund balance (deficit), ending	<u><u>\$ (6,025)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,025</u></u>

CITY OF ROLLING HILLS ESTATES

Quimby Fees Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 1,370	\$ (630)
Revenues from other agencies	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total revenues	<u>3,500</u>	<u>2,870</u>	<u>(630)</u>
Expenditures:			
Capital outlay	<u>134,930</u>	<u>133,231</u>	<u>1,699</u>
Total expenditures	<u>134,930</u>	<u>133,231</u>	<u>1,699</u>
Excess (deficiency) of revenues over expenditures	(131,430)	(130,361)	1,069
Fund balance, beginning	<u>235,045</u>	<u>235,045</u>	<u>-</u>
Fund balance, ending	<u>\$ 103,615</u>	<u>\$ 104,684</u>	<u>\$ 1,069</u>

CITY OF ROLLING HILLS ESTATES
 Prop A Parks Capital Project Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ -	\$ -
Revenues from other agencies	60,379	60,379	-
Total Revenues	60,379	60,379	-
Expenditures:			
Community services	19,000	14,071	4,929
Capital outlay	-	11,303	(11,303)
Total expenditures	19,000	25,374	(6,374)
Excess of revenues over expenditures	41,379	35,005	(6,374)
Other financing sources (uses):			
Transfers in	-	546,933	546,933
Transfers out	-	(232,859)	(232,859)
Fund balance (deficit), beginning	(614,176)	(614,176)	-
Fund balance (deficit), ending	\$ (572,797)	\$ (265,097)	\$ 307,700

CITY OF ROLLING HILLS ESTATES
Chandler Contribution Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2018

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 3,000	\$ 3,066	\$ 66
Total Revenues	3,000	3,066	66
Expenditures:			
Capital outlay	406,362	406,362	-
Total expenditures	406,362	406,362	-
Excess (deficiency) of revenues over expenditures	(403,362)	(403,296)	66
Other financing sources (uses):			
Transfers in	-	100,355	100,355
Transfers out	-	(414,429)	(414,429)
Fund balance, beginning	717,370	717,370	-
Fund balance (deficit), ending	\$ 314,008	\$ -	\$ (314,008)

CITY OF ROLLING HILLS ESTATES
 CalRecycle Asphalt Capital Project Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Revenue from other agencies	\$ 38,163	\$ -	\$ (38,163)
Total revenues	38,163	-	(38,163)
Expenditures:			
Capital outlay	-	144	(144)
Total expenditures	-	144	(144)
Excess (deficiency) of revenues over expenditures	38,163	(144)	(38,307)
Fund balance (deficit), beginning	(42,659)	(42,659)	-
Fund balance (deficit), ending	\$ (4,496)	\$ (42,803)	\$ (38,307)

CITY OF ROLLING HILLS ESTATES

Measure M Capital Project Fund

Budgetary Comparison Schedule

Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Use of money and property	\$ -	\$ 370	\$ 370
Revenues from other agencies	<u>116,822</u>	<u>84,310</u>	<u>(32,512)</u>
Total revenues	<u>116,822</u>	<u>84,680</u>	<u>(32,142)</u>
Expenditures:			
Capital outlay	<u>116,822</u>	<u>-</u>	<u>116,822</u>
Total expenditures	<u>116,822</u>	<u>-</u>	<u>116,822</u>
Excess of revenues over expenditures	-	84,680	84,680
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 84,680</u>	<u>\$ 84,680</u>

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CITY OF ROLLING HILLS ESTATES
Comprehensive Annual Financial Report
Year Ended June 30, 2018

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 basic financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Table of Contents

	<i>Page(s)</i>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	<i>81</i>
Revenue Capacity	
<i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue sources, property taxes, and business and sales taxes.</i>	<i>86</i>
Debt Capacity	
<i>These schedules contain present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	<i>92</i>
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	<i>94</i>
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	<i>97</i>

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STATISTICAL INFORMATION

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Investment in capital assets	\$ 7,522,061	\$ 7,437,235	\$ 7,823,648	\$ 8,353,841	\$ 9,410,015	\$ 12,745,054	\$ 13,821,968	\$ 15,340,607	\$ 16,804,702	\$ 17,377,140
Restricted	533,470	963,108	1,200,294	1,097,622	1,051,065	385,690	2,598,454	2,150,212	546,634	645,603
Unrestricted	2,733,165	1,822,165	1,528,215	2,053,400	1,446,859	237,854	(4,874,613)	(3,735,772)	(5,396,425)	(4,090,309)
Total governmental activities net position	<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>	<u>\$ 11,545,809</u>	<u>\$ 13,755,047</u>	<u>\$ 11,954,911</u>	<u>\$ 13,932,434</u>
Business-type activities:										
Investment in capital assets	\$ 53,927	\$ 50,065	\$ 46,203	\$ 42,341	\$ 38,479	\$ 118,040	\$ 110,545	\$ 103,050	\$ -	\$ -
Unrestricted	(127,910)	(180,723)	(267,237)	(379,604)	(317,937)	(303,006)	(191,906)	(74,491)	-	-
Total business-type activities net position	<u>\$ (73,983)</u>	<u>\$ (130,658)</u>	<u>\$ (221,034)</u>	<u>\$ (337,263)</u>	<u>\$ (279,458)</u>	<u>\$ (184,966)</u>	<u>\$ (81,361)</u>	<u>\$ 28,559</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:										
Investment in capital assets	\$ 7,575,988	\$ 7,487,300	\$ 7,869,851	\$ 8,396,182	\$ 9,448,494	\$ 12,863,094	\$ 13,932,513	\$ 15,443,657	\$ 16,804,702	\$ 17,377,140
Restricted	533,470	963,108	1,200,294	1,097,622	1,051,065	385,690	2,598,454	2,150,212	546,634	645,603
Unrestricted	2,605,255	1,641,442	1,260,978	1,673,796	1,128,922	(65,152)	(5,066,519)	(3,810,263)	(5,396,425)	(4,090,309)
Total primary government net position	<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>	<u>\$ 11,464,448</u>	<u>\$ 13,783,606</u>	<u>\$ 11,954,911</u>	<u>\$ 13,932,434</u>

