

City of Rolling Hills Estates

State of California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended
June 30, 2023



Prepared by
Administrative Services Department

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*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*

*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 (UNAUDITED)

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CITY OF ROLLING HILLS ESTATES

4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274

December 22, 2023

Honorable Mayor, City Council and citizens

The Comprehensive Annual Financial Report (Annual Report) of the City of Rolling Hills Estates (City) for the fiscal year ended June 30, 2023, 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 8,446. 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, 2023, 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, 2023 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 end of 2023.
- The City continued to monitor the development of the construction of the 927 Deep Valley Drive mixed-use projects. 927 Deep Valley Drive should be completed by the summer of 2024.
- The City continues conversations with the owners of the Brickwalk project, who intend to submit plans to redevelop the site and permanently repair the hillside. A "First Look" meeting with the City Council is anticipated for early 2024.
- The City Council approved the comprehensive General Plan Update 2040, including the Housing Element Update, on April 26, 2022. To assist in this Update, the City secured \$375,000 in grant funding to conduct both current and long-range planning projects. Long range planning efforts included both a Sustainability Element, and a Focused Plan as part of the Land Use Element. Current planning efforts included the adoption of Vehicle Miles Traveled (VMT) thresholds and guidelines, and an Accessory Dwelling Unit Program. The VMT thresholds and guidelines was adopted by the City Council in November 2022. The ADU Program was launched in May 2022 and staff continues to work with residents to determine whether development of an ADU will meet their needs. There have been 24 ADU submittals processed between 2022 and 2023.

- The City is engaged in the comprehensive update of the zoning code to implement the General Plan 2040. The current focus is on the Commercial District standards and staff has been working with the Planning Commission to develop the standards that will be proposed to the City Council for consideration and adoption. Staff anticipates providing the City Council with draft code language for the Commercial District for consideration in early 2024.
- The City obtained a grant from the California Energy Commission through the CalAPP program, in the amount of \$40,000 to assist with the implementation of an online permitting system for solar energy systems—SolarAPP+. The online platform was launched in March 2023, 1.5 years ahead of compliance mandates under SB379.
- 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 a two-year re-paving project, working jointly with the City of Rancho Palos Verdes, for the re-pavement of Silver Spur Rd. between Crenshaw and Hawthorne Blvds. The project also included the replacement of ADA ramps, driveway aprons and curb and gutter where needed. The project also included the re-pavement of Dapplegray, Buckskin and Sorrel Lanes (residential streets). The project used a variety of funding sources, including Proposition C, Measure M & R Funds, RMRA (SB 1) and General Funds.
- In FY 2022-23, the City completed “Year 9” 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 \$20,000.
- The City was granted 2.8 million dollars from the Los Angeles County Metropolitan Transit Authority (LACMTA) to make intersection improvements at PVDN and Dapplegray School. This project, if approved by City Council, is expected to be carried out in the summer of 2024. In FY 2022-23, the City also received grant funding from LACMTA, in the amount of \$250,000, to complete engineered plans for a bike lane project on Rolling Hills Rd., which also includes new concrete rolled curbs and gutters, a new pedestrian sidewalk on the west side of the road and the re-pavement of the roadway. This grant is also for the project’s required environmental analysis under CEQA. and should be ready for bid and construction by summer 2024. LACMTA may be able to provide construction funding for this project as well.

Community Services

- The City offered the use of regional and local park facilities to residents and local non-profit youth sports organizations throughout the 22-23 fiscal year.
- Docents and paid contractor staff from the Palos Verdes Peninsula Land Conservancy continued to lead educational programs at George F. Canyon Nature Center through virtual opportunities and resumed in-person activities as allowed and in accordance with public health restrictions.

- The City continued to host special events including the annual Hills Are Alive 5k/10k race, the annual City Celebration, the annual Tracy Austin Doubles Tennis Tournament, the annual Holiday Parade of Lights, the annual Mayor’s Breakfast Ride, a Summer Concert in the Park and Summer Movies in the Park.

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, 2023, 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.

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, 2022.

This was the twenty-fifth 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 COA 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, 2023**

