

City of
Rolling Hills Estates

State of California



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended
June 30, 2020



Prepared by
Administrative Services Department



*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*

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

*Michael C. Whitehead
Administrative Services Director*

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CITY OF ROLLING HILLS ESTATES

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INTRODUCTORY SECTION

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CITY OF ROLLING HILLS ESTATES

4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

December 2, 2020

Honorable Mayor and City Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rolling Hills Estates (City) for the fiscal year ended June 30, 2020, is hereby submitted as mandated by local ordinances. These ordinances and statutes require that the City issues annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component unit of the City. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rolling Hills Estates as legally defined), as well as its component unit, the Pepper Tree 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 8,066. 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 2019, to ensure compliance with the California Voter Participation Act and in response to the State changing the date of the Statewide primary election, the City changed its election date to coincide with the Statewide election in November which resulted in the current Council members terms being extended by an additional five months.

Though the City's overall net position increased during the fiscal year ended June 30, 2020, 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, 2020 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; one at the Village Shopping Center (Merrill Gardens) and a second at the former office building named Peninsula Pointe. The Merrill Gardens project was completed in August 2020. The Peninsula Pointe project is under construction and should be completed by the end of next 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 started last year and should be complete by the end of 2020.
- The City continued to monitor the development of the construction of the 627 and 927 Deep Valley Drive mixed-use projects. 627 Deep Valley Drive is complete and units are sold. 927 Deep Valley Drive should be completed by the end of 2021.
- 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. All infrastructure for the remaining 114-home project has been installed and streets, curb and gutter, and the building pads are complete (certified for construction). Construction of two model home complexes are also complete. To date, about 50 homes have been built and sold. This project should be completed with the build-out of all homes by the end of 2022.
- The City started an update to its General Plan in 2017. To assist in this update, the City has secured \$375,000 in grant funding over the past year to conduct both current and long-range planning projects. Long range planning efforts will include both a Sustainability Element, and a Focused Plan as part of the Land Use Element, in the City's 2040 General Plan. Current planning efforts will include Vehicle Miles Traveled (VMT) thresholds and guidelines, and an Accessory Dwelling Unit Program, both of which, will complement the implementation of new State laws that went into effect in 2020. The General Plan Update is expected to be completed by the end of 2022.
- 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 under construction along Crenshaw Blvd., within the city of RHE. This project should be completed and fully operational by November of 2020.
- 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 2019-20 Street Resurfacing Project, which included portions of Palos Verdes Dr. North and several residential streets of Highridge Road and Whitley Collins Drive. The project utilized a variety of funding sources, including Proposition C, Measure R Funds, RMRA (SB 1) and General Funds.

In FY 2019-20, the City completed “Year 6” 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 \$23,000.

- The City was granted 1.5 million dollars from the Los Angeles County Metropolitan Transit Authority (LACMTA) to make intersection improvements at PVDN and Dapplegray School. This project is expected to be carried out in the summer of 2022.

Community Services

- The City offered the use of regional and local park facilities to residents and local non-profit youth sports organizations throughout most of the 19-20 fiscal year. In March 2020, closures due to COVID-19 pandemic required the shutdown of most park amenities including park facilities and sports fields
- 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. There were limitations to service offerings beginning March 2020 due to the COVID-19 pandemic and subsequent Los Angeles County Health Order.
- The City hosted the annual City Celebration, Tracy Austin Doubles Tennis Tournament, Hills Are Alive Race, and Holiday Parade events.
- Due to the COVID-19 pandemic, the Mayor's Breakfast Ride was postponed. A modified version of the event will take place in September 2020

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, 2020, 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 Rogers, Anderson, Malody & Scott, 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, 2018. This was the twenty-first 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, Rogers, Anderson, Malody & Scott, LLP, and the contributions of the Administrative Services Department staff: Mike Whitehead, Fernando Estrada 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,



Gregory Grammer
City Manager



Michael C. Whitehead
Administrative Services Director

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CITY OF ROLLING HILLS ESTATES
Directory of City Officials
June 30, 2020

VELVETH SCHMITZ
MAYOR

STEVEN ZUCKERMAN
MAYOR PRO TEMPORE

FRANK V. ZERUNYAN
COUNCIL MEMBER

BRITT HUFF
COUNCIL MEMBER

JUDY MITCHELL
COUNCIL MEMBER

CITY STAFF

City Manager
Greg Grammer

Assistant City Manager
Alexa Davis

Administrative Services Director
Michael C. Whitehead

Community Services Director
David Wahba

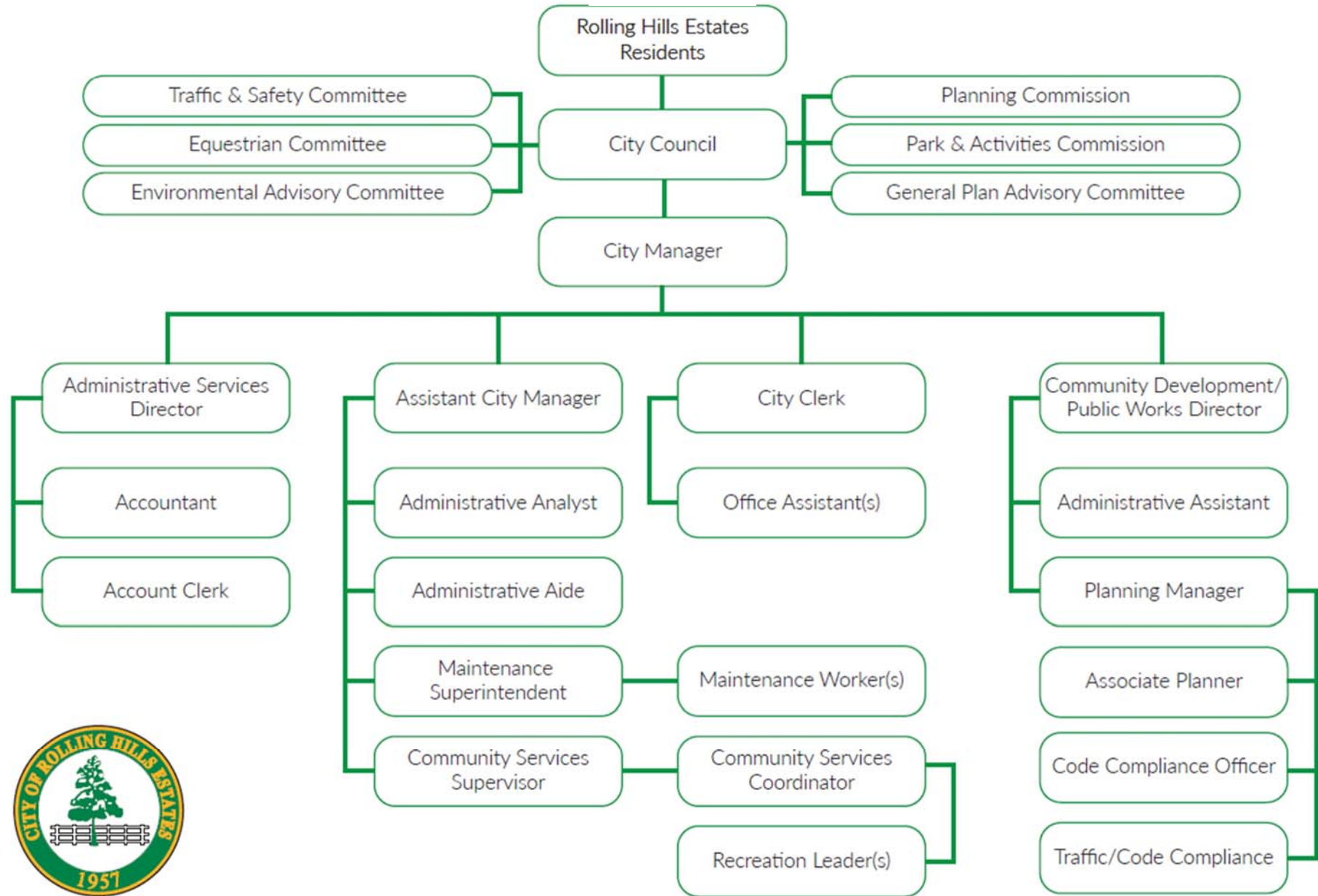
City Clerk
Lauren Petitt

City Attorney
Donald M. Davis

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Rolling Hills Estates Organizational Structure

As of June 30, 2020



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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, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

To the Honorable City Council
City of Rolling Hills Estates, California

PARTNERS

Brenda L. Odle, CPA, MST
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Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
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Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



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 (the City), as of and for the year ended June 30, 2020, 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

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, 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 Traffic Mitigation Fund, schedule of proportionate share of the net pension liability and related ratios as of the measurement date, 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 2, 2020, 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 2, 2020

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CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

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, 2020. 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 \$4,409,133 as of the measurement date of June 30, 2019, and reporting date of June 30, 2020. 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 \$17,464,649 (*net position*).
- The City had a \$2,150,439 deficit in *unrestricted net position* that will be funded by future revenues. The City had \$1,655,594 in deferred outflows of resources and \$1,067,694 in deferred inflows of resources related to pension as of June 30, 2020.
- The City's overall net position increased by \$1,727,011 from the prior fiscal year.
- The City's governmental funds in total reported combined ending fund balances of \$4,037,488, an increase of \$1,210,099 in comparison with the prior year. Approximately \$2,343,881 (*unassigned and assigned fund balances*) is available for spending at the government's discretion.
- The General Fund's fund balance decreased \$77,407 from \$2,688,211 on June 30, 2019 to \$2,610,804 on June 30, 2020.
- The General Fund unassigned fund balance was \$2,057,943 or 22%, of total General Fund current operating expenditures. Out of the General Fund's assigned fund balance, \$45,000 was allocated to equipment, \$240,000 for capital projects replacement and \$250,000 for capital projects.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) **June 30, 2020**

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 Pepper Tree 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

Management's Discussion and Analysis (Unaudited) June 30, 2020

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 19 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, Traffic Mitigation Fund, and Park Facilities Fees Fund which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* (see table of contents).

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget. 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 related ratios as of the measurement date, and the schedule of city contributions to the pension plan.

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.

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 \$17,464,649 in fiscal year 2019-20, increased from fiscal year 2018-19 by \$1,727,011. The largest portion of the City's total net position (\$17,929,342 or 103% in fiscal year 2019-20, and (\$17,921,715 or 114% in fiscal year 2018-19) 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.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

An additional portion of the City's total net position (\$1,685,746 or 9.7% in fiscal year 2019-20, and \$747,495 or 4.7% in fiscal year 2018-19) represents resources that are subject to external restrictions on how they may be used. The remaining deficit unrestricted net position (\$-2,150,439 or -12.3% in fiscal year 2019-20, and \$-2,931,572 or -18.6% in fiscal year 2018-19) 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, 2020 and 2019:

Summary of Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 5,357,460	\$ 3,962,829
Capital assets, net	17,929,342	17,921,715
Total assets	<u>23,286,802</u>	<u>21,884,544</u>
Deferred pension related items	1,655,594	1,974,085
Total deferred outflows of resources	<u>1,655,594</u>	<u>1,974,085</u>
Current liabilities	1,626,567	1,423,907
Non current liabilities	374,353	647,207
Other liabilities	4,409,133	4,327,804
Total liabilities	<u>6,410,053</u>	<u>6,398,918</u>
Deferred pension related items	1,067,694	1,722,073
Total deferred inflows of resources	<u>1,067,694</u>	<u>1,722,073</u>
Net Position:		
Investment in capital assets	17,929,342	17,921,715
Restricted	1,685,746	747,495
Unrestricted	(2,150,439)	(2,931,572)
Total net position	<u>\$ 17,464,649</u>	<u>\$ 15,737,638</u>

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

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

Summary of Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program revenues:		
Charges for services	\$ 3,299,037	\$ 4,159,923
Operating contributions and grants	2,205,873	1,128,409
Capital contributions and grants	376,968	238,014
General revenues:		
Taxes:		
Property taxes	3,400,843	3,255,455
Local sales taxes	1,132,919	1,257,782
Other taxes	1,244,449	1,087,125
Other general revenue	64,610	54,616
Total revenues	<u>11,724,699</u>	<u>11,181,324</u>
Expenses		
General government	2,802,991	2,205,664
Public safety	2,354,743	2,218,431
Public works	3,231,200	3,197,631
Community services	1,564,474	1,705,420
Public health	27,338	23,704
Interest on bond payable	16,942	25,270
Total expenses	<u>9,997,688</u>	<u>9,376,120</u>
Increase in net position	1,727,011	1,805,204
Net position, beginning of year	<u>15,737,638</u>	<u>13,932,434</u>
Net position, end of year	<u>\$ 17,464,649</u>	<u>\$ 15,737,638</u>