Source: City Administrative Services Department.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government	\$ 3,369,758	\$ 3,004,041	\$ 3,075,846	\$ 2,881,374	\$ 2,742,166	\$ 2,759,181	\$ 2,944,743	\$ 3,470,235	\$ 5,653,201	\$ 3,441,459
Public safety	2,111,932	1,819,095	1,830,016	1,588,967	1,739,467	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680
Public works	1,170,470	912,695	1,114,138	846,106	949,190	937,914	1,144,208	1,612,353	2,127,233	1,438,526
Community services	1,432,368	1,302,670	1,341,466	1,285,501	1,324,048	1,403,739	1,364,917	1,451,622	1,688,376	2,248,864
Public health	28,101	34,059	21,329	16,568	14,781	26,478	25,422	19,239	17,995	24,526
Interest on bond payable	-	-	-	-	54,335	59,059	53,407	47,228	40,490	33,175
Total governmental activities expenses	8,112,629	7,072,560	7,382,795	6,618,516	6,823,987	7,093,028	7,403,247	8,614,527	11,884,945	9,514,230
Business-type activities:										
Equestrian	803,244	775,686	760,759	431,121	804	802	802	802	-	-
Tennis	79,890	71,075	75,132	79,373	75,536	75,138	77,578	91,107	-	-
Total business-type activities expenses	883,134	846,761	835,891	510,494	76,340	75,940	78,380	91,909	-	-
Total primary government expenses	8,995,763	7,919,321	8,218,686	7,129,010	6,900,327	7,168,968	7,481,627	8,706,436	11,884,945	9,514,230
Program revenues:										
Governmental activities:										
Charges for services:										
General government	839,830	927,498	957,765	1,213,944	1,213,474	1,860,491	2,190,470	3,134,137	3,023,534	3,186,879
Public safety	118,323	120,235	92,018	123,578	85,883	92,028	76,791	63,027	85,708	47,762
Public works	167,659	171,782	178,088	579,149	181,759	367,966	349,482	495,338	434,045	435,296
Community services	60,771	75,083	59,559	61,664	68,415	69,922	69,240	70,142	135,372	234,609
Operating grants and contributions	722,578	776,625	1,295,997	885,398	720,544	767,769	2,704,107	1,205,518	1,611,349	964,680
Capital grants and contributions	76,110	158,306	758,259	356,336	588,410	2,511,836	403,567	865,205	446,924	260,968
Total governmental activities program revenues	1,985,271	2,229,529	3,341,686	3,220,069	2,858,485	5,670,012	5,793,657	5,833,367	5,736,932	5,130,194
Business-type activities:										
Charges for services:										
Equestrian	668,641	730,410	688,871	333,106	65,332	101,525	104,388	127,749	80,931	-
Tennis	59,804	58,923	56,167	60,849	68,607	68,854	77,579	74,053	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	728,445	789,333	745,038	393,955	133,939	170,379	181,967	201,802	80,931	-
Total primary government program revenues	2,713,716	3,018,862	4,086,724	3,614,024	2,992,424	5,840,391	5,975,624	6,035,169	5,817,863	5,130,194
Net revenues (expenses):										
Governmental activities	(6,127,358)	(4,843,031)	(4,041,109)	(3,398,447)	(3,965,502)	(1,423,016)	(1,609,590)	(2,781,160)	(6,067,082)	(4,384,036)
Business-type activities	(154,689)	(57,428)	(90,853)	(116,539)	57,599	94,439	103,587	109,893	-	-
Total net revenues (expenses)	(6,282,047)	(4,900,459)	(4,131,962)	(3,514,986)	(3,907,903)	(1,328,577)	(1,506,003)	(2,671,267)	(6,067,082)	(4,384,036)