BRITT HUFF
MAYOR

VELVETH SCHMITZ
MAYOR PRO TEMPORE

DEBBY STEGURA
COUNCIL MEMBER

FRANK V. ZERUNYAN
COUNCIL MEMBER

PAM BROWN SCHACHTER
COUNCIL MEMBER

CITY STAFF

City Manager
Greg Grammer

Assistant City Manager
Alexa Davis

Administrative Services Director
Michael C. Whitehead

Public Works Director
David Wahba

Community Development Director
Jeannie Naughton

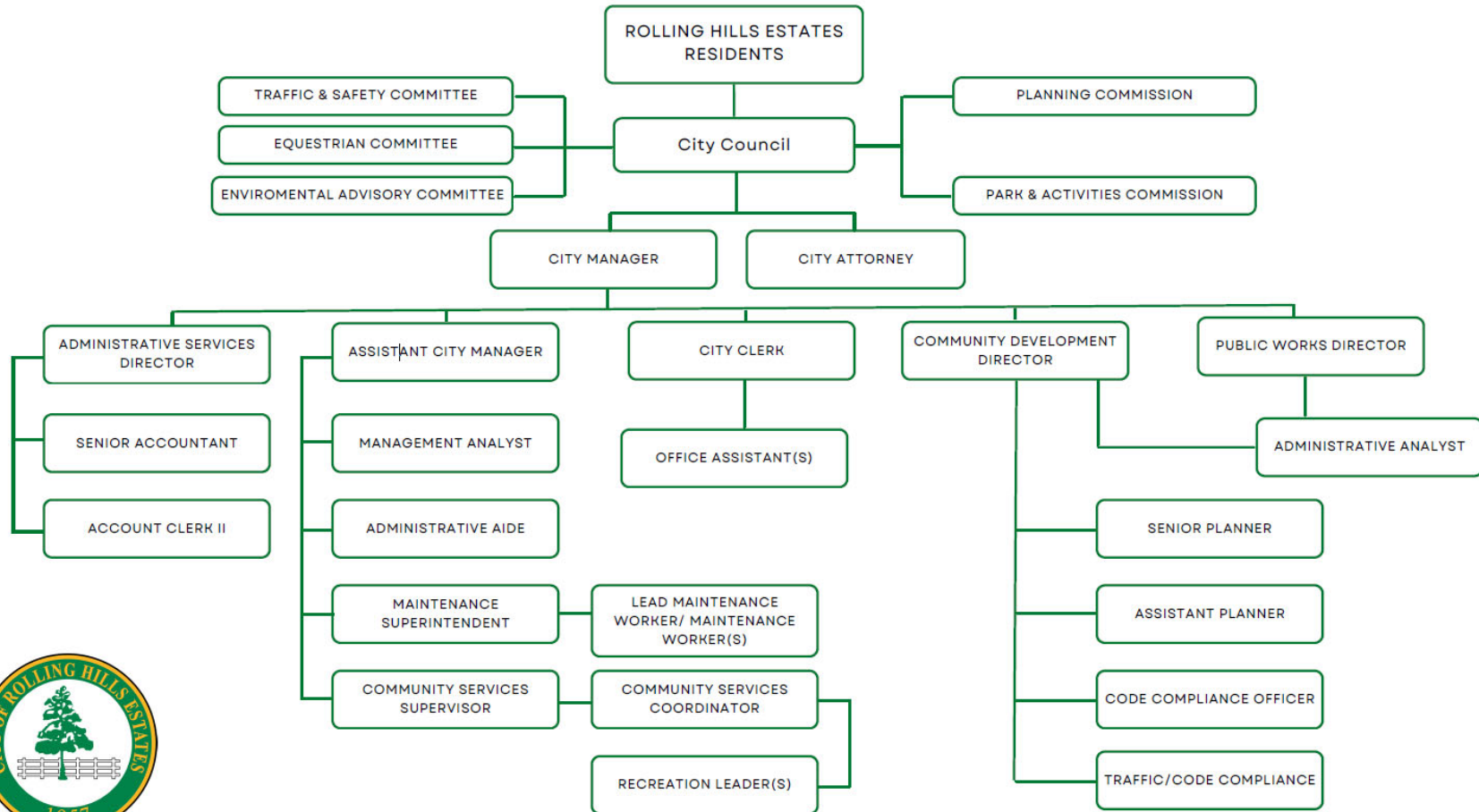
City Clerk
Lauren Pettitt

City Attorney
Donald M. Davis

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ROLLING HILLS ESTATES ORGANIZATIONAL STRUCTURE

AS OF JUNE 30, 2023



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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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information and schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information, such as the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the transmittal letter and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 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 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 22, 2023

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

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, 2023. 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 \$5,500,151 as of the measurement date of June 30, 2022, and reporting date of June 30, 2023. NPL, the difference between the total pension liability (TPL) and the retirement plan's fiduciary net position, is an important measure required by generally accepted accounting principles, 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 \$21,551,986 (*net position*).
- The City had \$810,998 in *unrestricted net position* that may be used to meet the government's ongoing obligations to citizens and creditors. The City had \$3,252,027 in deferred outflows of resources and \$647,664 in deferred inflows of resources related to pension as of June 30, 2023.
- The City's overall net position increased by \$274,475 from the prior fiscal year.
- The City's governmental funds in total reported combined ending fund balances of \$6,438,760, an increase of \$126,166 in comparison with the prior year. Approximately \$4,156,746 (*unassigned and assigned fund balances*) is available for spending at the government's discretion.
- The General Fund's fund balance increased \$1,114,606 from \$3,395,897 on June 30, 2022 to \$4,510,503 on June 30, 2023.
- The General Fund unassigned fund balance was \$1,836,772 or 19% of total General Fund current operating expenditures. Out of the General Fund's assigned fund balance, \$601,146 was allocated to equipment, \$950,000 for capital projects replacement, \$950,000 for capital projects, \$100,000 for PERS UAL and \$50,000 for ALPR replacement.

Overview of the Financial Statements

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

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

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited)

June 30, 2023

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.

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.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

The City maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, 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.

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 \$21,551,986 in fiscal year 2022-23, increased from fiscal year 2021-22 by \$274,475. The largest portion of the City's total net position, \$18,471,559 or 86% in fiscal year 2022-23, and \$17,253,233 or 81% in fiscal year 2021-22, reflects its net investment in capital assets (e.g., land, building, facilities, vehicles, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's total net position (\$2,269,429 or 10.5% in fiscal year 2022-23, and \$2,993,367 or 14.1% in fiscal year 2021-22) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position (\$810,998 or 3.8% in fiscal year 2022-23, and \$1,030,911 or 4.8% in fiscal year 2021-22) represents amounts that will be funded by future revenues.