Governmental activities. Governmental activities increased the City's net position by \$1,727,011 in fiscal year 2019-20, and increased by \$1,805,204 in fiscal year 2018-19. Key elements of the \$1,727,011 increase in net position are as follows:

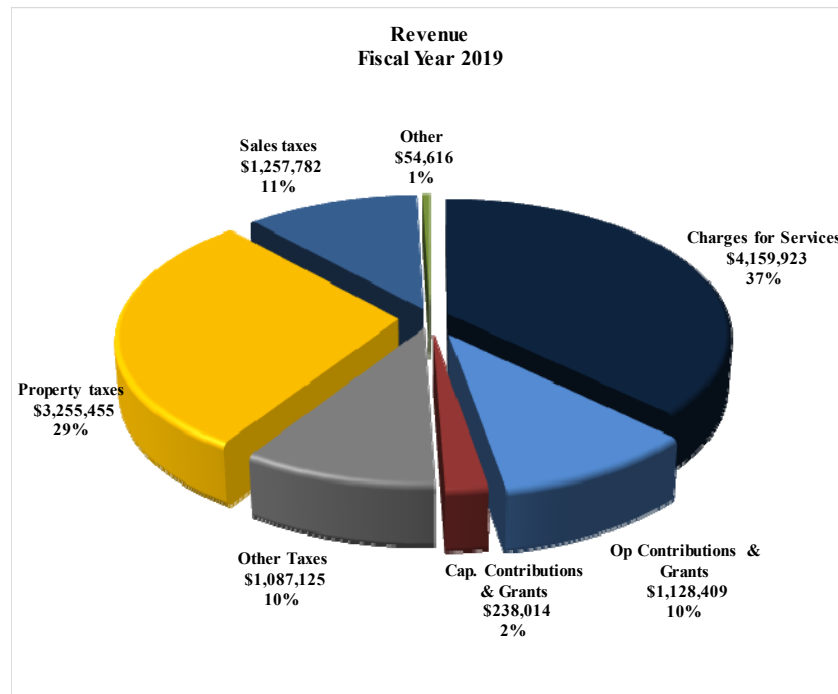
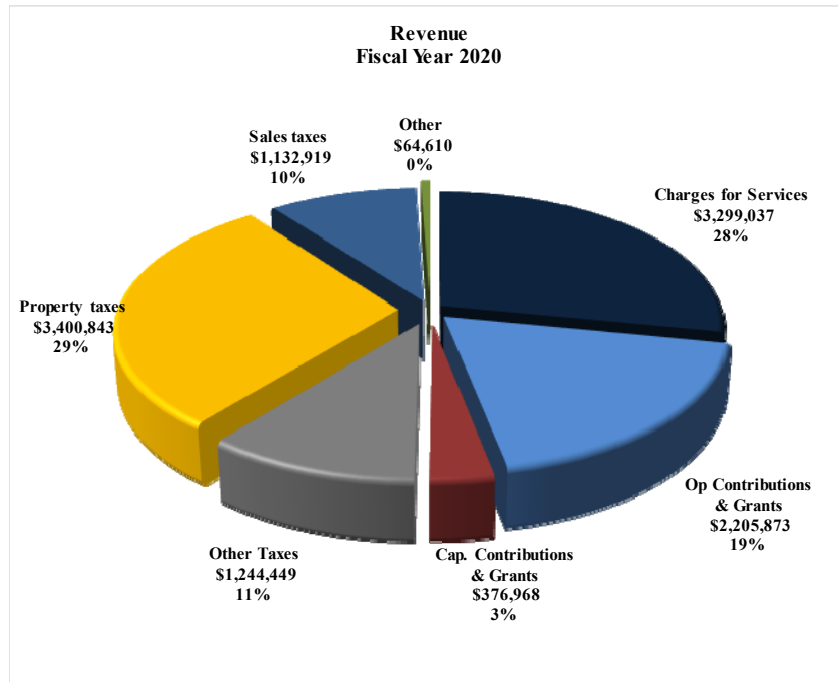
- Operating grants and contributions increased by \$1,077,464.
- General government expenses increased by \$597,327, which is primarily due to the change in the net pension expense.
- Public works expenses increased by \$33,569.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

The following charts illustrate the proportion of sources of revenue for the fiscal years ended June 30, 2020 and 2019:

Revenue by Source - Governmental Activities



CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

The City's governmental funds reported combined ending fund balances of \$4,037,488 at June 30, 2020, an increase of \$1,210,099 in comparison with the prior year, for which ending fund balance was \$2,827,389. Approximately 58% of the combined ending fund balances \$2,343,881 constitute unassigned and assigned fund balance, which is available for spending at the City's discretion. This is a decrease from the 73% reported for fiscal year 2018-19. \$1,685,746 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 (\$467,843), 3) capital projects (\$96,989), and 4) park improvements (\$1,110,914). \$7,861 is a non-spendable for inventories. The City has assigned fund balances of \$45,000 for equipment, \$240,000 for capital projects replacement, and \$250,000 for capital projects.

The General Fund is the chief operating fund of the City. At June 30, 2020, unassigned fund balance of the General Fund was \$2,057,943, a decrease from the prior year unassigned fund balance by \$89,271.

During the fiscal year ended June 30, 2020, the fund balance of the City's General Fund decreased by \$77,407. The key factors contributing to the decrease are due to an increase in government expenditures with a payment towards CalPERS UAL and a decrease in building permit revenue.

Capital Project Funds Highlights. The capital project funds, Park Facilities Fees Fund, is reported as a major fund. The Park Facilities Fees are used to account for monies received from developers or new home purchasers for park and equestrian improvement projects city-wide. The Prop A - Parks fund is to account for grant monies received from Los Angeles County for maintenance and development of parks.

Special Revenue Funds Highlights. The special revenue fund, Traffic Mitigation Fund, is reported as a major fund. The special revenue fund, Traffic Mitigation, is for various intermodal traffic and circulation (including, but not limited to, bike lanes, sidewalks and bus stops) improvements city-wide. These fees are collected from mixed-use and commercial projects city-wide.

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 \$584,494, and is primarily due to the following items not budgeted in the original or final budget amounts:

- Additional revenues in Other Taxes.
- A decrease in all expenditures due to budget freeze from pandemic.
- Additional revenues in property taxes from the robust economy and new development.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$17,929,342 (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 2019-20, the City's investment in capital assets increased by 0.04% primarily due to an increase in infrastructure.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

The following table presents the City's investment in capital assets, net of accumulated depreciation, as of June 30, 2020 and 2019, respectively:

Summary of Capital Assets, Net of Accumulated Depreciation

	<u>2020</u>	<u>2019</u>
Land	\$ 4,241,414	\$ 4,241,414
Construction in progress	199,781	703,417
Buildings and improvements	3,200,372	2,594,753
Facilities and improvements	604,886	680,200
Vehicles and equipment	107,274	155,559
Infrastructure	<u>9,575,615</u>	<u>9,546,372</u>
 Total	 <u>\$ 17,929,342</u>	 <u>\$ 17,921,715</u>

The City made significant capital improvements in 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 page 36.

Long-term liabilities. The City had total long-term liabilities of \$680,948 at June 30, 2020, which is a decrease of \$254,726 or 27.2% from the previous year.

The following is a summary of the City's long-term liabilities as of June 30, 2020 and 2019, respectively:

Summary of Long-Term Liabilities

	<u>2020</u>	<u>2019</u>
Compensated absences	\$ 415,948	\$ 424,674
Bonds payable	<u>265,000</u>	<u>511,000</u>
 Total	 <u>\$ 680,948</u>	 <u>\$ 935,674</u>

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 \$541,685,382. 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 page 38 of this report.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2020

Net Pension Liability

The City recorded \$4,409,133 in fiscal year 2020 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 \$1,655,594 and deferred inflows of resources related to pension of \$1,067,694. 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 37% of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations increased by 6.9% in 2020 and continues to increase annually.
- The building permit fees remained higher with the continued development and revenues will reach approximately \$2,398,272 for the year.
- Sales tax revenues decreased in the City due to the mandatory shutdowns, however, the commercial district has seen some areas redeveloped that should spur additional sales tax revenues in the near future.

All three of these factors were considered in preparing the City's budget for fiscal year 2020-2021. 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, 2020

	Governmental Activities
Assets:	
Cash and investments	\$ 4,863,840
Accounts receivable	485,759
Inventories	7,861
Capital assets	
Not being depreciated	4,441,195
Being depreciated, net	13,488,147
Total capital assets, net	<u>17,929,342</u>
Total assets	<u>23,286,802</u>
 Deferred Outflows of Resources:	
Pension related items	<u>1,655,594</u>
 Liabilities:	
Accounts payable and accrued liabilities	825,273
Deposits payable	493,965
Unearned revenue	734
Current portion of long-term liabilities:	
Compensated absences	41,595
Bonds payable	265,000
Non-current portion of long-term liabilities:	
Compensated absences	374,353
Net pension liability	<u>4,409,133</u>
 Total liabilities	<u>6,410,053</u>
 Deferred Inflows of Resources:	
Pension related items	<u>1,067,694</u>
 Net Position:	
Investment in capital assets	17,929,342
Restricted for:	
Maintenance of Hawthorne Canyon	10,000
Transportation	467,843
Capital projects	96,989
Park improvements	1,110,914
Unrestricted	<u>(2,150,439)</u>
 Total net position	<u>\$ 17,464,649</u>

See Accompanying Notes to Financial Statements.

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CITY OF ROLLING HILLS ESTATES

**Statement of Activities
Year Ended June 30, 2020**

Functions/ Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary Government:					
Governmental activities:					
General government	\$ 2,802,991	\$ 2,569,675	\$ 10,304	\$ -	\$ (223,012)
Public safety	2,354,743	60,477	155,948	-	(2,138,318)
Public works	3,231,200	386,212	668,697	230,968	(1,945,323)
Community services	1,564,474	282,673	1,370,924	146,000	235,123
Public health	27,338	-	-	-	(27,338)
Interest on bond payable	16,942	-	-	-	(16,942)
Total governmental activities	9,997,688	3,299,037	2,205,873	376,968	(4,115,810)
Total primary government	<u>\$ 9,997,688</u>	<u>\$ 3,299,037</u>	<u>\$ 2,205,873</u>	<u>\$ 376,968</u>	<u>(4,115,810)</u>
General revenues:					
Taxes:					
					407,143
					629,996
					207,310
Intergovernmental:					
					3,400,843
					1,132,919
					57,486
					7,124
					<u>5,842,821</u>
					1,727,011
					<u>15,737,638</u>
					<u>\$ 17,464,649</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Special Revenue Fund Traffic Mitigation
Assets:		
Cash and investments	\$ 2,773,885	\$ 590,541
Accounts receivable	434,364	1,534
Due from other funds	230,215	-
Inventories	7,861	-
Total assets	\$ 3,446,325	\$ 592,075
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 733,526	\$ -
Due to other funds	-	-
Deposits payable	101,261	392,704
Unearned revenue	734	-
Total liabilities	835,521	392,704
Fund Balances:		
Non-spendable:		
Inventories	7,861	-
Restricted for:		
Maintenance of Hawthorne Canyon	10,000	-
Transportation	-	199,371
Capital projects	-	-
Park improvements	-	-
Assigned to:		
Equipment	45,000	-
Capital projects replacement	240,000	-
Capital projects	250,000	-
Unassigned (deficit)	2,057,943	-
Total fund balances	2,610,804	199,371
Total liabilities and fund balances	\$ 3,446,325	\$ 592,075

See Accompanying Notes to Financial Statements.