(Continued)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position:										
governmental activities:										
Taxes:										
Property taxes	\$ 2,525,072	\$ 2,369,270	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694
Sales taxes	986,408	917,855	917,016	871,060	893,871	902,838	908,399	906,872	1,171,000	1,287,221
Motor vehicle in lieu taxes -general purpose	27,834	24,024	41,550	-	-	-	-	-	-	-
Business license taxes	383,777	221,600	267,177	236,334	250,668	247,188	236,503	237,784	238,062	229,750
Franchise taxes	513,902	492,746	518,175	551,059	508,991	558,571	564,891	618,698	570,539	604,648
Other taxes	40,548	65,435	72,779	69,824	157,810	86,828	106,140	190,705	91,129	149,247
Use of money and property	91,946	30,770	18,467	8,706	5,355	2,337	3,689	13,575	10,251	26,026
Gain (Loss) on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-	-	-	268,251	-
Miscellaneous	8,706	155,143	40,766	121,641	20,643	16,040	75,179	62,775	87,620	69,973
Transfers	-	-	-	-	-	-	-	-	109,490	-
Total governmental activities	4,578,193	4,276,843	4,370,758	4,351,153	4,368,578	4,538,675	4,848,042	4,990,398	5,347,871	5,361,559
Business-type activities:										
Use of money and property	2,785	753	477	310	206	53	18	27	-	-
Transfers	-	-	-	-	-	-	-	-	(109,490)	-
Total primary government	4,578,193	4,276,843	4,370,758	4,351,153	4,368,578	4,538,675	4,848,042	4,990,398	5,238,381	5,361,559
Changes in net position:										
Governmental activities	(1,549,165)	(566,188)	329,649	952,706	403,076	3,115,659	3,238,452	2,209,238	(800,136)	977,523
Business-type activities	(154,689)	(57,428)	(90,853)	(116,539)	57,599	94,439	103,587	109,893	(28,559)	-
Total primary government	\$ (1,703,854)	\$ (623,616)	\$ 238,796	\$ 836,167	\$ 460,675	\$ 3,210,098	\$ 3,342,039	\$ 2,319,131	\$ (828,695)	\$ 977,523

Source: City Administrative Services Department.

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General fund:					
Reserved	\$ 502,156	\$ -	\$ -	\$ -	\$ -
Unreserved	2,838,092	-	-	-	-
Nonspendable	-	247,242	86,741	10,406	445,585
Restricted	-	44,823	37,172	37,172	32,922
Assigned	-	642,800	502,264	651,223	738,925
Unassigned	-	1,882,122	1,766,793	2,101,763	1,352,820
Total general fund	<u>\$ 3,340,248</u>	<u>\$ 2,816,987</u>	<u>\$ 2,392,970</u>	<u>\$ 2,800,564</u>	<u>\$ 2,570,252</u>
All other governmental funds:					
Unreserved, reported in:					
Special revenue funds	\$ 361,329	\$ 361,329	\$ -	\$ -	\$ -
Restricted	-	-	2,135,011	1,060,450	1,018,143
Unassigned	-	-	(1,639,080)	(302,206)	(978,078)
Special revenue funds	-	361,329	-	-	-
Total all other governmental funds	<u>\$ 361,329</u>	<u>\$ 722,658</u>	<u>\$ 495,931</u>	<u>\$ 758,244</u>	<u>\$ 40,065</u>
General fund:					
	2014	2015	2016	2017	2018
Nonspendable	\$ 348,303	\$ 278,987	\$ 126,377	\$ 15,472	\$ 14,635
Restricted	15,201	15,201	15,201	10,000	10,000
Assigned	860,108	1,449,819	2,040,000	605,871	940,003
Unassigned	1,578,477	2,039,428	2,378,531	1,892,936	1,976,085
Total general fund	<u>\$ 2,802,089</u>	<u>\$ 3,783,435</u>	<u>\$ 4,560,109</u>	<u>\$ 2,524,279</u>	<u>\$ 2,940,723</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	370,489	2,583,253	2,135,011	1,536,634	635,603
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(740,122)	(1,912,267)	(1,639,080)	(1,053,768)	(671,330)
Total other governmental funds	<u>\$ (369,633)</u>	<u>\$ 670,986</u>	<u>\$ 495,931</u>	<u>\$ 482,866</u>	<u>\$ (35,727)</u>

Source: City Administrative Services Department.

Note:

¹ 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property taxes	\$ 2,525,072	\$ 2,369,270	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694
Sales and use taxes	986,408	917,855	917,016	871,060	893,871	902,838	908,399	906,872	1,171,000	1,287,221
Business license taxes	383,777	221,600	267,177	236,334	250,668	247,188	236,503	237,784	238,062	229,750
Other taxes	554,450	558,182	590,954	620,883	666,801	645,399	671,031	809,403	661,668	753,895
Licenses and permits	491,632	674,137	681,549	945,463	1,057,943	1,628,949	2,074,361	3,129,514	3,061,756	3,056,594
Fines and forfeitures	114,203	123,547	103,258	123,299	86,871	88,962	76,532	61,380	140,225	102,402
Use of money and property	107,527	49,555	34,489	26,341	24,759	26,586	22,569	34,323	93,365	215,385
Charges for services	442,179	345,137	345,871	336,337	255,098	416,141	363,640	398,927	301,532	652,443
Revenues from other agencies	955,535	1,099,465	2,261,985	1,779,337	1,146,994	3,700,252	3,380,710	2,311,795	2,219,369	1,190,706
Other revenues	2,681	147,624	15,317	39,642	11,459	9,533	38,887	8,930	18,197	8,665
Total revenues	6,563,464	6,506,372	7,712,444	7,471,225	6,925,704	10,390,721	10,725,873	10,858,917	10,706,703	10,491,755
Expenditures:										
Current:										
General government	3,257,757	2,913,496	3,040,509	2,821,517	4,367,972	2,700,233	2,753,752	3,346,845	5,156,455	3,599,516
Public safety	2,111,932	1,819,095	1,830,016	1,588,967	1,739,467	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680
Public works	533,166	591,294	545,170	545,997	521,988	747,844	663,858	718,345	730,167	669,286
Community services	1,347,204	1,215,844	1,300,490	1,188,626	1,219,020	1,278,713	1,206,302	1,325,031	1,445,788	1,469,859
Public health	28,101	34,059	21,329	16,568	14,781	26,478	25,422	19,239	17,995	24,524
Capital outlay	814,030	393,715	1,095,335	970,781	1,539,850	3,694,598	1,962,616	2,604,760	2,810,053	2,257,864
Debt Service:										
Principal	-	-	-	-	152,000	155,700	168,000	182,000	197,000	212,000
Interest	-	-	-	-	54,335	58,359	53,407	47,228	40,490	33,175
Bond issuance costs	-	-	-	-	71,784	-	-	-	-	-
Total expenditures	8,092,190	6,967,503	7,832,849	7,132,456	9,681,197	10,568,582	8,703,907	10,257,298	12,755,598	10,593,904
Excess (deficiency) of revenues over (under) expenditures	(1,528,726)	(461,131)	(120,405)	338,769	(2,755,493)	(177,861)	2,021,966	601,619	(2,048,895)	(102,149)
Other financing sources (uses):										
Transfers in	-	-	-	13,395	100,355	74,047	-	62,545	-	653,312
Transfers out	-	-	-	(13,395)	(100,355)	(74,047)	-	(62,545)	-	(653,312)
Bond issued	-	-	-	-	1,807,000	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	100,000	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	100,000	1,807,000	-	-	-	-	-
Net change in fund balances	\$ (1,528,726)	\$ (461,131)	\$ (120,405)	\$ 438,769	\$ (948,493)	\$ (177,861)	\$ 2,021,966	\$ 601,619	\$ (2,048,895)	\$ (102,149)
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	2.6%	3.2%	3.4%	2.9%	2.5%	2.8%

Source: City Administrative Services Department.

CITY OF ROLLING HILLS ESTATES

Business Tax Rates

June 30, 2018

FEE TYPE	BUSINESS TYPE / DESCRIPTION	
Application fee		
	\$20	New license
	\$10	Renewal
Flat fee		
	\$40	Contractor
	\$100	Delivery, gardener, maintenance, seasonal businesses
	\$450	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 \$4.00		
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 five years.

Source: City's Administrative Services Department.