CITY OF ROLLING HILLS ESTATES

**Management's Discussion and Analysis (Unaudited)
June 30, 2023**

The following table presents a summary of the City's net position as of June 30, 2023 and 2022:

Summary of Net Position

	Governmental Activities	
	2023	2022
Current and other assets	\$ 10,155,940	\$ 8,631,041
Capital assets, net	18,471,559	17,253,233
Total assets	28,627,499	25,884,274
Deferred pension related items	3,252,027	1,037,999
Total deferred outflows of resources	3,252,027	1,037,999
Current liabilities	3,763,435	2,363,705
Non current liabilities	416,290	380,324
Other liabilities	5,500,151	1,192,694
Total liabilities	9,679,876	3,936,723
Deferred pension related items	647,664	1,711,039
Total deferred inflows of resources	647,664	1,711,039
Net Position:		
Investment in capital assets	18,471,559	17,253,233
Restricted	2,269,429	2,993,367
Unrestricted	810,998	1,030,911
Total net position	\$ 21,551,986	\$ 21,277,511

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

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

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 2,936,777	\$ 2,049,798
Operating contributions and grants	1,556,794	1,133,592
Capital contributions and grants	607,636	765,961
General revenues:		
Taxes:		
Property taxes	4,157,353	3,890,421
Sales taxes	1,615,932	1,546,267
Other taxes	1,453,501	1,363,210
Other general revenue	374,834	(37,232)
Total revenues	<u>12,702,827</u>	<u>10,712,017</u>
Expenses		
General government	4,003,429	1,018,752
Public safety	2,543,611	2,507,504
Public works	3,917,931	3,970,939
Community services	1,941,055	1,896,793
Public health	22,326	52,808
Interest on bond payable	-	-
Total expenses	<u>12,428,352</u>	<u>9,446,796</u>
Increase in net position	274,475	1,265,221
Net position, beginning of year	<u>21,277,511</u>	<u>20,012,290</u>
Net position, end of year	<u>\$ 21,551,986</u>	<u>\$ 21,277,511</u>

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

Governmental activities. Governmental activities increased the City's net position by \$274,475 in fiscal year 2022-23, and increased by \$1,265,221 in fiscal year 2021-22. Key elements of the \$274,475 increase in net position are as follows:

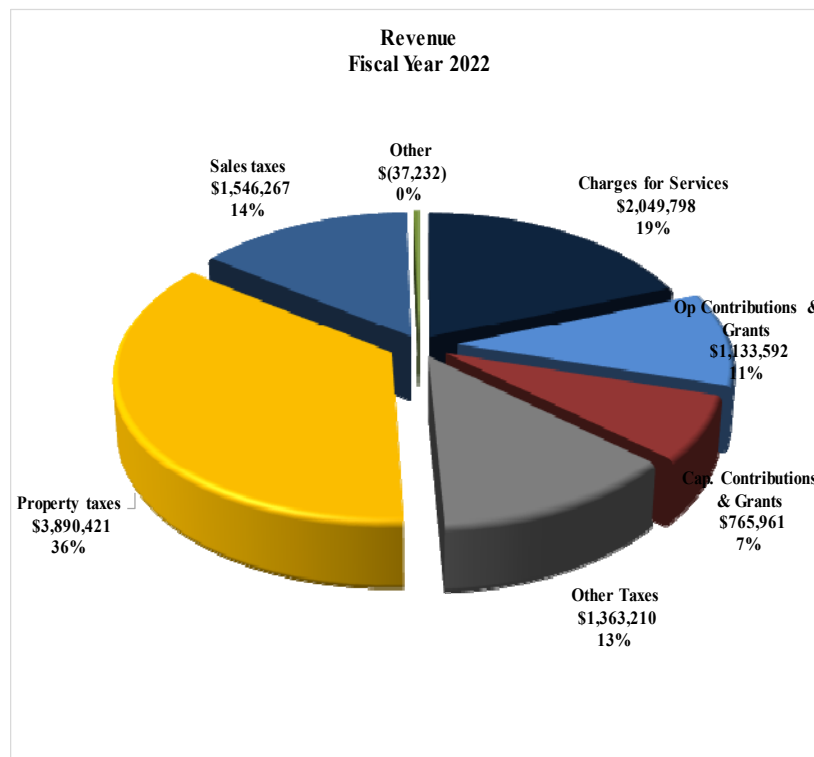
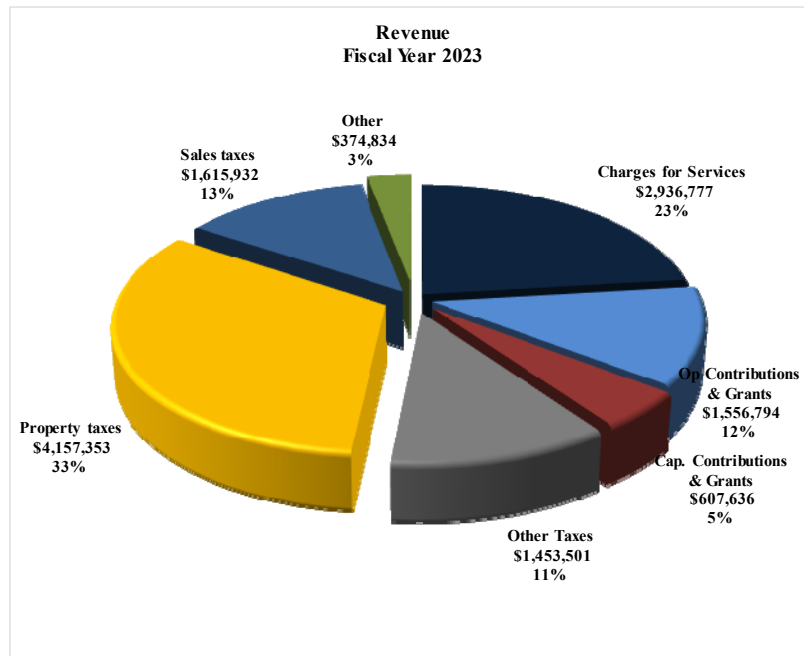
- Charges for services increased by \$886,979 primarily due to an increase in Building Permits and Street Permits, and property tax increased by \$266,932 with a 7.7% APV increase. Additionally, the housing market was very strong thus, increasing the local real estate market values, and new housing developments closed escrow in the City.
- Public works expenses decreased by \$53,008. The decrease is due to the return to normal operations after the surge of activities from coming out of the pandemic shutdown. Sales tax revenues increased from prior year as the economy continues to strengthen and new food and retail stores have opened for business in the City.
- General government expenses increased by \$2,984,677 primarily due to the change in net pension liability.