(continued)

Capital Projects Funds		
Park Facilities Fees	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,065,104	\$ 434,310	\$ 4,863,840
2,739	47,122	485,759
-	-	230,215
-	-	7,861
<u>\$ 1,067,843</u>	<u>\$ 481,432</u>	<u>\$ 5,587,675</u>
\$ 4,716	\$ 87,031	\$ 825,273
-	230,215	230,215
-	-	493,965
-	-	734
<u>4,716</u>	<u>317,246</u>	<u>1,550,187</u>
-	-	7,861
-	-	10,000
-	268,472	467,843
-	96,989	96,989
1,063,127	47,787	1,110,914
-	-	45,000
-	-	240,000
-	-	250,000
-	(249,062)	1,808,881
<u>1,063,127</u>	<u>164,186</u>	<u>4,037,488</u>
<u>\$ 1,067,843</u>	<u>\$ 481,432</u>	<u>\$ 5,587,675</u>

See Accompanying Notes to Financial Statements.

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CITY OF ROLLING HILLS ESTATES

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020**

Fund balances of governmental funds	\$ 4,037,488
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	17,929,342
Deferred inflows and outflows of resources related to pension have not been reported in the governmental funds:	
Deferred outflows - pension related	1,655,594
Deferred inflows - pension related	(1,067,694)
Compensated absences that have not been included in the governmental fund activity.	(415,948)
Governmental funds report all pension contributions as expenditures, however, in the Statement of Net Position, the excess of the plan's proportionate share of the total pension liability over the proportionate share of the plan's fiduciary net position is reported as a net pension liability.	(4,409,133)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Bonds payable	<u>(265,000)</u>
Net position of governmental activities	<u>\$ 17,464,649</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020**

	General Fund	Special Revenue Fund Traffic Mitigation
Revenues:		
Intergovernmental:		
Property taxes	\$ 3,400,843	\$ -
Sales and use taxes	1,132,919	-
Business license taxes	407,143	-
Other taxes	837,306	-
Licenses and permits	2,607,712	-
Fines and forfeitures	32,157	-
Use of money and property	240,055	4,720
Charges for services	246,610	3,059
Revenue from other agencies	380,922	-
Other revenues	7,124	-
	<u>9,292,791</u>	<u>7,779</u>
Total revenues		
Expenditures:		
Current:		
General government	2,918,971	-
Public safety	2,344,366	-
Public works	1,789,449	-
Community services	1,389,716	-
Public health	27,338	-
Capital outlay	637,416	-
Debt service:		
Principal	246,000	-
Interest	16,942	-
	<u>9,370,198</u>	<u>-</u>
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	<u>(77,407)</u>	<u>7,779</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Total other financing sources (uses)		
Net change in fund balances	(77,407)	7,779
Fund balances (deficit), beginning of year	2,688,211	191,592
Fund balances, end of year	<u>\$ 2,610,804</u>	<u>\$ 199,371</u>

See Accompanying Notes to Financial Statements.

(continued)

Capital Projects Funds		
Park Facilities Fees	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,400,843
-	-	1,132,919
-	-	407,143
-	-	837,306
-	-	2,607,712
-	22,217	54,374
12,258	7,565	264,598
-	65,414	315,083
1,255,871	1,060,804	2,697,597
-	-	7,124
<u>1,268,129</u>	<u>1,156,000</u>	<u>11,724,699</u>
-	20,327	2,939,298
-	10,377	2,354,743
-	370,580	2,160,029
-	64,335	1,454,051
-	-	27,338
86,227	592,556	1,316,199
-	-	246,000
-	-	16,942
<u>86,227</u>	<u>1,058,175</u>	<u>10,514,600</u>
<u>1,181,902</u>	<u>97,825</u>	<u>1,210,099</u>
-	232,278	232,278
(232,278)	-	(232,278)
<u>(232,278)</u>	<u>232,278</u>	<u>-</u>
949,624	330,103	1,210,099
113,503	(165,917)	2,827,389
<u>\$ 1,063,127</u>	<u>\$ 164,186</u>	<u>\$ 4,037,488</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2020**

Net change in fund balances - total governmental funds **\$ 1,210,099**

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Capital outlay	957,691
Depreciation	(950,064)

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

8,726

Pension obligation expenses, net of pension deferred related amounts, reported in the Statement of Activities do not require current financial resources and therefore, are not reported as expenditures in governmental funds.

254,559

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 the Statement of Activities:

Principal retirement	<u>246,000</u>
----------------------	----------------

Change in net position of governmental activities **\$ 1,727,011**

CITY OF ROLLING HILLS ESTATES

**Statement of Fiduciary Net Position
Agency Fund
June 30, 2020**

	<u>Peninsula Parking</u>
Assets:	
Cash and investments	\$ 529
Accounts receivable	<u>11,502</u>
 Total assets	 <u><u>\$ 12,031</u></u>
 Liabilities:	
Accounts payable	<u>\$ 12,031</u>
 Total liabilities	 <u><u>\$ 12,031</u></u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The City of Rolling Hills Estates (The 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.

Pepper Tree 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 Pepper Tree 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 (The Authority). The 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 the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) *Joint Ventures (continued)*

The Palos Verdes Peninsula Transit Authority's fiscal year ended on June 30. As of June 30, 2019 (most recent information available), audited financial statements indicated the following:

Total assets	\$	3,586,144
Total liabilities		257,061
Total net position	\$	<u>3,329,083</u>
Charges for services	\$	337,476
Route 225 operating support		618,852
Governmental sources		32,000
Total operating revenues		<u>988,328</u>
Total operating expenses		2,484,140
Total nonoperating revenues		<u>1,696,619</u>
Change in net position	\$	<u>200,807</u>

Separate financial statements are available at:

Palos Verdes Peninsula Transit Joint Powers Authority
38 Crest Road West
Rolling Hills, California 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 the Financial Statements June 30, 2020

NOTE 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 have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State of California (The State) at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant funds received before the revenue recognition criteria have been met are reported as unearned revenues.

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 **Traffic Mitigation Fund – Special Revenue Fund** is used 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.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Park Facilities 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 City elected to present this as a major fund.

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 the Financial Statements June 30, 2020

NOTE 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

Cash and 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 \$497,261 recorded as accounts receivable include \$11,502 presented with the fiduciary fund, \$153,426 due from businesses and individuals, which includes building permits and licenses, \$12,262 in interest receivable, and \$320,071 due from State and County governments for amounts collected and not remitted to the City as of June 30, 2020. 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 the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Assets, Liabilities, and Net Position or Equity (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. In accordance with generally accepted accounting principles, major general infrastructure 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	3-18 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 the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Assets, Liabilities, and Net Position or Equity (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, and 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 - comprised 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 - include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. 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 the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) *Assets, Liabilities, and Net Position or Equity (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, 2020, \$2,057,943 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 qualifies for reporting in this category, deferred pension related items.

In addition to liabilities, the balance sheet or statement of net position will sometimes report 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 pension related item.

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 Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. 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.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions (continued)

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD) - June 30, 2018

Measurement Date (MD) - June 30, 2019

Measurement Period (MP) - July 1, 2018 to June 30, 2019

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

The following new pronouncements may have an effect on the City when implemented:

GASB Statement No. 84, Fiduciary Activities, is effective for periods beginning after December 15, 2019.

Government Accounting Standards Board Statement No. 87

GASB Statement No. 87, Leases, is effective for fiscal years beginning after December 15, 2020.

Government Accounting Standards Board Statement No. 89

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, is effective for periods beginning after December 15, 2020.

Government Accounting Standards Board Statement No. 90

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and 61 is effective for periods beginning after December 15, 2019.

Government Accounting Standards Board Statement No. 91

GASB Statement No. 91, Conduit Debt Obligations is effective for periods beginning after December 15, 2021.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

New Pronouncements (continued)

Government Accounting Standards Board Statement No. 92

GASB Statement No. 92, Omnibus 2020 is effective for periods beginning after June 15, 2021.

GASB Statement No. 93, Replacement of Interbank Offered Rates is effective for periods beginning after June 15, 2021.

Government Accounting Standards Board Statement No. 94

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements is effective for periods beginning after June 15, 2022.

Government Accounting Standards Board Statement No. 96

GASB Statement No. 96, Subscription-Based Information Technology Arrangements is effective for periods beginning after June 15, 2022.

Government Accounting Standards Board Statement No. 97

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans is effective for fiscal years beginning after June 15, 2021.

(h) COVID-19 Considerations

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. The City is carefully monitoring the situation and evaluating its options during this time. It is possible that this matter may negatively impact the City, however, the ultimate financial impact and duration cannot be estimated *at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.*

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 2: DEFICIT FUND BALANCES

The following funds have an accumulated deficit at June 30, 2020:

Special revenue funds:		
Traffic Safety	\$	(18,278)
Jr. Naturalist Park Grant		(20,327)
Highway Users Tax		(121)
Prop A 4th District		(134,462)
Measure W		(55,000)
Capital project funds:		
Measure M		(20,874)

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

NOTE 3: CASH AND INVESTMENTS

Cash and investments as of June 30, 2020, are classified in the accompanying basic financial statements as follows:

Statement of Net Position:		
Cash and investments	\$	4,863,840
Statement of Fiduciary Net Position:		
Cash and investments		<u>529</u>
 Total cash and investments	 \$	 <u><u>4,864,369</u></u>

Cash and investments were comprised of the following as of June 30, 2020:

Cash on hand	\$	1,550
Deposits with financial institutions		1,101,804
Investments		<u>3,761,015</u>
 Total cash and investments	 \$	 <u><u>4,864,369</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.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

The City investments are in an external government investment pool, which is not subject to reporting within the fair value hierarchy. In addition, the City holds certificates of deposits with separate financial institutions, which are not subject to the fair value 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:

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	90%
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	\$65M
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.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(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 Type	Remaining Maturity 12 Months or Less
LAIF	\$ 3,545,100
Negotiable Certificates of Deposit	<u>215,915</u>
Total	<u><u>\$ 3,761,015</u></u>

(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.

Investment Type	Total	Minimum Legal Rating	Not rated
LAIF	\$ 3,545,100	N/A	\$ 3,545,100
Negotiable Certificates of Deposit	<u>215,915</u>	N/A	<u>215,915</u>
Total	<u><u>\$ 3,761,015</u></u>		<u><u>\$ 3,761,015</u></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. The City has one investment of negotiable certificate of deposits in one issuer (other than external investment pools) that represents more than 5% of total City investments.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(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, 2020, the carrying amount of the City's bank deposits was \$1,101,804, and the respective bank balances totaled \$1,219,212. Of the bank balance, \$250,000 was insured through the Federal Deposit Insurance Corporation; the remaining balance was collateralized as identified above.

(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, 2020, was \$32.1 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2020, had a balance of \$101 billion. Of that amount 3.37% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 191 days as of June 30, 2020. LAIF is unrated as to credit quality.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 4: CAPITAL ASSETS

A summary of changes in capital asset activity for the City's governmental activities for the year ended June 30, 2020, is as follows:

<u>Governmental Activities</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 4,241,414	\$ -	\$ -	\$ 4,241,414
Construction in progress	703,417	957,691	(1,461,327)	199,781
 Total capital assets, not being depreciated	 4,944,831	 957,691	 (1,461,327)	 4,441,195
Capital assets, being depreciated:				
Buildings and improvements	3,788,230	708,163	-	4,496,393
Facilities and improvements	2,135,246	-	-	2,135,246
Vehicles and equipment	754,317	11,258	-	765,575
Furniture and fixtures	79,871	-	-	79,871
Infrastructure	13,620,147	741,906	-	14,362,053
 Total capital assets, being depreciated	 20,377,811	 1,461,327	 -	 21,839,138
Accumulated Depreciation:				
Buildings and improvements	(1,193,477)	(102,544)	-	(1,296,021)
Facilities and improvements	(1,455,046)	(75,314)	-	(1,530,360)
Vehicles and equipment	(598,758)	(59,543)	-	(658,301)
Furniture and fixtures	(79,871)	-	-	(79,871)
Infrastructure	(4,073,775)	(712,663)	-	(4,786,438)
 Total accumulated depreciation	 (7,400,927)	 (950,064)	 -	 (8,350,991)
 Total capital assets, being depreciated, net	 12,976,884	 511,263	 -	 13,488,147
 Capital assets, net	 <u>\$ 17,921,715</u>	 <u>\$ 1,468,954</u>	 <u>\$ (1,461,327)</u>	 <u>\$ 17,929,342</u>

Depreciation expense was charged to the following functions:

General government	\$ 126,978
Community services	110,423
Public works	712,663
 Total	 <u>\$ 950,064</u>

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020, are as follows:

	<u>Due From Other Funds</u>
<u>Due To Other Funds</u>	<u>General Fund</u>
Nonmajor funds	\$ 230,215

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.