City of Rolling Hills Estates

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

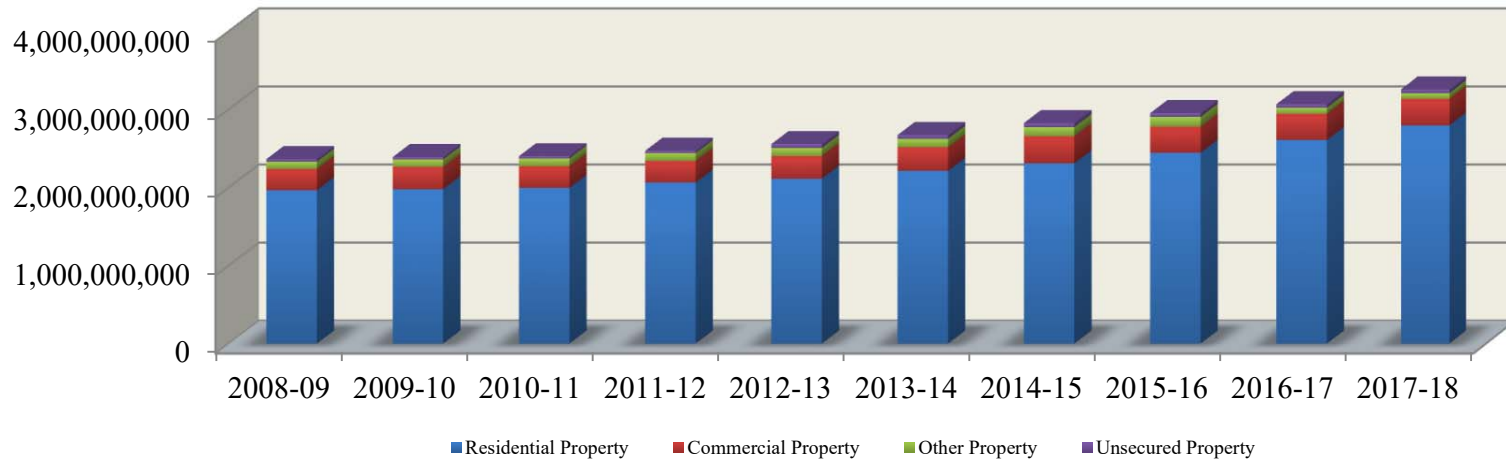
Taxpayer	2017-18		2008-09	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Vestar Peninsula Retail LLC	92,628,818	2.87%		
Promenade LLC	89,886,383	2.78%		
Chadmar Colfin Rolling Hills L	44,696,400	1.38%		
Anastasi Dev Company LLC	18,356,001	0.57%		
Cox Communications Palos Verde	17,936,770	0.56%		
Highpoint Assoc Iii LLC	11,353,127	0.35%	4,741,341	0.20%
Continental Rhe Corp	11,318,020	0.35%	9,869,233	0.43%
Silver Spur Shopping Center Ll	10,794,602	0.33%	9,537,816	0.41%
Rolling Hills Covenant Ch Inc.	9,547,185	0.30%		
Jpmorgan Chase Bank	8,568,945	0.27%		
Park Rolling Hills LLC	8,518,543	0.26%		
Sre Dcm Pv LLC	8,491,549	0.26%		
D R Horton Ven Inc.	8,071,296	0.25%		
Longs Drug Stores Inc.	7,995,689	0.25%		
Rolling Hills Country Clut	7,851,511	0.24%	5,844,003	0.25%
609 Deep Valley LLC	6,738,870	0.21%	5,954,258	0.26%
Palos Verdes Performing Arts	6,276,657	0.19%		
Cento Family 1 LLC	5,105,566	0.16%		
Chiang Martin K P	5,006,043	0.16%		
Refoua LLC	4,771,200	0.15%		
Rolling Hills Covenant Church	4,726,115	0.15%		
Freer Randy S	4,327,960	0.13%		
Brickwalk LLC	4,127,457	0.13%	3,646,919	0.16%
Post Avenue Real Property Lp	3,999,840	0.12%	3,534,139	0.15%
Merryweather Properties	3,969,214	0.12%	3,507,079	0.15%
Stopen LLC			97,542,600	4.21%
Principal Life Insurance Compa			55,842,900	2.41%
Koll Per LLC			9,582,084	0.41%
Sudo Takashi			7,526,773	0.32%
Rolling Hills Estate			4,956,861	0.21%
Palos Verdes Medical Center			4,410,505	0.19%
Peninsula Capital Group LLC			4,137,286	0.18%
R E Silver Lining Inc.			3,782,160	0.16%
Irp Silver Spur Assoc LLC			3,767,287	0.16%
Lai John			3,624,800	0.16%
Deep Valley Drive LLC			3,463,320	0.15%
Rolling Hills Capital LLC			3,217,854	0.14%
Shin Tai W			3,110,100	0.13%
Chen Philip C			3,106,200	0.13%
Moon David D Insun			2,995,300	0.13%
Rolling Hills Investments Inc.			2,921,988	0.13%
Scandaliato Richard Kathryn			2,906,120	0.13%
Total Top 25 Taxpayers	405,063,761	12.55%	263,528,926	11.37%
Total Taxable Value	3,228,135,603	100.00%	2,316,877,079	100.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

City of Rolling Hills Estates

Citywide Assessed Value and Estimated Actual Value of Taxable Property Last Fiscal Year and Nine Years Ago

Fiscal Year End	Residential Property	Commercial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Taxable Assessed Value	% Change	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2008-09	1,964,156,378	272,300,616	92,297,834	34,269,843	46,147,592	2,316,877,079	9.90%	.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
2014-15	2,308,624,551	346,851,193	117,684,039	51,525,127	36,134,171	2,788,550,739	6.24%	.066911	3,422,382,717	1.227298
2015-16	2,444,015,432	334,019,396	125,709,811	47,521,915	38,205,187	2,913,061,367	4.47%	.066911	3,916,598,128	1.344496
2016-17	2,607,283,739	336,276,281	76,647,661	45,366,521	23,876,318	3,041,697,884	4.42%	.066911	4,227,050,591	1.389701
2017-18	2,795,209,249	340,813,037	71,971,806	46,679,793	26,538,282	3,228,135,603	6.13%	.066911	3,986,899,192	1.235047



Source: County Assessor data, MuniServices, LLC

(-) Data Unavailable

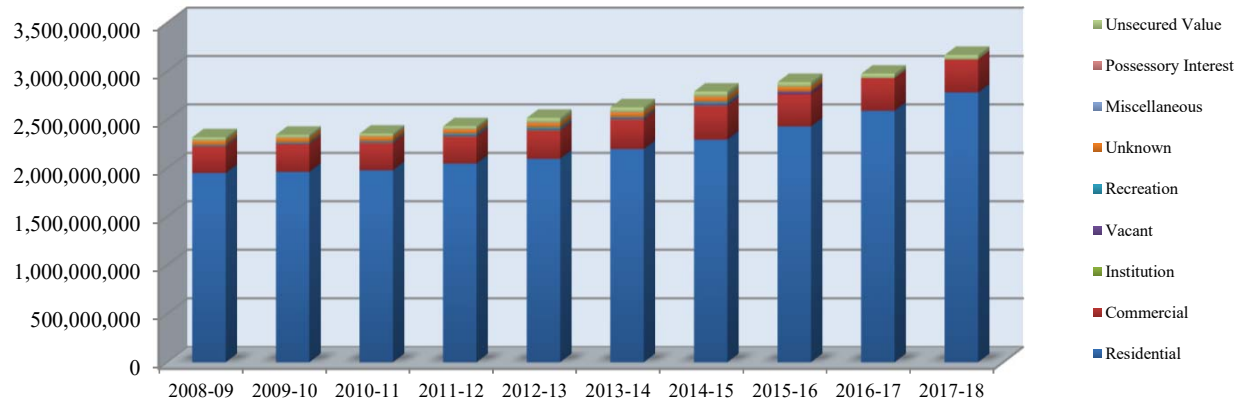
(1.) Total direct tax rate is represented by TRA 007-085