CITY OF ROLLING HILLS ESTATES

**Management’s Discussion and Analysis (Unaudited)
June 30, 2023**

The following charts illustrate the proportion of sources of revenue for the fiscal years ended June 30, 2023 and 2022:

Revenue by Source - Governmental Activities



CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

The City's governmental funds reported combined ending fund balances of \$6,438,760 at June 30, 2023, an increase of \$126,166 in comparison with the prior year, for which ending fund balance was \$6,312,594. Approximately 65% of the combined ending fund balances, \$4,156,746, constitute unassigned and assigned fund balance, which is available for spending at the City's discretion. This is an increase from the 52% reported for fiscal year 2021-22. \$2,269,429 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 (\$937,707), 3) capital projects (\$266,789), and 4) park improvements (\$1,054,933). \$12,585 is non-spendable for inventories. The City has assigned fund balances of \$601,146 for equipment, \$950,000 for capital projects replacement, \$950,000 for capital projects, \$100,000 for the PERS UAL and \$50,000 for the ALPR replacement.

The General Fund is the chief operating fund of the City. At June 30, 2023, unassigned fund balance of the General Fund was \$1,836,772, an increase from the prior year unassigned fund balance by \$110,516.

During the fiscal year ended June 30, 2023, the fund balance of the City's General Fund increased by \$1,114,606. The key factors contributing to the increase are due to an increase in operating contribution and grants, sales tax revenues, property tax revenues, street permit revenue, and increase in building permits revenue. The City received a SB 2 Planning Grant of \$43,666 as well as \$79,799 in a new Subregion Measure M Fund.

Sales tax revenues increased from prior year as the economy continues to strengthen and new food and retail stores have opened for business in the City. Property taxes increased by \$266,932 with an annual 6.0% APV increase. Additionally, the housing market was very strong thus, increasing the local real estate market values, and new housing developments closed escrow in the City.

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 \$856,983 and is primarily due to the building permit and street permits revenue.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$18,471,559 (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 2022-23, the City's investment in capital assets increased by 7.1% primarily due to an increase in facilities and improvements.

The following table presents the City's investment in capital assets, net of accumulated depreciation, as of June 30, 2023 and 2022, respectively:

Summary of Capital Assets, Net of Accumulated Depreciation

	<u>2023</u>	<u>2022</u>
Land	\$ 4,241,414	\$ 4,241,414
Construction in progress	-	-
Buildings and improvements	2,894,314	2,995,405
Facilities and improvements	1,323,827	596,217
Vehicles and equipment	99,304	101,348
Infrastructure	<u>9,912,700</u>	<u>9,318,849</u>
Total	<u>\$ 18,471,559</u>	<u>\$ 17,253,233</u>

The City increased street resurfacing in the fiscal year ending June 30, 2023. Additional information regarding the City's capital assets can be found in Note 1(g) and Note 4.

Long-term liabilities. The City had total long-term liabilities of \$462,545 at June 30, 2023, which is an increase of \$39,963 or 9.5% from the previous year.

The following is a summary of the City's long-term liabilities as of June 30, 2023 and 2022, respectively:

Summary of Long-Term Liabilities

	<u>2023</u>	<u>2022</u>
Compensated absences	<u>\$ 462,545</u>	<u>\$ 422,582</u>
Total	<u>\$ 462,545</u>	<u>\$ 422,582</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 \$661,201,569. 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.

CITY OF ROLLING HILLS ESTATES

Management's Discussion and Analysis (Unaudited) June 30, 2023

Net Pension Liability

The City recorded \$5,500,151 in fiscal year 2023 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 \$3,252,027 and deferred inflows of resources related to pension of \$647,664. 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 39% of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations increased by 6.0% in 2023 and continues to increase annually.
- The building permit fees are remaining higher than anticipated levels after the completion of the new major housing developments as building remains active in the City.
- Sales tax revenues increased in the City due to the reopening of businesses after the mandatory shutdowns, and the commercial district has had 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 2023-2024. 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").

CITY OF ROLLING HILLS ESTATES

Statement of Net Position June 30, 2023

	Governmental Activities
Assets:	
Cash and investments	\$ 9,338,045
Accounts receivable	805,310
Inventories	12,585
Capital assets	
Not being depreciated	4,241,414
Being depreciated, net	14,230,145
Total capital assets, net	<u>18,471,559</u>
Total assets	<u>28,627,499</u>
Deferred Outflows of Resources:	
Pension related items	<u>3,252,027</u>
Liabilities:	
Accounts payable and accrued liabilities	1,420,285
Deposits payable	525,995
Unearned revenue	1,770,900
Current portion of long-term liabilities:	
Compensated absences	46,255
Non-current portion of long-term liabilities:	
Compensated absences	416,290
Net pension liability	<u>5,500,151</u>
Total liabilities	<u>9,679,876</u>
Deferred Inflows of Resources:	
Pension related items	<u>647,664</u>
Net Position:	
Net investment in capital assets	18,471,559
Restricted for:	
Maintenance of Hawthorne Canyon	10,000
Transportation	937,707
Capital projects	266,789
Park improvements	1,054,933
Unrestricted	<u>810,998</u>
Total net position	<u>\$ 21,551,986</u>

See Accompanying Notes to Financial Statements.