The composition of transfers as of June 30, 2020, are as follows:

	<u>Transfer In</u>
<u>Transfer Out</u>	<u>Nonmajor funds</u>
Park Facilities Fees	\$ 232,278

The Park Facilities Fees Fund had capital projects occur during the fiscal year. The fund had a maximum expenditure amount and any amount over the threshold is paid from the Parks Facilities Fees. The transfers above covered the expenditures in excess of that threshold.

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CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 6: LONG-TERM LIABILITIES

Bonds outstanding as of June 30, 2020 are as follows:

	Beginning Balance at July 1, 2019	Additions	Deletions	Ending Balance at June 30, 2020	Amount Due Within One Year
2012 Taxable Pension Obligation Bonds	\$ 511,000	\$ -	\$ (246,000)	\$ 265,000	\$ 265,000

(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.

If an event of default occurs, the trustee may declare the principal of the bonds, together with the accrued interest thereon, to be due and payable immediately.

As of June 30, 2020, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest
2021	\$ 265,000	\$ 7,222
Total	\$ 265,000	\$ 7,222

(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. The following is a summary of changes in compensated absences payable:

	Beginning Balance at July 1, 2019	Additions	Deletions	Ending Balance at June 30, 2020	Amount Due Within One Year
Compensated absences	\$ 424,674	\$ 80,988	\$ (89,714)	\$ 415,948	\$ 41,595

NOTE 7: LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

(a) Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Rolling Hills Estates is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To mitigate these risks, the City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

(b) Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of 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/coverage/risk-sharing-pools/>.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

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

(b) *Primary Self-Insurance Programs of the Authority (continued)*

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 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

(c) *Purchased Insurance*

Pollution Legal Liability Insurance

The City of Rolling Hills Estates 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 of Rolling Hills Estates participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills Estates property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills Estates to the Authority. City of Rolling Hills Estates property currently has all-risk property insurance protection in the amount of \$9,059,804. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

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

(c) *Purchased Insurance (continued)*

Earthquake and Flood Insurance

The City of Rolling Hills Estates purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$8,519,001. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

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

Special Event Tenant User Liability Insurance

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

(d) *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 2019-20.

NOTE 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, 2020 were \$184,888.

NOTE 9: RETIREMENT PLANS

(a) General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors three miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(a) General Information about the Pension Plan (continued)

Benefits Provided (continued)

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous	Miscellaneous 2nd Tier	PEPRA Miscellaneous
Hire Date	Prior to 12/6/2011	Between 12/6/2011 and 12/31/2012	On or after 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 & up	60 & up	62 & up
Monthly benefits, as a % eligible compensation	1.426% - 2.418%	1.092% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.00%	7.00%	6.50%
Required employer contribution rates	10.868%	8.668%	7.072%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$906,582. The actual employer payments of \$875,393 made to CalPERS by the City during the measurement period ended June 30, 2019 differed from the City's proportionate share of the employer's contributions of \$953,872 by \$78,479, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

(b) Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) *Net Pension Liability (continued)*

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.5% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2020

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) Net Pension Liability (continued)

Long-term Expected Rate of Return (continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and 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. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class⁽¹⁾</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10⁽²⁾</u>	<u>Real Return Years 11+ ⁽³⁾</u>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

¹ In the System's CAFR, fixed income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Change of Assumptions

There were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) Net Pension Liability (continued)

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

(c) Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Plan Net Pension Liability</u>
Balance at 6/30/2018 (VD)	\$ 24,284,411	\$ 19,956,607	\$ 4,327,804
Balance at 6/30/2019 (MD)	<u>27,429,484</u>	<u>23,020,351</u>	<u>4,409,133</u>
Net changes during 2018 - 2019	<u>\$ 3,145,073</u>	<u>\$ 3,063,744</u>	<u>\$ 81,329</u>

Valuation Date (VD), Measurement Date (MD).

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(c) Proportionate Share of Net Pension Liability (continued)

The City's proportionate share of the net pension liability for the miscellaneous Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

Proportionate Share - June 30, 2018	0.11484%
Proportionate Share - June 30, 2019	<u>0.11010%</u>
Change - Increase (Decrease)	<u><u>-0.00474%</u></u>

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 of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what 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:

	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount Rate</u> <u>(7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability \$	8,098,482	\$ 4,409,133	\$ 1,363,836

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(c) *Proportionate Share of Net Pension Liability (continued)*

Amortization of Deferred Outflows and Deferred Inflows of Resources (continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

(d) *Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions*

As of the start of the measurement period (July 1, 2018), the City's net pension liability was \$4,327,804. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$652,023.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2020**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(d) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 210,248	\$ (74,531)
Differences between expected and actual experience	306,233	(23,727)
Differences between projected and actual investments earnings	-	(77,085)
Differences between employer's contributions and proportionate share of contributions	-	(371,783)
Change in employer's proportion	232,531	(520,568)
Pension contributions made subsequent to measurement date	906,582	-
Total	<u>\$ 1,655,594</u>	<u>\$ (1,067,694)</u>

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of \$906,582 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2021	\$ (235,494)
2022	(86,455)
2023	(12,310)
2024	15,577
2025	-
Remaining	-

(e) Payable to the Pension Plan

At June 30, 2020, the City reported a payable of \$777 for the outstanding amount of contributions to the pension plan required for the year then ended.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ROLLING HILLS ESTATES

**General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 3,313,480	\$ 3,340,015	\$ 3,400,843	\$ 60,828
Sales and use taxes	1,270,000	1,270,000	1,132,919	(137,081)
Business license taxes	375,000	407,143	407,143	-
Other taxes	748,922	810,232	837,306	27,074
Licenses and permits	2,988,000	2,988,000	2,607,712	(380,288)
Fines and forfeitures	26,500	37,500	32,157	(5,343)
Use of money and property	225,000	243,181	240,055	(3,126)
Charges for services	352,500	364,500	246,610	(117,890)
Revenue from other agencies	364,445	380,893	380,922	29
Other revenues	13,000	13,000	7,124	(5,876)
Total revenues	9,676,847	9,854,464	9,292,791	(561,673)
Expenditures:				
Current:				
General government	3,010,278	3,137,414	2,918,971	218,443
Public safety	2,401,418	2,405,565	2,344,366	61,199
Public works	1,971,468	2,155,053	1,789,449	365,604
Community services	1,462,176	1,564,324	1,389,716	174,608
Public health	25,000	37,893	27,338	10,555
Capital outlay	901,535	953,126	637,416	315,710
Debt service:				
Principal	246,000	246,000	246,000	-
Interest	16,990	16,990	16,942	48
Total expenditures	10,034,865	10,516,365	9,370,198	1,146,167
Excess (Deficiency) of Revenues Over (Under) Expenditures	(358,018)	(661,901)	(77,407)	584,494
Fund balances, beginning of year	2,688,211	2,688,211	2,688,211	-
Fund balances, end of year	\$ 2,330,193	\$ 2,026,310	\$ 2,610,804	\$ 584,494

CITY OF ROLLING HILLS ESTATES

**Traffic Mitigation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 2,300	\$ 2,300	\$ 4,720	\$ 2,420
Charges for services	-	-	3,059	3,059
Total revenues	<u>2,300</u>	<u>2,300</u>	<u>7,779</u>	<u>5,479</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	2,300	2,300	7,779	5,479
Fund balances, beginning of year	<u>191,592</u>	<u>191,592</u>	<u>191,592</u>	<u>-</u>
Fund balances, end of year	<u>\$ 193,892</u>	<u>\$ 193,892</u>	<u>\$ 199,371</u>	<u>\$ 5,479</u>

CITY OF ROLLING HILLS ESTATES

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

Last 10 Fiscal Years*

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.1028400%	\$ 3,857,655	\$ 1,807,329	213.45%	83.03%
6/30/2015	0.0601580%	4,129,172	1,783,355	231.54%	82.02%
6/30/2016	0.0641740%	5,553,069	1,794,426	309.46%	76.47%
6/30/2017	0.0453820%	4,500,624	1,843,465	244.14%	82.64%
6/30/2018	0.0449120%	4,327,804	1,904,103	227.29%	82.18%
6/30/2019	0.0430280%	4,409,133	1,981,431	222.52%	83.93%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

CITY OF ROLLING HILLS ESTATES

**Required Supplementary Information
Schedule of City Contributions to the Pension Plan
Last 10 Fiscal Years***

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 218,382	\$ (218,382)	\$ -	\$ 1,783,355	12.25%
6/30/2016	316,760	(316,760)	-	1,794,426	17.65%
6/30/2017	317,398	(317,398)	-	1,843,465	17.22%
6/30/2018	316,489	(316,489)	-	1,904,103	16.62%
6/30/2019	375,392	(875,392)	(500,000)	1,981,431	18.95%
6/30/2020	406,582	(906,582)	(500,000)	1,901,375	21.38%

*Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF ROLLING HILLS ESTATES

Note to Required Supplementary Information June 30, 2020

(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.

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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.

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

HUTA SB1 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.

Prop A 4th District Fund - To account for grant monies received from the State of California for the maintenance and development of parks, recreation facilities, and open space.

Measure W Fund - To account for improvements in and around the City's storm drain systems to reduce toxins from entering rivers, lakes and the Pacific Ocean.

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.

**Although this fund had no activity in the current year, it was budgeted for and is included in the following Budgetary Comparison Schedules.*

Prop A - Parks Fund - To account for grant monies received from Los Angeles County for the maintenance and development of parks.

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/or maintenance.

Prop C Fund - To account for the City's share of an additional 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.

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, 2020**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Jr. Naturalist Park Grant	Highway Users Tax	Pepper Tree Foundation
Assets:						
Cash and investments	\$ -	\$ 42,408	\$ 106,308	\$ -	\$ 31,940	\$ 51,999
Accounts receivable	1,601	85	2,856	-	1,367	117
Total assets	<u>\$ 1,601</u>	<u>\$ 42,493</u>	<u>\$ 109,164</u>	<u>\$ -</u>	<u>\$ 33,307</u>	<u>\$ 52,116</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 338	\$ -	\$ 20,327	\$ 33,428	\$ 4,329
Due to other funds	19,879	-	-	-	-	-
Total liabilities	<u>19,879</u>	<u>338</u>	<u>-</u>	<u>20,327</u>	<u>33,428</u>	<u>4,329</u>
Fund Balances:						
Restricted for:						
Transportation	-	42,155	109,164	-	-	-
Capital projects	-	-	-	-	-	-
Park improvements	-	-	-	-	-	47,787
Unassigned	(18,278)	-	-	(20,327)	(121)	-
Total fund balances (deficits)	<u>(18,278)</u>	<u>42,155</u>	<u>109,164</u>	<u>(20,327)</u>	<u>(121)</u>	<u>47,787</u>
Total liabilities and fund balances	<u>\$ 1,601</u>	<u>\$ 42,493</u>	<u>\$ 109,164</u>	<u>\$ -</u>	<u>\$ 33,307</u>	<u>\$ 52,116</u>

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds			Capital Projects Funds		
	HUTA SB1 RMRA	Prop A 4th District	Measure W	Prop A Parks	CDBG Grant	PEG Fees
Assets:						
Cash and investments	\$ 10,321	\$ -	\$ -	\$ -	\$ -	\$ 89,407
Accounts receivable	10,286	-	-	-	23,040	7,542
Total assets	<u>\$ 20,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,040</u>	<u>\$ 96,949</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 23,000	\$ -
Due to other funds	-	134,462	55,000	-	-	-
Total liabilities	<u>-</u>	<u>134,462</u>	<u>55,000</u>	<u>-</u>	<u>23,000</u>	<u>-</u>
Fund Balances:						
Restricted for:						
Transportation	20,607	-	-	-	-	-
Capital projects	-	-	-	-	40	96,949
Park improvements	-	-	-	-	-	-
Unassigned	-	(134,462)	(55,000)	-	-	-
Total fund balances (deficits)	<u>20,607</u>	<u>(134,462)</u>	<u>(55,000)</u>	<u>-</u>	<u>40</u>	<u>96,949</u>
Total liabilities and fund balances	<u>\$ 20,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,040</u>	<u>\$ 96,949</u>