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale 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 Fiscal Year and Nine Years Ago

Category	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Residential	1,947,769,093	1,959,884,813	1,977,045,555	2,045,190,204	2,094,679,181	2,195,271,320	2,292,876,070	2,428,447,608	2,591,479,127	2,779,536,503
Commercial	272,293,616	286,265,572	278,682,956	277,847,185	290,637,062	303,903,169	346,844,193	334,012,396	336,269,281	340,806,037
Institution	3,211,846	3,373,427	4,696,332	3,537,694	3,585,954	3,643,361	3,166,911	3,950,005	18,429,621	19,301,506
Vacant	6,605,565	6,398,075	8,982,524	11,676,070	13,318,109	14,000,694	21,138,113	27,500,350	25,433,017	16,892,307
Recreation	7,610,444	7,956,210	8,167,553	16,305,996	16,715,571	8,610,967	18,382,835	18,443,549	19,350,903	19,393,287
Unknown	42,048,529	44,462,502	44,690,082	42,582,090	45,404,330	47,148,755	51,187,553	49,056,260	0	0
Miscellaneous	93,264	95,127	94,900	126,614	124,224	126,708	52,394	54,100	25,779	25,782
Possessory Interest	3,069,879	3,158,329	3,164,332	3,458,601	2,983,592	3,341,813	3,472,543	4,170,184	5,348,635	5,500,388
Net Secured Value	2,282,702,236	2,311,594,055	2,325,524,234	2,400,724,454	2,467,448,023	2,576,046,787	2,737,120,612	2,865,634,452	2,996,336,363	3,181,455,810
Unsecured Value	34,174,843	30,362,260	28,849,924	29,656,454	49,056,518	48,685,757	51,430,127	47,426,915	45,361,521	46,679,793
Net Assessed Value	2,316,877,079	2,341,956,315	2,354,374,158	2,430,380,908	2,516,504,541	2,624,732,544	2,788,550,739	2,913,061,367	3,041,697,884	3,228,135,603



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

Direct and Overlapping Property Tax Rates Last Fiscal Year and Nine Years Ago

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Basic City and County Levy										
CITY OF ROLL HLS ES	0.066911	0.066911	0.066911	0.066911	0.066911	0.066911	0.066911	0.066911	0.066911	0.066911
COUNTY OF LA	0.933089	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551
LA COUNTY FIRE	0.000000	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086
CONSOL. FPD OF LA CO.	0.000000	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646
LA CO FLOOD CONTROL	0.000000	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279
PALOS VERDES LIBRARY DIST	0.000000	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231
LA CO WEST VECTOR CONT.	0.000000	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669
CO SANITATION DIST NO.5	0.000000	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980
WTR REPLEN DIST OF SO CAL	0.000000	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171
EDUCATIONAL REV AUGM FD	0.000000	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606
LA CITY COMM COLLEGE DIST	0.000000	0.029718	0.029718	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025
PALOS VERDES PENINS. UNI	0.000000	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387
COUNTY LIGHTING MAINT	0.000000	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074
LA COUNTY ACCUM CAP	0.000000	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112
LA COUNTY SCHOOLS	0.000000	0.243684	0.243684	0.013272	0.013272	0.013272	0.013272	0.013272	0.013272	0.013272
TOTAL 1% BREAKOUT	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Override Assessments										
COUNTY OF LA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
UNIFIED SCHOOLS	0.020177	0.021642	0.022493	0.022511	0.024102	0.023109	0.023289	0.023433	0.023197	0.023093
COMMNTY COLLEGE	0.022115	0.023112	0.040310	0.035296	0.048750	0.044541	0.040174	0.035755	0.035956	0.045990
PALOS VERDES LIB	0.006801	0.006618	0.006719	0.006359	0.006441	0.006118	0.005854	0.005630	0.000000	0.000000
METRO WATER DIST	0.004300	0.004300	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
TOTAL OVERRIDE RATE	0.053393	0.055672	0.073222	0.067866	0.082793	0.077268	0.072817	0.068318	0.062653	0.072583
TOTAL TAX RATE	1.053393	1.055672	1.073222	1.067866	1.082793	1.077268	1.072817	1.068318	1.062653	1.072583

Source: Los Angeles County Auditor/Controller data, MuniServices, LLC
TRA 7-085 is represented for this report

CITY OF ROLLING HILLS ESTATES

Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

2017-18	2008-09
Taxpayer	Taxpayer
Ann Taylor Retail	Abercrombie & Fitch
Arco AM/PM Service Stations	Ann Taylor Loft
Bristol Farms	Arco AM/PM Mini Marts
Cal Microturbine	Banana Republic
Chicken Maison	Borders Books & Music
Chipotle Mexican Grill	Bristol Farms Market
CVS/Pharmacy	Chandler'S Sand & Gravel
El Pollo Inka	Chico'S
Good Stuff Palos Verdes	Coldwater Creek
Hologic	CVS/Pharmacy
Medawar Fine Jewelers	J. Crew
Morgan'S Jewelers	Marmalade Cafe
Orchard Supply Company	Morgan'S Jewelers
Pavilions	Petco Animal Supplies
Pet Food Express	Red Onion Restaurant
Petco Animal Supplies Stores	Restoration Hardware
Red Onion	Rite Aid Drug Stores
Rite Aid Drug Stores	Rolling Hills Country Club
Rolling Hills Country Club	Ruby'S Diner
Rubio'S Baja Grill	Stein Mart
T.J. Maxx	Talbots Store
The Gap	The Gap
The Habit Burger Grill	Tj Maxx
Ulta Beauty	Vons Grocery Company
Williams-Sonoma	Williams-Sonoma

Source: MuniServices, LLC

Top Sales Tax Producers listed in alphabetical order.