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CITY OF ROLLING HILLS ESTATES

**Statement of Activities
Year Ended June 30, 2023**

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	\$ 4,003,429	\$ 1,712,423	\$ 20,942	\$ -	\$ (2,270,064)
Public safety	2,543,611	89,535	311,457	-	(2,142,619)
Public works	3,917,931	648,401	835,728	607,636	(1,826,166)
Community services	1,941,055	486,418	388,667	-	(1,065,970)
Public health	22,326	-	-	-	(22,326)
Total governmental activities	12,428,352	2,936,777	1,556,794	607,636	(7,327,145)
Total primary government	\$ 12,428,352	\$ 2,936,777	\$ 1,556,794	\$ 607,636	(7,327,145)
General revenues:					
Taxes:					
					547,183
					742,744
Other taxes:					
					161,574
					2,000
					4,157,353
					1,615,932
					143,982
					230,852
					<u>7,601,620</u>
					274,475
					<u>21,277,511</u>
					<u>\$ 21,551,986</u>

See Accompanying Notes to Financial Statements.

CITY OF ROLLING HILLS ESTATES

**Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Revenue Fund Traffic Mitigation
Assets:		
Cash and investments	\$ 6,647,904	\$ 620,224
Accounts receivable	720,303	3,904
Due from other funds	279,752	-
Inventories	12,585	-
Total assets	\$ 7,660,544	\$ 624,128
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,246,850	\$ -
Due to other funds	-	-
Deposits payable	133,291	392,704
Unearned revenue	1,769,900	-
Total liabilities	3,150,041	392,704
Fund Balances:		
Non-spendable:		
Inventories	12,585	-
Restricted for:		
Maintenance of Hawthorne Canyon	10,000	-
Transportation	-	231,424
Capital projects	-	-
Park improvements	-	-
Assigned to:		
Equipment	601,146	-
Capital projects replacement	950,000	-
Capital projects	950,000	-
PERS UAL	100,000	-
ALPR replacement	50,000	-
Unassigned (deficit)	1,836,772	-
Total fund balances	4,510,503	231,424
Total liabilities and fund balances	\$ 7,660,544	\$ 624,128

See Accompanying Notes to Financial Statements.

Capital Projects Funds		Nonmajor	Total
Park	Prop A	Governmental	Governmental
Facilities Fees	Parks	Funds	Funds
\$ 1,040,421	\$ -	\$ 1,029,496	\$ 9,338,045
6,714	-	74,389	805,310
-	-	-	279,752
-	-	-	12,585
<u>\$ 1,047,135</u>	<u>\$ -</u>	<u>\$ 1,103,885</u>	<u>\$ 10,435,692</u>
\$ 59,572	\$ 95	\$ 113,768	\$ 1,420,285
-	257,092	22,660	279,752
-	-	-	525,995
-	-	1,000	1,770,900
<u>59,572</u>	<u>257,187</u>	<u>137,428</u>	<u>3,996,932</u>
-	-	-	12,585
-	-	-	10,000
-	-	706,283	937,707
-	-	266,789	266,789
987,563	-	67,370	1,054,933
-	-	-	601,146
-	-	-	950,000
-	-	-	950,000
-	-	-	100,000
-	-	-	50,000
-	(257,187)	(73,985)	1,505,600
<u>987,563</u>	<u>(257,187)</u>	<u>966,457</u>	<u>6,438,760</u>
<u>\$ 1,047,135</u>	<u>\$ -</u>	<u>\$ 1,103,885</u>	<u>\$ 10,435,692</u>

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CITY OF ROLLING HILLS ESTATES

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023**

Fund balances of governmental funds	\$ 6,438,760
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.	18,471,559
Deferred outflows and inflows of resources related to pension have not been reported in the governmental funds:	
Deferred outflows - pension related	3,252,027
Deferred inflows - pension related	(647,664)
Compensated absences that have not been included in the governmental fund activity.	(462,545)
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.	<u>(5,500,151)</u>
Net position of governmental activities	<u>\$ 21,551,986</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, 2023**

	General Fund	Special Revenue Fund Traffic Mitigation
Revenues:		
Intergovernmental:		
Property taxes	\$ 4,157,353	\$ -
Sales and use taxes	1,615,932	-
Business license taxes	547,183	-
Other taxes	906,318	-
Licenses and permits	1,979,253	-
Fines and forfeitures	71,263	-
Use of money and property	343,498	12,022
Charges for services	407,521	12,191
Revenue from other agencies	536,493	-
Other revenues	230,851	-
	<u>10,795,665</u>	<u>24,213</u>
Expenditures:		
Current:		
General government	2,808,876	-
Public safety	2,515,897	-
Public works	1,958,843	-
Community services	1,806,002	-
Public health	22,326	-
Capital outlay	569,115	-
	<u>9,681,059</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,114,606</u>	<u>24,213</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Net change in fund balances	1,114,606	24,213
Fund balances, beginning of year, as restated	<u>3,395,897</u>	<u>207,211</u>
Fund balances, end of year	<u>\$ 4,510,503</u>	<u>\$ 231,424</u>

See Accompanying Notes to Financial Statements.