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020**

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Prop C	Measure R	Measure M	
Assets:				
Cash and investments	\$ 61,598	\$ 40,329	\$ -	\$ 434,310
Accounts receivable	139	89	-	47,122
 Total assets	<u>\$ 61,737</u>	<u>\$ 40,418</u>	<u>\$ -</u>	<u>\$ 481,432</u>
 Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,609	\$ -	\$ -	\$ 87,031
Due to other funds	-	-	20,874	230,215
 Total liabilities	<u>5,609</u>	<u>-</u>	<u>20,874</u>	<u>317,246</u>
 Fund Balances:				
Restricted for:				
Transportation	56,128	40,418		268,472
Capital projects	-	-	-	96,989
Park improvements	-	-	-	47,787
Unassigned	-	-	(20,874)	(249,062)
 Total fund balances (deficits)	<u>56,128</u>	<u>40,418</u>	<u>(20,874)</u>	<u>164,186</u>
 Total liabilities and fund balances	<u>\$ 61,737</u>	<u>\$ 40,418</u>	<u>\$ -</u>	<u>\$ 481,432</u>

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Jr. Naturalist Park Grant	Highway Users Tax	Pepper Tree Foundation
Revenues:						
Fines and forfeitures	\$ 22,217	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	756	1,589	-	411	697
Charges for services	-	-	-	-	-	65,414
Revenue from other agencies	-	157,418	10,304	20,279	191,985	-
Total revenues	<u>22,217</u>	<u>158,174</u>	<u>11,893</u>	<u>20,279</u>	<u>192,396</u>	<u>66,111</u>
Expenditures:						
Current:						
General government	-	-	-	20,327	-	-
Public safety	10,377	-	-	-	-	-
Public works	-	153,739	-	-	200,238	16,603
Community services	-	-	-	-	-	9,335
Capital outlay	-	-	-	-	-	13,400
Total expenditures	<u>10,377</u>	<u>153,739</u>	<u>-</u>	<u>20,327</u>	<u>200,238</u>	<u>39,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,840</u>	<u>4,435</u>	<u>11,893</u>	<u>(48)</u>	<u>(7,842)</u>	<u>26,773</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,840	4,435	11,893	(48)	(7,842)	26,773
Fund balances (deficits), beginning of year	<u>(30,118)</u>	<u>37,720</u>	<u>97,271</u>	<u>(20,279)</u>	<u>7,721</u>	<u>21,014</u>
Fund balances (deficits), end of year	<u>\$ (18,278)</u>	<u>\$ 42,155</u>	<u>\$ 109,164</u>	<u>\$ (20,327)</u>	<u>\$ (121)</u>	<u>\$ 47,787</u>

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Special Revenue Funds			Capital Projects Funds		
	HUTASB1 RMRA	Prop A 4th District	Measure W	Prop A Parks	CDBG Grant	PEG Fees
Revenues:						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	647	-	-	-	-	1,510
Charges for services	-	-	-	-	-	-
Revenue from other agencies	143,911	146,000	-	-	23,040	29,360
Total revenues	144,558	146,000	-	-	23,040	30,870
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community services	-	-	55,000	-	-	-
Capital outlay	126,894	-	-	-	23,000	27,785
Total expenditures	126,894	-	55,000	-	23,000	27,785
Excess (deficiency) of revenues over (under) expenditures	17,664	146,000	(55,000)	-	40	3,085
Other Financing Sources (Uses):						
Transfers in	-	-	-	232,278	-	-
Total other financing sources (uses)	-	-	-	232,278	-	-
Net change in fund balances	17,664	146,000	(55,000)	232,278	40	3,085
Fund balances (deficits), beginning of year	2,943	(280,462)	-	(232,278)	-	93,864
Fund balances (deficits), end of year	\$ 20,607	\$ (134,462)	\$ (55,000)	\$ -	\$ 40	\$ 96,949

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2020**

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Prop C	Measure R	Measure M	
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 22,217
Use of money and property	1,413	502	40	7,565
Charges for services	-	-	-	65,414
Revenue from other agencies	130,579	97,794	110,134	1,060,804
Total revenues	<u>131,992</u>	<u>98,296</u>	<u>110,174</u>	<u>1,156,000</u>
Expenditures:				
Current:				
General government	-	-	-	20,327
Public safety	-	-	-	10,377
Public works	-	-	-	370,580
Community services	-	-	-	64,335
Capital outlay	205,609	100,000	95,868	592,556
Total expenditures	<u>205,609</u>	<u>100,000</u>	<u>95,868</u>	<u>1,058,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73,617)</u>	<u>(1,704)</u>	<u>14,306</u>	<u>97,825</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	232,278
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,278</u>
Net change in fund balances	(73,617)	(1,704)	14,306	330,103
Fund balances (deficits), beginning of year	129,745	42,122	(35,180)	(165,917)
Fund balances (deficits), end of year	<u>\$ 56,128</u>	<u>\$ 40,418</u>	<u>\$ (20,874)</u>	<u>\$ 164,186</u>

CITY OF ROLLING HILLS ESTATES

**Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 24,000	\$ 22,217	\$ (1,783)
Total revenues	20,000	24,000	22,217	(1,783)
Expenditures:				
Public safety	25,000	25,000	10,377	14,623
Total expenditures	25,000	25,000	10,377	14,623
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(1,000)	11,840	12,840
Fund balances (deficit), beginning of year	(30,118)	(30,118)	(30,118)	-
Fund balances (deficit), end of year	\$ (35,118)	\$ (31,118)	\$ (18,278)	\$ 12,840

CITY OF ROLLING HILLS ESTATES

**Prop A Transit Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 175	\$ 175	\$ 756	\$ 581
Revenues from other agencies	164,269	164,269	157,418	(6,851)
Total revenues	164,444	164,444	158,174	(6,270)
Expenditures:				
Public works	165,923	170,166	153,739	16,427
Total expenditures	165,923	170,166	153,739	16,427
Excess (deficiency) of revenues over (under) expenditures	(1,479)	(5,722)	4,435	10,157
Fund balances, beginning of year	37,720	37,720	37,720	-
Fund balances, end of year	<u>\$ 36,241</u>	<u>\$ 31,998</u>	<u>\$ 42,155</u>	<u>\$ 10,157</u>

CITY OF ROLLING HILLS ESTATES

**Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 900	\$ 900	\$ 1,589	\$ 689
Revenues from other agencies	9,100	9,100	10,304	1,204
Total revenues	10,000	10,000	11,893	1,893
Expenditures:				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	10,000	10,000	11,893	1,893
Fund balances, beginning of year	97,271	97,271	97,271	-
Fund balances, end of year	\$ 107,271	\$ 107,271	\$ 109,164	\$ 1,893

CITY OF ROLLING HILLS ESTATES

**Jr. Naturalist Grant Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenues from other agencies	\$ -	\$ 20,279	\$ 20,279	\$ -
Total revenues	-	20,279	20,279	-
Expenditures:				
General government	-	-	20,327	(20,327)
Total expenditures	-	-	20,327	(20,327)
Excess (deficiency) of revenues over (under) expenditures	-	20,279	(48)	(20,327)
Fund balances (deficit), beginning of year	(20,279)	(20,279)	(20,279)	-
Fund balances (deficit), end of year	\$ (20,279)	\$ -	\$ (20,327)	\$ (20,327)

CITY OF ROLLING HILLS ESTATES

**Highway Users Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 150	\$ 450	\$ 411	\$ (39)
Revenues from other agencies	216,283	216,408	191,985	(24,423)
Total revenues	216,433	216,858	192,396	(24,462)
Expenditures:				
Public works	180,000	201,046	200,238	808
Total expenditures	180,000	201,046	200,238	808
Excess (deficiency) of revenues over (under) expenditures	36,433	15,812	(7,842)	(23,654)
Fund balances, beginning of year	7,721	7,721	7,721	-
Fund balances (deficit), end of year	\$ 44,154	\$ 23,533	\$ (121)	\$ (23,654)

CITY OF ROLLING HILLS ESTATES

**Pepper Tree Foundation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 300	\$ 300	\$ 697	\$ 397
Charges for services	36,000	65,414	65,414	-
Total revenues	36,300	65,714	66,111	397
Expenditures:				
Public works	13,700	21,668	16,603	5,065
Community services	18,000	18,000	9,335	8,665
Capital outlay	89,125	89,125	13,400	75,725
Total expenditures	120,825	128,793	39,338	89,455
Excess (deficiency) of revenues over (under) expenditures	(84,525)	(63,079)	26,773	89,852
Fund balances, beginning of year	21,014	21,014	21,014	-
Fund balances, end of year	<u>\$ (63,511)</u>	<u>\$ (42,065)</u>	<u>\$ 47,787</u>	<u>\$ 89,852</u>

CITY OF ROLLING HILLS ESTATES

**HUTA SB1 RMRA Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 10	\$ 1,100	\$ 647	\$ (453)
Revenues from other agencies	133,303	143,911	143,911	-
Total revenues	133,313	145,011	144,558	(453)
Expenditures:				
Capital outlay	134,250	134,250	126,894	7,356
Total expenditures	134,250	134,250	126,894	7,356
Excess (deficiency) of revenues over (under) expenditures	(937)	10,761	17,664	6,903
Fund balances, beginning of year	2,943	2,943	2,943	-
Fund balances, end of year	\$ 2,006	\$ 13,704	\$ 20,607	\$ 6,903

CITY OF ROLLING HILLS ESTATES

**Prop A 4th District Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenues from other agencies	\$ -	\$ 146,000	\$ 146,000	\$ -
Total revenues	-	146,000	146,000	-
Expenditures:				
Capital outlay	40,000	40,000	-	40,000
Total expenditures	40,000	40,000	-	40,000
Excess (deficiency) of revenues over (under) expenditures	(40,000)	106,000	146,000	40,000
Fund balances (deficit), beginning of year	(280,462)	(280,462)	(280,462)	-
Fund balances (deficit), end of year	<u>\$ (320,462)</u>	<u>\$ (174,462)</u>	<u>\$ (134,462)</u>	<u>\$ 40,000</u>

CITY OF ROLLING HILLS ESTATES

**Measure W Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Community services	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (55,000)</u>	<u>\$ (55,000)</u>	<u>\$ -</u>

CITY OF ROLLING HILLS ESTATES

**Local Transportation Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from other agencies	<u>\$ 5,871</u>	<u>\$ 5,871</u>	<u>\$ -</u>	<u>\$ (5,871)</u>
Total revenues	<u>5,871</u>	<u>5,871</u>	<u>-</u>	<u>(5,871)</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,871</u>	<u>5,871</u>	<u>-</u>	<u>(5,871)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 5,871</u></u>	<u><u>\$ 5,871</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,871)</u></u>

CITY OF ROLLING HILLS ESTATES

**Prop A Parks Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from other agencies	\$ 249,500	\$ 249,500	\$ -	\$ (249,500)
Total revenues	249,500	249,500	-	(249,500)
Expenditures:				
Community services	249,500	249,500	-	249,500
Total expenditures	249,500	249,500	-	249,500
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in	-	-	232,278	(232,278)
Total other financing sources (uses)	-	-	232,278	(232,278)
Net change in fund balances	-	-	232,278	(232,278)
Fund balances (deficit), beginning of year	(232,278)	(232,278)	(232,278)	-
Fund balances (deficit), end of year	\$ (232,278)	\$ (232,278)	\$ -	\$ (232,278)

CITY OF ROLLING HILLS ESTATES

**CDBG Grant Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from other agencies	\$ 23,000	\$ 23,000	\$ 23,040	\$ 40
Total revenues	23,000	23,000	23,040	40
Expenditures:				
Capital outlay	23,000	23,000	23,000	-
Total expenditures	23,000	23,000	23,000	-
Excess of revenues over expenditures	-	-	40	40
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 40	\$ 40

CITY OF ROLLING HILLS ESTATES

**PEG Fees Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 800	\$ 800	\$ 1,510	\$ 710
Revenue from other agencies	30,000	30,000	29,360	(640)
Total revenues	30,800	30,800	30,870	70
Expenditures:				
Capital outlay	45,000	45,000	27,785	17,215
Total expenditures	45,000	45,000	27,785	17,215
Excess (deficiency) of revenues over (under) expenditures	(14,200)	(14,200)	3,085	17,285
Fund balances, beginning of year	93,864	93,864	93,864	-
Fund balances, end of year	\$ 79,664	\$ 79,664	\$ 96,949	\$ 17,285