CITY OF ROLLING HILLS ESTATES

Direct and Overlapping Debt June 30, 2018

2017-18 Assessed Valuation: \$3,242,712,403

	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/18
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	60,600,000	0.118%	71,508
Los Angeles Community College District	4,165,830,000	0.408%	16,996,586
Palos Verdes Peninsula Unified School District	62,104,101	13.722%	8,521,925
Los Angeles County Regional Park and Open Space Assessment District	<u>26,575,000</u>	0.228%	<u>60,591</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 4,315,109,101</u>		<u>\$ 25,650,610</u>
 DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$ 1,921,992,404	0.228%	\$ 4,382,143
Los Angeles County Superintendent of Schools Certificates of Participation	6,500,306	0.228%	14,821
Los Angeles County Sanitation District No. 5 Authority	18,807,503	3.193%	600,524
Los Angeles County Sanitation District South Bay Cities Authority	3,205,696	0.025%	801
City of Rolling Hills Estates Pension Obligation Bonds	741,000	100.000%	<u>741,000</u>
SUBTOTAL GROSS OVERLAPPING GENERAL FUND DEBT			<u>\$ 5,739,289</u>
 TOTAL DIRECT DEBT			 \$741,000
TOTAL OVERLAPPING DEBT			\$30,648,899
 COMBINED TOTAL DEBT			 \$31,389,899 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.79%
Total Direct Debt (\$741,000)	0.02%
Combined Total Debt	0.97%

AB:(\$500)

Source: MuniServices, LLC

CITY OF ROLLING HILLS ESTATES

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year									
	2007	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed valuation	\$ 2,316,877,079	\$ 2,341,956,315	\$ 2,354,374,158	\$ 2,430,380,908	\$ 2,516,504,541	\$ 2,624,732,544	\$ 2,788,550,739	\$ 2,913,061,367	\$ 3,041,697,884	\$ 3,228,135,603
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	347,531,562	351,293,447	353,156,124	364,557,136	377,475,681	393,709,882	418,282,611	436,959,205	456,254,683	484,220,340
Total net debt applicable to limit: General obligation bonds	-	-	-	-	1,655,000.00	1,500,000.00	1,332,000.00	1,150,000.00	953,000.00	741,000.00
Legal debt margin	<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>	<u>\$ 416,950,611</u>	<u>\$ 435,809,205</u>	<u>\$ 455,301,683</u>	<u>\$ 483,479,340</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%