Capital Projects Funds		Nonmajor	Total
Park	Prop A	Governmental	Governmental
Facilities Fees	Parks	Funds	Funds
\$ -	\$ -	\$ -	\$ 4,157,353
-	-	-	1,615,932
-	-	-	547,183
-	-	-	906,318
-	-	-	1,979,253
-	-	14,101	85,364
24,981	-	27,706	408,207
-	-	54,967	474,679
308,659	-	1,452,535	2,297,687
-	-	-	230,851
<u>333,640</u>	<u>-</u>	<u>1,549,309</u>	<u>12,702,827</u>
-	-	10,000	2,818,876
-	-	27,714	2,543,611
-	-	571,897	2,530,740
-	-	35,761	1,841,763
-	-	-	22,326
<u>758,677</u>	<u>250,830</u>	<u>1,240,723</u>	<u>2,819,345</u>
<u>758,677</u>	<u>250,830</u>	<u>1,886,095</u>	<u>12,576,661</u>
<u>(425,037)</u>	<u>(250,830)</u>	<u>(336,786)</u>	<u>126,166</u>
-	-	44,528	44,528
<u>(44,528)</u>	<u>-</u>	<u>-</u>	<u>(44,528)</u>
<u>(44,528)</u>	<u>-</u>	<u>44,528</u>	<u>-</u>
(469,565)	(250,830)	(292,258)	126,166
<u>1,457,128</u>	<u>(6,357)</u>	<u>1,258,715</u>	<u>6,312,594</u>
<u>\$ 987,563</u>	<u>\$ (257,187)</u>	<u>\$ 966,457</u>	<u>\$ 6,438,760</u>

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, 2023**

Net change in fund balances - total governmental funds **\$ 126,166**

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	2,241,017
Depreciation	(1,022,691)

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.

(39,963)

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.

(1,030,054)

Change in net position of governmental activities **\$ 274,475**

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

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, 2023

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, 2022 (most recent information available), audited financial statements indicated the following:

Total assets	\$	5,021,618
Total liabilities		141,832
Total net position	\$	4,879,786
Charges for services	\$	243,494
Route 225 operating support		627,693
Governmental sources		30,542
Total operating revenues		901,729
Total operating expenses		2,393,890
Total nonoperating revenues		1,872,570
Change in net position	\$	380,409

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.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide 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, 2023

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.

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

Additionally, the City reports the following fund types:

Governmental Funds:

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

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

(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 a government's enterprise function, if applicable, 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, 2023

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 .0007. 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 \$805,310 recorded as accounts receivable include \$222,227 due from businesses and individuals, which includes building permits and licenses, \$62,436 in interest receivable, and \$520,647 due from State and County governments for amounts collected and not remitted to the City as of June 30, 2023. 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, 2023

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 and sick 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 and sick 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, 2023

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, 2023

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, 2023, \$1,836,772 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 assets 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 assets 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. Net pension liabilities are generally liquidated by the City's General Fund.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

GASB 68 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, 2021

Measurement Date (MD) - June 30, 2022

Measurement Period (MP) - July 1, 2021 to June 30, 2022

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:

Government Accounting Standards Board Statement No. 100

GASB Statement No. 100, (*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*) is effective for periods beginning after June 15, 2023.

Government Accounting Standards Board Statement No. 101

GASB Statement No. 101, (*Compensated Absences*) is effective for periods beginning after June 15, 2023.

NOTE 2: DEFICIT FUND BALANCES

The following funds have an accumulated deficit at June 30, 2023:

Special revenue funds:		
Traffic Safety	\$	(10,199)
Capital project funds:		
Local Transportation		(1,135)
Measure M		(62,689)
Prop A Parks		(257,187)

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

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 3: CASH AND INVESTMENTS

Cash and investments were comprised of the following as of June 30, 2023:

Cash on hand	\$	1,550
Deposits with financial institutions		873,842
Investments		<u>8,462,653</u>
 Total cash and investments	 \$	 <u>9,338,045</u>

Investments are stated at fair value and are valued on a yearly basis. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques.

The City's 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:

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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

Authorized Investment Type	Maximum Maturity		Maximum Percentage of Portfolio*		Maximum Investment in One Issuer	
	CGC	City Policy	CGC	City Policy	CGC	City Policy
U.S. Treasury Bills **	5 years	5 years	None	90%	None	None
U.S. Treasury Notes **	5 years	5 years	None	90%	None	None
U.S. Treasury Bonds **	5 years	5 years	None	90%	None	None
Negotiable Certificates of Deposit **	5 years	5 years	30%	30%	None	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	90% ***	None	\$75M
Savings Passbook	N/A	N/A	None	90%	None	None

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

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

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

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

(b) Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity
	12 Months or Less
LAIF	\$ 8,242,519
Negotiable Certificates of Deposit	220,134
Total	\$ 8,462,653

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(c) Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code or the City's Policy, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Not rated
LAIF	\$ 8,242,519	N/A	\$ 8,242,519
Negotiable Certificates of Deposit	<u>220,134</u>	N/A	<u>220,134</u>
Total	<u>\$ 8,462,653</u>		<u>\$ 8,462,653</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.