CITY OF ROLLING HILLS ESTATES

**Prop C Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 300	\$ 300	\$ 1,413	\$ 1,113
Revenue from other agencies	201,257	201,257	130,579	(70,678)
Total revenues	201,557	201,557	131,992	(69,565)
Expenditures:				
Capital outlay	200,000	200,000	205,609	(5,609)
Total expenditures	200,000	200,000	205,609	(5,609)
Excess (deficiency) of revenues over (under) expenditures	1,557	1,557	(73,617)	(75,174)
Fund balances, beginning of year	129,745	129,745	129,745	-
Fund balances, end of year	\$ 131,302	\$ 131,302	\$ 56,128	\$ (75,174)

CITY OF ROLLING HILLS ESTATES

**Measure R Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 300	\$ 300	\$ 502	\$ 202
Revenue from other agencies	102,203	102,203	97,794	(4,409)
Total revenues	102,503	102,503	98,296	(4,207)
Expenditures:				
Capital outlay	100,000	100,000	100,000	-
Total expenditures	100,000	100,000	100,000	-
Excess (deficiency) of revenues over (under) expenditures	2,503	2,503	(1,704)	(4,207)
Fund balances, beginning of year	42,122	42,122	42,122	-
Fund balances, end of year	\$ 44,625	\$ 44,625	\$ 40,418	\$ (4,207)

CITY OF ROLLING HILLS ESTATES

**Measure M Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 500	\$ 500	\$ 40	\$ (460)
Revenue from other agencies	167,118	167,118	110,134	(56,984)
Total revenues	167,618	167,618	110,174	(57,444)
Expenditures:				
Capital outlay	100,000	100,000	95,868	4,132
Total expenditures	100,000	100,000	95,868	4,132
Excess (deficiency) of revenues over (under) expenditures	67,618	67,618	14,306	(53,312)
Fund balances (deficit), beginning of year	(35,180)	(35,180)	(35,180)	-
Fund balances (deficit), end of year	\$ 32,438	\$ 32,438	\$ (20,874)	\$ (53,312)

CITY OF ROLLING HILLS ESTATES

**Park Facilities Fees Capital Project Fund – Major Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,370	\$ 14,000	\$ 12,258	\$ (1,742)
Revenue from other agencies	500,000	1,255,871	1,255,871	-
Total revenues	501,370	1,269,871	1,268,129	(1,742)
Expenditures:				
Capital outlay	97,500	138,468	86,227	52,241
Total expenditures	97,500	138,468	86,227	52,241
Excess (deficiency) of revenues over (under) expenditures	403,870	1,131,403	1,181,902	50,499
Other Financing Sources (Uses):				
Transfers out	-	-	(232,278)	(232,278)
Total other financing sources (uses)	-	-	(232,278)	(232,278)
Net change in fund balances	403,870	1,131,403	949,624	(181,779)
Fund balances, beginning of year	113,503	113,503	113,503	-
Fund balances, end of year	\$ 517,373	\$ 1,244,906	\$ 1,063,127	\$ (181,779)

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CITY OF ROLLING HILLS ESTATES

**Comprehensive Annual Financial Report
Year Ended June 30, 2020**

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.

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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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Investment in capital assets	\$ 7,823,648	\$ 8,353,841	\$ 9,410,015	\$ 12,745,054	\$ 13,821,968	\$ 15,340,607	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342
Restricted	1,200,294	1,097,622	1,051,065	385,690	2,598,454	2,150,212	546,634	645,603	747,495	1,685,746
Unrestricted	1,528,215	2,053,400	1,446,859	237,854	(4,874,613)	(3,735,772)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)
Total governmental activities net position	<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>	<u>\$ 15,737,638</u>	<u>\$ 17,464,649</u>
Business-type activities:										
Investment in capital assets	\$ 46,203	\$ 42,341	\$ 38,479	\$ 118,010	\$ 110,545	\$ 103,050	\$ -	\$ -	\$ -	\$ -
Unrestricted	(267,237)	(379,604)	(317,937)	(303,006)	(191,906)	(74,491)	-	-	-	-
Total business-type activities net position	<u>\$ (221,034)</u>	<u>\$ (337,263)</u>	<u>\$ (279,458)</u>	<u>\$ (184,996)</u>	<u>\$ (81,361)</u>	<u>\$ 28,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:										
Investment in capital assets	\$ 7,869,851	\$ 8,396,182	\$ 9,448,494	\$ 12,863,094	\$ 13,932,513	\$ 15,443,657	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342
Restricted	1,200,294	1,097,622	1,051,065	385,690	2,598,454	2,150,212	546,634	645,603	747,495	1,685,746
Unrestricted	1,260,978	1,673,796	1,128,922	(65,152)	(5,066,519)	(3,810,263)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)
Total primary government net position	<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>	<u>\$ 15,737,638</u>	<u>\$ 17,464,649</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 3,075,846	\$ 2,881,374	\$ 2,742,166	\$ 2,759,181	\$ 2,944,743	\$ 3,470,235	\$ 5,653,201	\$ 3,441,459	\$ 2,205,664	\$ 2,802,991
Public safety	1,830,016	1,588,967	1,739,467	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743
Public works	1,114,138	846,106	949,190	937,914	1,144,208	1,612,353	2,127,233	1,438,526	3,197,631	3,231,200
Community services	1,341,466	1,285,501	1,324,048	1,403,739	1,364,917	1,451,622	1,688,376	2,248,864	1,705,420	1,564,474
Public health	21,329	16,568	14,781	26,478	25,422	19,239	17,995	24,526	23,704	27,338
Interest on bond payable	-	-	54,335	59,059	53,407	47,228	40,490	33,175	25,270	16,942
Total governmental activities expenses	<u>7,382,795</u>	<u>6,618,516</u>	<u>6,823,987</u>	<u>7,093,028</u>	<u>7,403,247</u>	<u>8,614,527</u>	<u>11,884,945</u>	<u>9,514,230</u>	<u>9,376,120</u>	<u>9,997,688</u>
Business-type activities:										
Equestrian	760,759	431,121	804	802	802	802	-	-	-	-
Tennis	75,132	79,373	75,536	75,138	77,578	91,107	-	-	-	-
Total business-type activities expenses	<u>835,891</u>	<u>510,494</u>	<u>76,340</u>	<u>75,940</u>	<u>78,380</u>	<u>91,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<u>8,218,686</u>	<u>7,129,010</u>	<u>6,900,327</u>	<u>7,168,968</u>	<u>7,481,627</u>	<u>8,706,436</u>	<u>11,884,945</u>	<u>9,514,230</u>	<u>9,376,120</u>	<u>9,997,688</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	957,765	1,213,944	1,213,474	1,860,491	2,190,470	3,134,137	3,023,534	3,186,879	3,356,303	2,569,675
Public safety	92,018	123,578	85,883	92,028	76,791	63,027	85,708	47,762	67,805	60,477
Public works	178,088	579,149	181,759	367,966	349,482	495,338	434,045	435,296	439,022	386,212
Community services	59,559	61,664	68,415	69,922	69,240	70,142	135,372	234,609	296,793	282,673
Operating grants and contributions	1,295,997	885,398	720,544	767,769	2,704,107	1,205,518	1,611,349	964,680	1,128,409	2,205,873
Capital grants and contributions	758,259	356,336	588,410	2,511,836	403,567	865,205	446,924	260,968	238,014	376,968
Total governmental activities Program revenues	<u>3,341,686</u>	<u>3,220,069</u>	<u>2,858,485</u>	<u>5,670,012</u>	<u>5,793,657</u>	<u>5,833,367</u>	<u>5,736,932</u>	<u>5,130,194</u>	<u>5,526,346</u>	<u>5,881,878</u>
Business-type activities:										
Charges for services:										
Equestrian	688,871	333,106	65,332	101,525	104,388	127,749	80,931	-	-	-
Tennis	56,167	60,849	68,607	68,854	77,579	74,053	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>745,038</u>	<u>393,955</u>	<u>133,939</u>	<u>170,379</u>	<u>181,967</u>	<u>201,802</u>	<u>80,931</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>4,086,724</u>	<u>3,614,024</u>	<u>2,992,424</u>	<u>5,840,391</u>	<u>5,975,624</u>	<u>6,035,169</u>	<u>5,817,863</u>	<u>5,130,194</u>	<u>5,526,346</u>	<u>5,881,878</u>
Net revenues (expenses):										
Governmental activities	(4,041,109)	(3,398,447)	(3,965,502)	(1,423,016)	(1,609,590)	(2,781,160)	(6,148,013)	(4,384,036)	(3,849,774)	(4,115,810)
Business-type activities	(90,853)	(116,539)	57,599	94,439	103,587	109,893	80,931	-	-	-
Total net revenues (expenses)	<u>(4,131,962)</u>	<u>(3,514,986)</u>	<u>(3,907,903)</u>	<u>(1,328,577)</u>	<u>(1,506,003)</u>	<u>(2,671,267)</u>	<u>(6,067,082)</u>	<u>(4,384,036)</u>	<u>(3,849,774)</u>	<u>(4,115,810)</u>

(continued)

City of Rolling Hills Estates

Changes in Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843
Sales taxes	917,016	871,060	893,871	902,838	908,399	906,872	1,171,000	1,287,221	1,257,782	1,132,919
Motor vehicle in lieu taxes - general purpose	41,550	-	-	-	-	-	-	-	-	-
Business license taxes	267,177	236,334	250,668	247,188	236,503	237,784	238,062	229,750	378,343	407,143
Franchise taxes	518,175	551,059	508,991	558,571	564,891	618,698	570,539	604,648	592,171	629,996
Other taxes	72,779	69,824	157,810	86,828	106,140	190,705	91,129	149,247	116,611	207,310
Use of money and property	18,467	8,706	5,355	2,337	3,689	13,575	10,251	26,026	33,206	57,486
Capital contributions	-	-	-	-	-	-	268,251	-	-	-
Miscellaneous	40,766	121,641	20,643	16,040	75,179	62,775	87,620	69,973	21,410	7,124
Transfers	-	-	-	-	-	-	109,490	-	-	-
Total governmental activities	<u>4,370,758</u>	<u>4,351,153</u>	<u>4,368,578</u>	<u>4,538,675</u>	<u>4,848,042</u>	<u>4,990,398</u>	<u>5,347,871</u>	<u>5,361,559</u>	<u>5,654,978</u>	<u>5,842,821</u>
Business-type activities:										
Use of money and property	477	310	206	53	18	27	-	-	-	-
Transfers	-	-	-	-	-	-	(109,490)	-	-	-
Total business-type activities	<u>477</u>	<u>310</u>	<u>206</u>	<u>53</u>	<u>18</u>	<u>27</u>	<u>(109,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position:										
Governmental activities	329,649	952,706	403,076	3,115,659	3,238,452	2,209,238	(800,142)	977,523	1,805,204	1,727,011
Business-type activities	<u>(90,376)</u>	<u>(116,229)</u>	<u>57,805</u>	<u>94,492</u>	<u>103,605</u>	<u>109,920</u>	<u>(28,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 239,273</u>	<u>\$ 836,477</u>	<u>\$ 460,881</u>	<u>\$ 3,210,151</u>	<u>\$ 3,342,057</u>	<u>\$ 2,319,158</u>	<u>\$ (828,701)</u>	<u>\$ 977,523</u>	<u>\$ 1,805,204</u>	<u>\$ 1,727,011</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Reserved	\$ -	\$ -	\$ -							
Unreserved	-	-	-							
Nonspendable	86,741	10,406	445,585							
Restricted	37,172	37,172	32,922							
Assigned	502,264	651,223	738,925							
Unassigned	1,766,793	2,101,763	1,352,820							
Total general fund	<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	\$ -	\$ -	\$ -							
Restricted	2,135,011	1,060,450	1,018,143							
Unassigned	(1,639,080)	(302,206)	(978,078)							
Special revenue funds	-	-	-							
Total all other governmental funds	<u>\$ 495,931</u>	<u>\$ 758,244</u>	<u>\$ 40,065</u>							
General fund:										
Nonspendable				\$ 348,303	\$ 278,987	\$ 126,377	\$ 15,472	\$ 14,635	\$ 10,997	\$ 7,861
Restricted				15,201	15,201	15,201	10,000	10,000	10,000	10,000
Assigned				860,108	1,449,819	2,040,000	605,871	940,003	520,000	535,000
Unassigned				1,578,477	2,039,428	2,378,531	1,892,936	1,976,085	2,147,214	2,057,943
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>	<u>\$ 2,688,211</u>	<u>\$ 2,610,804</u>
All other governmental funds:										
Nonspendable				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted				370,489	2,583,253	2,135,011	1,536,634	635,603	737,495	1,675,746
Committed				-	-	-	-	-	-	-
Assigned				-	-	-	-	-	-	-
Unassigned				(740,122)	(1,912,267)	(1,639,080)	(1,053,768)	(671,330)	(598,317)	(249,062)
Total all other governmental funds				<u>\$ (369,633)</u>	<u>\$ 670,986</u>	<u>\$ 495,931</u>	<u>\$ 482,866</u>	<u>\$ (35,727)</u>	<u>\$ 139,178</u>	<u>\$ 1,426,684</u>

Source: City Administrative Services Department.