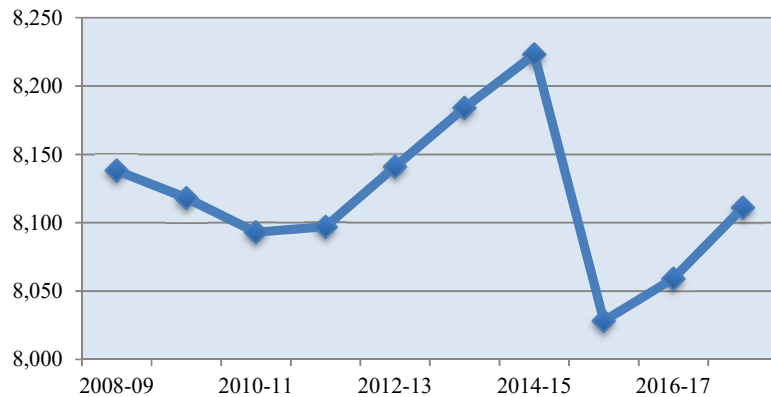
Source: MuniServices, LLC & City

City of Rolling Hills Estates

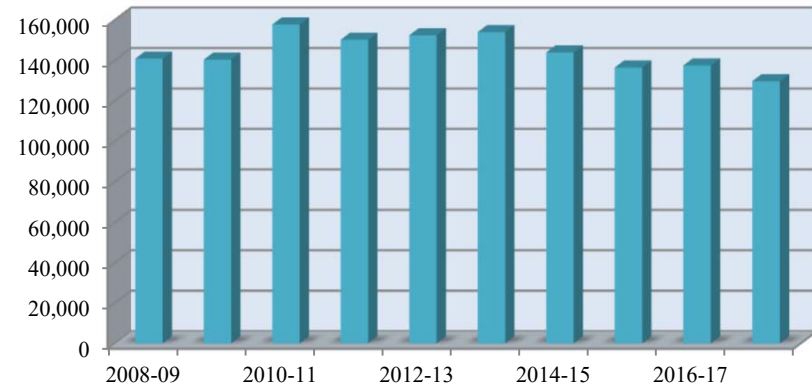
Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita			*Public School Enrollment	County Unemployment Rate (%) (4)	City Unemployment Rate (%) (4)	*County Population	Average Household Size (3)	% High School Grads (3)	Median Household Income (3)
		Personal Income (2)	Personal Income (2)	Median Age (3)							
2008-09	8,138	595,953,878	73,231	44.9	12,033	7.5	1.9	10,301,658	-	-	140,877
2009-10	8,118	601,884,756	74,142	44.9	11,900	11.6	3.4	10,355,053	2.73	96.9	140,376
2010-11	8,093	602,386,269	74,433	44.9	11,900	12.7	3.8	9,858,989	2.78	98.2	157,730
2011-12	8,097	634,253,232	78,332	47.3	11,840	11.1	3.3	9,884,632	2.74	97.9	150,241
2012-13	8,141	647,008,254	79,475	48.5	11,873	11.0	3.2	9,958,091	2.66	98.3	152,435
2013-14	8,184	659,950,558	80,639	47.1	11,700	7.6	2.2	10,041,797	2.57	97.1	153,986
2014-15	8,223	562,767,401	68,438	47.4	11,632	7.1	3.4	10,136,559	2.75	98.6	143,958
2015-16	8,028	543,229,392	69,599	48.7	11,499	6.7	3.2	10,241,335	2.70	97.4	136,477
2016-17	8,059	587,893,654	72,949	50.1	11,428	5.2	2.5	10,241,278	2.68	98.0	137,500
2017-18	8,111	629,333,626	77,590	49.5	11,346	4.1	2.0	10,283,729	2.73	98.0	129,728

Population



Median Household Income



Source: MuniServices, LLC

- 1.) Population Projections are provided by California Department of Finance Projections.
 - 2.) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey. Income estimates now incorporate 2010 Census counts as the benchmark.
 - 3.) Median Age, Average Household size, % High School Grads and Median Household Income is provided by US Census data.
 - 4.) Unemployment Rates are provided by the EDD, Labor Market Information Division.
- *Public School Enrollment is provided the California Department of Education. .

City of Rolling Hills Estates

Principal Employers Last Fiscal Year and Nine Years Ago

Business Name	2017-18		2008-09	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Palos Verdes Peninsula Unified*	1,430	40.86%	1,400	34.15%
Rolling Hills Country Club**	175	5.00%	100	2.44%
Equinox Palos Verdes	110	3.14%	115	2.80%
Von's Co/Pavilions Store #2233	108	3.09%	100	2.44%
Rolling Hills Covenant Church**	104	2.97%	95	2.32%
Peninsula Center Library (Palos Verdes Library Di:	93	2.66%		
Bristol Farms	91	2.60%	85	2.07%
The Bay Club (previous: Spectrum Health Club)	70	2.00%		
Wells Fargo Advisors	57	1.63%		
Red Onion Restaurant	44	1.26%	60	1.46%
Marmalade Café			69	1.68%
Longs Drugs			65	1.59%
Spectrum Health Club			60	1.46%
Total Top Employers	2,282	65.20%	2,149	52.41%
Total City Labor Force (1)	3,500		4,100	

Source: MuniServices, LLC

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

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

*Active position employees-not subs

**Includes full and part time.

CITY OF ROLLING HILLS ESTATES

Full-time and Part-time City Employees by Function Last Five Fiscal Years

Full-Time and Part-Time Employees as of June 30					
Function	2014	2015	2016	2017	2018
General government	13	12	12	12	17
Public safety	0	0	0	0	0
Community services	7	7	7	7	6
Equestrian	0	0	0	0	0
Tennis	4	4	4	6	4
Total	<u>24</u>	<u>23</u>	<u>23</u>	<u>25</u>	<u>27</u>

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				
	2014	2015	2016	2017	2018
Police:					
Arrests	53	95	164	180	157
Parking citations issued	214	156	195	253	115
Fire:					
Number of emergency calls	706	787	775	752	832
Inspections	515	859	1,215	1,931	1,178
Public works:					
Street resurfacing (miles)	<1	<1	<1	<1	<1
Community services:					
Number of recreation classes	5	5	5	5	5
Number of facility rentals	10	14	14	14	14
Equestrian:					
Number of equestrian classes	20	20	20	20	20
Number of facility rentals	15	17	17	17	17
Tennis:					
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.

*Data not readily available

CITY OF ROLLING HILLS ESTATES

Capital Asset Statistics by Function Last Five Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Police:					
Stations	0	0	0	0	0
Fire:					
Fire stations	1 LA County's	1 LA County's	1 LA County's	1 LA County's	1 LA County's
Public works:					
Streets (miles)	28	28	28	28	28
Streetlights	0	0	0	0	0
Traffic signals	17 intersections	17 intersections	14 intersections	14 intersections	14 intersections
Community services:					
Parks	7	7	7	7	7
Community centers	1	1	1	1	1
Equestrian:					
Facilities	1	1	1	1	1
Tennis:					
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

Miscellaneous Statistics

June 30, 2018

Date of incorporation	September 18, 1957
Population	8,111
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	7
Business licenses issued	1,350
Number of Registered Voters	5,651

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