(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. Bank balances exceeding \$250,000 are insured through the Federal Deposit Insurance Corporation; the remaining balance is collateralized as identified above.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

(f) Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is unrated as to credit quality. Currently, LAIF does not have an investment rating. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

NOTE 4: CAPITAL ASSETS

A summary of changes in capital asset activity for the City's governmental activities for the year ended June 30, 2023, is as follows:

Governmental Activities	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 4,241,414	\$ -	\$ -	\$ 4,241,414
Construction in progress	-	2,241,017	(2,241,017)	-
Total capital assets, not being depreciated	4,241,414	2,241,017	(2,241,017)	4,241,414
Capital assets, being depreciated:				
Buildings and improvements	4,496,393	-	-	4,496,393
Facilities and improvements	2,245,821	805,373	-	3,051,194
Vehicles and equipment	852,975	32,930	-	885,905
Furniture and fixtures	79,871	-	-	79,871
Infrastructure	15,618,997	1,402,714	-	17,021,711
Total capital assets, being depreciated	23,294,057	2,241,017	-	25,535,074
Accumulated Depreciation:				
Buildings and improvements	(1,500,988)	(101,091)	-	(1,602,079)
Facilities and improvements	(1,649,604)	(77,763)	-	(1,727,367)
Vehicles and equipment	(751,627)	(34,974)	-	(786,601)
Furniture and fixtures	(79,871)	-	-	(79,871)
Infrastructure	(6,300,148)	(808,863)	-	(7,109,011)
Total accumulated depreciation	(10,282,238)	(1,022,691)	-	(11,304,929)
Total capital assets, being depreciated, net	13,011,819	1,218,326	-	14,230,145
Capital assets, net	\$ 17,253,233	\$ 3,459,343	\$ (2,241,017)	\$ 18,471,559

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the following functions:

General government	\$	114,536
Community services		99,292
Public works		<u>808,863</u>
Total	\$	<u>1,022,691</u>

NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023, are as follows:

	<u>Due From Other Funds</u>
<u>Due To Other Funds</u>	<u>General Fund</u>
Nonmajor funds	\$ 22,660
Prop A Parks	257,092

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, 2023, are as follows:

	<u>Transfer In</u>
<u>Transfer Out</u>	<u>Nonmajor funds</u>
Park Facilities Fees	\$ 44,528

The Park Facilities Fees Fund had a negative fund balance and will not receive further funding from the County. The transfer was to cover the deficit fund balance.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 6: LONG-TERM LIABILITIES

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:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amount Due Within One Year
Compensated absences	\$ 422,582	\$ 61,097	\$ (21,134)	\$ 462,545	\$ 46,255

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

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. In order to mitigate these risks, the City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 124 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.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

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

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

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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2022-23 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.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

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

(c) *Purchased Insurance*

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Rolling Hills Estates. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills Estates property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills Estates to the Authority. City of Rolling Hills Estates property currently has all-risk property insurance protection in the amount of \$10,485,449. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$9,911,315. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

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

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

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

(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 2022-23.

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, 2023 were \$215,963.

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 or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. 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.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

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.

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous 2nd Tier</u>	<u>PEPRA Miscellaneous</u>
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 employer contribution rates	11.610%	9.300%	7.760%

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 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, 2023 were \$569,770. The actual employer payments of \$1,018,238 made to CalPERS by the City during the measurement period ended June 30, 2022 differed from the City's proportionate share of the employer's contributions of \$1,302,861 by \$284,623, 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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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, 2023

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) *Net Pension Liability (continued)*

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

CITY OF ROLLING HILLS ESTATES

Notes to the Financial Statements June 30, 2023

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) *Net Pension Liability (continued)*

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

<u>Asset Class⁽¹⁾</u>	<u>Assumed Asset Allocation</u>	<u>Real Return⁽¹⁾⁽²⁾</u>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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, 2023

NOTE 9: RETIREMENT PLANS (CONTINUED)

(b) *Net Pension Liability (continued)*

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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.

(c) *Proportionate Share of Net Pension Liability*

The following table shows the City'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 6/30/2021 (VD)	\$ 29,407,847	\$ 28,215,153	\$ 1,192,694
Balance at 6/30/2022 (MD)	30,617,585	25,117,434	5,500,151
Net changes during 2021 - 2022	<u>\$ 1,209,738</u>	<u>\$ (3,097,719)</u>	<u>\$ 4,307,457</u>

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

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

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.

The City's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2021 and 2022 measurement dates was as follows:

Proportionate Share - June 30, 2021	0.06281%
Proportionate Share - June 30, 2022	0.11754%
Change - Increase (Decrease)	<u>0.05473%</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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate - 1% (5.9%)	Current Discount Rate (6.9%)	Discount Rate + 1% (7.9%)
Plan's Net Pension Liability	\$ 9,673,879	\$ 5,500,151	\$ 2,066,207

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, 2023**

NOTE 9: RETIREMENT PLANS (CONTINUED)

(c) *Proportionate Share of Net Pension Liability (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, 2022 is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. 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, 2021), the City's net pension liability was \$1,192,694. For the measurement period ending June 30, 2022 (the measurement date), the City incurred pension expense of \$2,099,825.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 9: RETIREMENT PLANS (CONTINUED)

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

As of June 30, 2023, 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	\$ 563,605	\$ -
Differences between expected and actual experience	110,454	73,977
Differences between projected and actual investments earnings	1,007,481	-
Differences between employer's contributions and proportionate share of contributions	-	549,646
Change in employer's proportion	1,000,717	24,041
Pension contributions made subsequent to measurement date	569,770	-
	<u>569,770</u>	<u>-</u>
Total	<u>\$ 3,252,027</u>	<u>\$ 647,664</u>

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Contributions subsequent to the measurement date of \$569,770 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
2024	\$ 525,877
2025	545,195
2026	347,311
2027	616,210
2028	-
Remaining	-

(e) Payable to the Pension Plan

At June 30, 2023, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

CITY OF ROLLING HILLS ESTATES

**Notes to the Financial Statements
June 30, 2023**

NOTE 10: PRIOR PERIOD ADJUSTMENTS

The effects of the correction of an error in the reporting of prior balances resulted in the following prior period adjustments.