Note:

¹The 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Property taxes	\$ 2,494,828	\$ 2,492,529	\$ 2,531,240	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843
Sales and use taxes	917,016	871,060	893,871	902,838	908,399	906,872	1,171,000	1,287,221	1,257,782	1,132,919
Business license taxes	267,177	236,334	250,668	247,188	236,503	237,784	238,062	229,750	378,343	407,143
Other taxes	590,954	620,883	666,801	645,399	671,031	809,403	661,668	753,895	708,782	837,306
Licenses and permits	681,549	945,463	1,057,943	1,628,949	2,074,361	3,129,514	3,061,756	3,056,594	3,354,436	2,607,712
Fines and forfeitures	103,258	123,299	86,871	88,962	76,532	61,380	140,225	102,402	61,122	54,374
Use of money and property	34,489	26,341	24,759	26,586	22,569	34,323	93,365	215,385	232,911	264,598
Charges for services	345,871	336,337	255,098	416,141	363,640	398,927	301,532	652,443	354,059	315,083
Revenues from other agencies	2,261,985	1,779,337	1,146,994	3,700,252	3,380,710	2,311,795	2,219,369	1,190,706	1,557,025	2,697,597
Other revenues	15,317	39,642	11,459	9,533	38,887	8,930	18,197	8,665	21,409	7,124
Total revenues	7,712,444	7,471,225	6,925,704	10,390,721	10,725,873	10,858,917	10,706,703	10,491,755	11,181,324	11,724,699
Expenditures:										
Current:										
General government	3,040,509	2,821,517	4,367,972	2,700,233	2,753,752	3,346,845	5,156,455	3,599,516	3,183,366	2,939,298
Public safety	1,830,016	1,588,967	1,739,467	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743
Public works	545,170	545,997	521,988	747,844	663,858	718,345	730,167	669,286	2,224,168	2,160,029
Community services	1,300,490	1,188,626	1,219,020	1,278,713	1,206,302	1,325,031	1,445,788	1,469,859	1,602,016	1,454,051
Public health	21,329	16,568	14,781	26,478	25,422	19,239	17,995	24,524	23,704	27,338
Capital outlay	1,095,335	970,781	1,539,850	3,694,598	1,962,616	2,604,760	2,810,053	2,257,864	1,751,976	1,316,199
Debt Service:										
Principal	-	-	152,000	155,700	168,000	182,000	197,000	212,000	230,000	246,000
Interest	-	-	54,335	58,359	53,407	47,228	40,490	33,175	25,270	16,942
Bond issuance costs	-	-	71,784	-	-	-	-	-	-	-
Total expenditures	7,832,849	7,132,456	9,681,197	10,568,582	8,703,907	10,257,298	12,755,598	10,593,904	11,258,931	10,514,600
Excess (deficiency) of revenues over (under) expenditures	(120,405)	338,769	(2,755,493)	(177,861)	2,021,966	601,619	(2,048,895)	(102,149)	(77,607)	1,210,099
Other financing sources (uses):										
Transfers in	-	13,395	100,355	74,047	-	62,545	-	653,312	59,980	232,278
Transfers out	-	(13,395)	(100,355)	(74,047)	-	(62,545)	-	(653,312)	(59,980)	(232,278)
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	\$ (120,405)	\$ 438,769	\$ (948,493)	\$ (177,861)	\$ 2,021,966	\$ 601,619	\$ (2,048,895)	\$ (102,149)	\$ (77,607)	\$ 1,210,099
Debt service as a percentage of noncapital expenditures	N/A	N/A	2.6%	3.2%	3.4%	2.9%	2.5%	2.8%	2.6%	2.8%

Source: City Administrative Services Department.

CITY OF ROLLING HILLS ESTATES

Business Tax Rates

June 30, 2020

FEE TYPE	BUSINESS TYPE / DESCRIPTION	
Free. First calendar year or portion or thereof tax	New license at Fixed Location	
Flat fee		
	\$350	General Contractors
	\$100	Other Contractors
	\$200	Real Estate Agents and Brokers
	\$250	Delivery Service
	\$100	Landscapers or Garneners
	\$150	Maintenance GR
	\$100	All other businesses not classified elsewhere
	\$300	Horse Trainers - base fee
	\$0	Exempt/Non Profits
Base fee		
	\$50	Home Occupation
Min. \$150 or gross receipts	(gross receipt formulas vary according to business type)	
\$1 per every \$1,000 receipts	All Other Business not elsewhere classified	
\$1 per every \$1,000 receipts	Professionals	
\$3 per every \$1,000 receipts	Recreation/Entertainment	
\$2 per every \$1,000 receipts	Residential Care Facilities	
\$0.50 per every \$1,000 receipts	Restaurants/Food Service	
\$0.50 per every \$1,000 receipts	Retail/Wholesale	
AB 1379 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 changed on January 2019.

Source: City's Administrative Services Department.

City of Rolling Hills Estates

Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

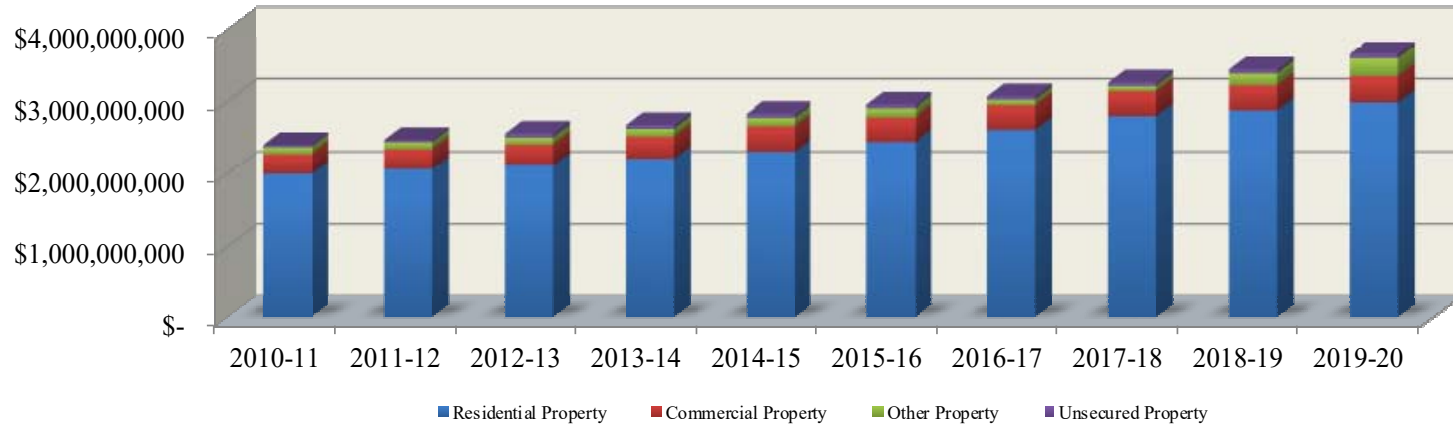
Taxpayer	2019-20		2010-11	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Vestar Peninsula Retail Llc	100,324,366	2.78%		
Promenade Llc	93,517,774	2.59%		
Chadmar Colfin Rolling Hills Llc	70,201,125	1.94%		
Toll West Coast Llc	45,900,551	1.27%		
Anastasi Development Company Llc	27,467,668	0.76%		
Cox Communications Calif Llc	23,079,257	0.64%		
Rolling Hills Country Club	19,920,057	0.55%	6,127,957	0.26%
Deep Valley Day Llc And	12,980,520	0.36%		
Rolling Hills Covenant Church	12,520,739	0.35%		
Highpoint Associates Iii Llc	11,811,788	0.33%	4,824,700	0.20%
Silver Spur Shopping Center Llc	11,230,693	0.31%	9,705,505	0.41%
Silver Spur Investments Llc	10,595,760	0.29%		
Merrill Gardens At Rolling Hills Lp	8,948,970	0.25%		
Park Rolling Hills Llc Et Al	8,862,677	0.25%	7,659,086	0.33%
Sre Dem Pv Llc	8,834,606	0.24%		
Jpmorgan Chase Bank	8,034,479	0.22%		
California Water Service Co	7,828,483	0.22%		
Longs Drug Stores Inc	7,699,900	0.21%		
609 Deep Valley Llc	7,011,118	0.19%	6,058,947	0.26%
Cento Family I Llc	5,311,828	0.15%		
Chiang Martin K P	5,208,566	0.14%	4,500,255	0.19%
Refoua Llc And	4,963,954	0.14%		
Kim Gene J Co Tr	4,852,000	0.13%		
Roe Richard & Elisa	4,695,000	0.13%		
Rehrig William J	4,616,058	0.13%		
Stopen Llc			96,164,105	4.08%
Principal Life Insurance Compa			56,824,743	2.41%
Continental Rhe Corp			10,042,756	0.43%
Koll Per Peninsula Pointe Llc			9,020,000	0.38%
Irp Silver Spur Assoc Llc			8,848,610	0.38%
Wynne Corp			6,024,810	0.26%
Palos Verdes Medical Center			4,551,896	0.19%
Refoua Llc			4,289,809	0.18%
R E Silver Lining Inc.			3,848,660	0.16%
Brickwalk Llc			3,711,032	0.16%
Post Avenue Real Property Lp			3,596,276	0.15%
Merryweather Properties			3,568,740	0.15%
Deep Valley Drive Llc			3,524,212	0.15%
Rolling Hills Capital Llc			3,274,431	0.14%
Mchugh Timothy C Kathleen L			3,093,602	0.13%
Lai John			3,065,000	0.13%
Choi Don M Chan Im			3,063,700	0.13%
Rolling Hills Investments Inc.			2,973,361	0.13%
Us Bank			2,943,007	0.13%
Total Top 25 Taxpayers	526,417,937	14.58%	271,305,200	11.52%
Total Taxable Value	3,611,235,878	100.00%	2,354,368,155	100.00%

Source: Los Angeles County Assessor data, Avenu Insights & Analytics

City of Rolling Hills Estates

Citywide Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

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 Assessed Value (2)
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
2018-19	2,873,498,114	341,625,282	166,593,054	51,187,153	36,996,688	3,395,906,915	5.20%	.066911	4,631,300,699	1.363789
2019-20	2,984,043,565	357,323,772	251,303,192	55,937,006	37,371,657	3,611,235,878	6.34%	.066911	4,958,957,414	1.373202



Source: County Assessor data, Avenu Insights & Analytics

(-) Data Unavailable

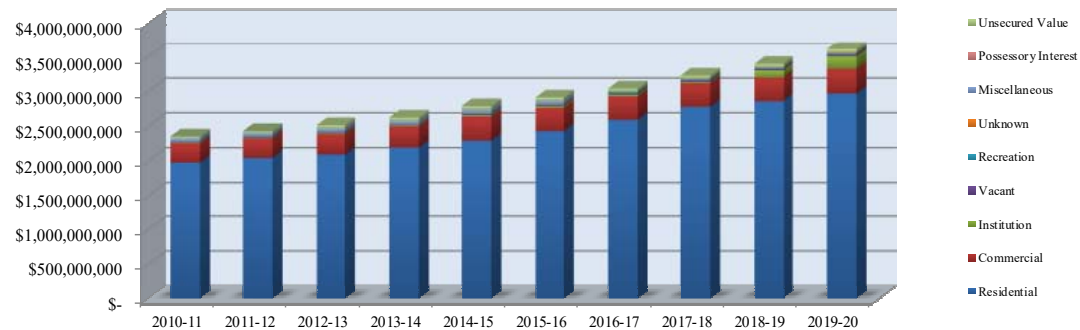
(1.) Total direct tax rate is represented by TRA 007-085

(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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Residential	\$ 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	\$ 2,857,988,577	\$ 2,968,610,939
Commercial	278,682,956	277,847,185	290,637,062	303,903,169	346,844,193	334,012,396	336,269,281	340,806,037	341,618,282	357,316,772
Institution	8,982,524	11,676,070	13,318,109	14,000,694	21,138,113	27,500,350	25,433,017	16,892,307	102,242,220	179,173,997
Vacant	8,167,553	16,305,996	16,715,571	8,610,967	18,382,835	18,443,549	19,350,903	19,393,287	20,648,338	24,583,473
Recreation	4,696,332	3,537,694	3,585,954	3,643,361	3,166,911	3,950,005	18,429,621	19,301,506	15,237,208	15,525,200
Unknown	3,164,332	3,458,601	2,983,592	3,341,813	3,472,543	4,170,184	5,348,635	5,500,388	6,900,478	9,863,410
Miscellaneous	44,690,082	42,582,090	45,404,330	47,148,755	51,187,553	49,056,260	-	-	-	115,274
Possessory Interest	94,900	126,614	124,224	126,708	52,394	54,100	25,779	25,782	84,659	109,807
Net Secured Value	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	3,344,719,762	3,555,298,872
Unsecured Value	28,849,924	29,656,454	49,056,518	48,685,757	51,430,127	47,426,915	45,361,521	46,679,793	51,187,153	55,937,006
Net Assessed Value	\$ 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	\$ 3,395,906,915	\$ 3,611,235,878



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 Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
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	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551	0.238551
LA COUNTY FIRE	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086	0.007086
CONSOL. FPD OF LA CO.	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646	0.172646
LA CO FLOOD CONTROL	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279	0.011279
PALOS VERDES LIBRARY DIST	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231	0.033231
LA CO WEST VECTOR CONT.	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669	0.000669
CO SANITATION DIST NO.5	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980	0.011980
WTR REPLEN DIST OF SO CAL	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171	0.000171
EDUCATIONAL REV AUGM FD	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606	0.209606
LA CITY COMM COLLEGE DIST	0.029718	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025	0.030025
PALOS VERDES PENINS. UNI	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387	0.200387
COUNTY LIGHTING MAINT	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074	0.004074
LA COUNTY ACCUM CAP	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112	0.000112
LA COUNTY SCHOOLS	0.243684	0.013272	0.013272	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	0.022493	0.022511	0.024102	0.023109	0.023289	0.023433	0.023197	0.023093	0.023709	0.023589
COMMNTY COLLEGE	0.040310	0.035296	0.048750	0.044541	0.040174	0.035755	0.035956	0.045990	0.046213	0.027175
PALOS VERDES LIB	0.006719	0.006359	0.006441	0.006118	0.005854	0.005630	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.003700	0.003700	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
TOTAL OVERRIDE RATE	0.073222	0.067866	0.082793	0.077268	0.072817	0.068318	0.062653	0.072583	0.073422	0.054264
TOTAL TAX RATE	1.073222	1.067866	1.082793	1.077268	1.072817	1.068318	1.062653	1.072583	1.073422	1.054264

Source: Los Angeles County Auditor/Controller data, Avenu Insights & Analytics
TRA 7-085 is represented for this report

CITY OF ROLLING HILLS ESTATES

Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

2019-20	2010-11
Taxpayer	Taxpayer
Arco AM/PM Mini Marts	Abercrombie & Fitch
Bristol Farms	Ann Taylor
Chicken Maison	Arco AM/PM Mini Marts
Chipotle Mexican Grill	Banana Republic
CVS/Pharmacy	Borders Books & Music
El Pollo Inka	Bristol Farms Market
Good Stuff Restaurant	Chico's
Medawar Fine Jewelers	Coldwater Creek
Mod Pizza	CVS/Pharmacy
Morgan's Jewelers	Domino's Pizza
Old Navy Clothing Co.	J Crew
Pavilions	Marmalade Cafe
Pet Food Express	Morgan's Jewelers
Petco Animal Supplies	Palos Verdes Bicycle Center
Red Onion Restaurant	Petco Animal Supplies
Rite Aid Drug Stores	Red Onion Restaurant
Rolling Hills Country Club	Rite Aid Drug Stores
Rubio's Baja Grill	Rolling Hills Country Club
Ruby's Diner	Ruby's Diner
San Pedro Fish Market Grille	Standard Concrete Products
The Gap	Stein Mart
The Habit Burger Grill	The Gap
TJ Maxx	TJ Maxx
Ulta	Vons Grocery Company
Williams-Sonoma	Williams-Sonoma

Source: Avenu Insights & Analytics
Top Sales Tax Producers listed in alphabetical order.

CITY OF ROLLING HILLS ESTATES

Direct and Overlapping Debt June 30, 2020

2019-20 Assessed Valuation: \$3,625,376,878

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2020</u>	<u>% Applicable (1)</u>	City's Share of Debt <u>6/30/20</u>
Metropolitan Water District	\$ 37,300,000	0.117%	\$ 43,641
Los Angeles Community College District	4,234,460,000	0.395%	16,726,117
El Camino Community College District	404,330,019	0.042%	169,819
Los Angeles Unified School District	10,624,010,000	0.001%	106,240
Palos Verdes Peninsula Unified School District	54,613,827	13.742%	7,505,032
Torrance Unified School District	468,959,169	0.153%	717,508
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 15,823,673,015		\$ 25,268,357
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J (2010) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment			273
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 25,268,084
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	2,317,550,679	0.225%	\$ 5,214,489
Los Angeles County Superintendent of Schools Certificates of Participation	5,182,434	0.225%	11,660
Los Angeles Unified School District Certificates of Participation	164,430,000	0.001%	1,644
Torrance Unified School District Certificates of Participation	11,750,000	0.153%	17,978
Los Angeles County Sanitation District No. 5 Authority	9,233,499	3.134%	289,378
Los Angeles County Sanitation District South Bay Cities Authority	1,573,880	0.024%	378
City of Rolling Hills Estates Pension Obligation Bonds	265,000	100.000%	265,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 5,800,527
Less: Los Angeles Unified School District 2005 Certificates of Participation (Qualified Zone Academy Bonds): Amount accumulated in Sinking Fund for Repayment			96
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 5,800,431
TOTAL DIRECT DEBT			\$265,000
TOTAL GROSS OVERLAPPING DEBT			\$30,803,884
TOTAL NET OVERLAPPING DEBT			\$30,803,515
GROSS COMBINED TOTAL DEBT			\$31,068,884 (2)
NET COMBINED TOTAL DEBT			\$31,068,515

- (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 Gross Overlapping Tax and Assessment Debt	0.70%
Total Net Overlapping Tax and Assessment Debt	0.70%
Total Direct Debt (\$265,000)	0.01%
Gross Combined Total Debt	0.86%
Net Combined Total Debt	0.86%

AB:(\$500)

Source: Avenu Insights & Analytics

CITY OF ROLLING HILLS ESTATES

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 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	\$ 3,395,906,915	\$ 3,611,235,878
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	353,156,124	364,557,136	377,475,681	393,709,882	418,282,611	436,959,205	456,254,683	484,220,340	509,386,037	541,685,382
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	511,000.00	511,000.00
Legal debt margin	<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>	<u>\$ 508,875,037</u>	<u>\$ 541,174,382</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.4%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%

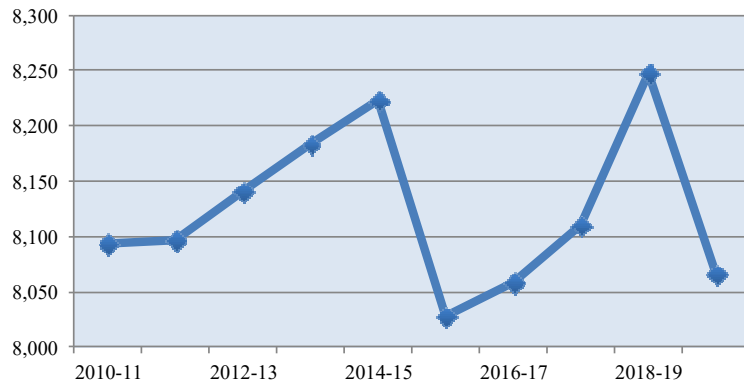
Source: MuniServices, LLC & City

City of Rolling Hills Estates

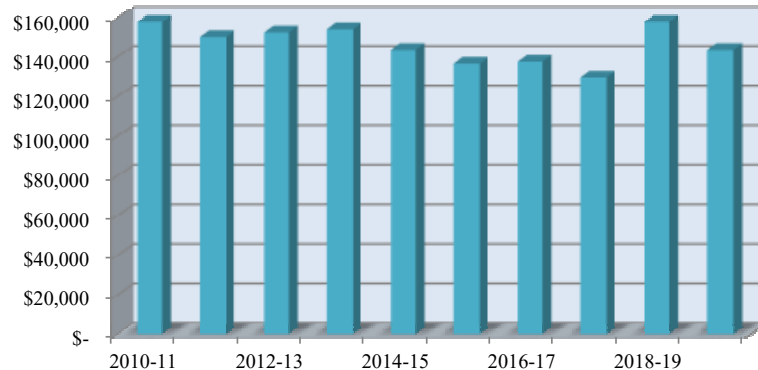
Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	*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)
2010-11	8,093	\$ 602,386,269	\$ 74,433	44.9	11,900	12.7	3.8	9,858,989	3	98	\$ 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
2018-19	8,247	674,942,727	81,841	50.5	11,217	3.9	2.1	10,253,716	2.72	100.0	157,730
2019-20	8,066	686,573,726	85,119	50.7	11,009	20.6	16.1	10,172,951	2.80	100.0	143,873

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. Palos Verdes Peninsula Unified was used.

City of Rolling Hills Estates

Principal Employers Last Fiscal Year and Nine Years Ago

Business Name	2019-20		2010-11	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Palos Verdes Peninsula Unified School District*	1,461	47.13%	1,350	34.62%
Rolling Hills Country Club**	165	5.32%	105	2.69%
Von's Co/Pavilions Store #2233	158	5.10%	100	2.56%
Equinox Palos Verdes	110	3.55%	117	3.00%
Bristol Farms	97	3.13%	55	1.41%
Peninsula Center Library (Palos Verdes Library Dist.)	97	3.13%		
Rolling Hills Covenant Church**	56	1.81%	78	2.00%
Wells Fargo Advisors	52	1.68%		
Red Onion Restaurant	35	1.13%	40	1.03%
TJ Maxx Department Store	33	1.06%		
Marmalade Café			57	1.46%
Longs Drugs			55	1.41%
Abercrombie & Fitch			52	1.33%
Total Top Employers	2,264	73.03%	2,009	51.51%
Total City Labor Force (1)	3,100		3,900	

Source: Avenu Insights & Analytics

Source: 2010-11, previously published CAFR

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	2016	2017	2018	2019	2020
General government	12	12	17	17	17
Public safety	0	0	0	0	0
Community services	7	7	6	12	11
Equestrian	0	0	0	0	0
Tennis	4	6	4	0	0
Total	<u>23</u>	<u>25</u>	<u>27</u>	<u>29</u>	<u>28</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				
	2016	2017	2018	2019	2020
Police:					
Arrests	164	180	157	116	123
Parking citations issued	195	253	115	180	151
Fire:					
Number of emergency calls	775	752	832	805	2,227
Inspections	1,215	1,931	1,178	1,178	1,290
Public works:					
Street resurfacing (miles)	<1	<1	<1	3.0	2
Community services:					
Number of recreation classes	5	5	5	5	5
Number of facility rentals	14	14	14	14	6
Equestrian:					
Number of equestrian classes	20	20	20	20	15
Number of facility rentals	17	17	17	17	14
Tennis:					
Number of tennis classes	80	80	80	80	56

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				
	2016	2017	2018	2019	2020
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	14 intersections	14 intersections	14 intersections	14 intersections
Community services:					
Parks	7	7	7	7	7
Nature center	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, 2020

Date of incorporation	September 18, 1957
Population	8,066
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	8
Business licenses issued	1,077
Number of Registered Voters	6,067

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