	<u>General Fund</u>
Fund balance, as previously stated	\$ 4,339,719
Prior period adjustment	(943,822)
Fund balance, as restated	<u>\$ 3,395,897</u>
Net position, as previously stated	\$ 22,221,333
Prior period adjustment	(943,822)
Net position, as restated	<u>\$ 21,277,511</u>

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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CITY OF ROLLING HILLS ESTATES

**Required Supplementary Information
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 4,088,736	\$ 4,130,364	\$ 4,157,353	\$ 26,989
Sales and use taxes	1,562,856	1,562,856	1,615,932	53,076
Business license taxes	400,000	475,000	547,183	72,183
Other taxes	875,000	875,000	906,318	31,318
Licenses and permits	1,302,402	1,797,000	1,979,253	182,253
Fines and forfeitures	32,000	48,000	71,263	23,263
Use of money and property	261,000	350,000	343,498	(6,502)
Charges for services	241,100	316,100	407,521	91,421
Revenue from other agencies	376,789	399,256	536,493	137,237
Other revenues	7,000	227,500	230,851	3,351
Total revenues	9,146,883	10,181,076	10,795,665	614,589
Expenditures:				
Current:				
General government	2,785,194	2,760,323	2,808,876	(48,553)
Public safety	2,586,643	2,594,143	2,515,897	78,246
Public works	1,652,626	1,892,626	1,958,843	(66,217)
Community services	1,830,693	1,915,168	1,806,002	109,166
Public health	50,000	50,000	22,326	27,674
Capital outlay	1,300,000	711,193	569,115	142,078
Total expenditures	10,205,156	9,923,453	9,681,059	242,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,058,273)	257,623	1,114,606	856,983
Net change in fund balances	(1,058,273)	257,623	1,114,606	856,983
Fund balance, beginning of year, as restated	3,395,897	3,395,897	3,395,897	-
Fund balance, end of year	<u>\$ 2,337,624</u>	<u>\$ 3,653,520</u>	<u>\$ 4,510,503</u>	<u>\$ 856,983</u>

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

**Required Supplementary Information
Traffic Mitigation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,500	\$ 11,476	\$ 12,022	\$ 546
Charges for services	38,125	38,125	12,191	(25,934)
Total revenues	39,625	49,601	24,213	(25,388)
Expenditures:				
Total expenditures	-	-	-	-
Excess of Revenues Over Expenditures	39,625	49,601	24,213	(25,388)
Fund balance, beginning of year	207,211	207,211	207,211	-
Fund balance, end of year	\$ 246,836	\$ 256,812	\$ 231,424	\$ (25,388)

See accompanying notes to required supplementary information.

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%
6/30/2020	0.0415160%	4,517,076	1,901,375	237.57%	84.23%
6/30/2021	0.0220530%	1,192,694	1,925,296	61.95%	95.94%
6/30/2022	0.0476170%	5,500,151	1,954,814	281.36%	82.04%

* 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.

See accompanying notes to required supplementary information.

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%
6/30/2021	444,035	(444,035)	-	1,925,296	23.06%
6/30/2022	518,238	(1,018,238)	(500,000)	1,954,814	26.51%
6/30/2023	569,770	(569,770)	-	2,080,554	27.39%

*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: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. 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.

See accompanying notes to required supplementary information.

CITY OF ROLLING HILLS ESTATES

Note to Required Supplementary Information June 30, 2023

(1) **Budgetary Data**

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

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

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

(a) **Expenditures in Excess of Appropriations**

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

<u>Fund</u>	<u>Amounts over budget</u>
General Fund - general government	\$ 48,553
General Fund - public works	66,217

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

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SUPPLEMENTARY INFORMATION

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.

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.

COVID CDBG Fund - To account for grant monies received from the County of Los Angeles Community Development Block Grant Program utilized to prevent, prepare for, and respond to the spread of COVID-19.

SB 2 Planning Fund - To account for funds received by the California Department of Housing and Community Development as reimbursement for development of a component of the General Plan Update (Focused Plan) and the ADU Program.

Capital Projects Funds

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

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

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

PEG Fees Fund - To account for fees received from the cable operator to be used for equipment, upgrades and/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, 2023**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Highway Users Tax	Pepper Tree Foundation	HUTA SB1 RMRA
Assets:						
Cash and investments	\$ -	\$ 119,688	\$ 140,749	\$ 115,552	\$ 69,550	\$ 96,326
Accounts receivable	756	659	3,640	19,299	403	17,110
Total assets	\$ 756	\$ 120,347	\$ 144,389	\$ 134,851	\$ 69,953	\$ 113,436
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 480	\$ -	\$ 6,476	\$ 1,583	\$ -
Due to other funds	10,955	-	-	-	-	-
Unearned revenue	-	-	-	-	1,000	-
Total liabilities	10,955	480	-	6,476	2,583	-
Fund Balances:						
Restricted for:						
Transportation	-	119,867	144,389	128,375	-	-
Capital projects	-	-	-	-	-	113,436
Park improvements	-	-	-	-	67,370	-
Unassigned	(10,199)	-	-	-	-	-
Total fund balances (deficits)	(10,199)	119,867	144,389	128,375	67,370	113,436
Total liabilities and fund balances	\$ 756	\$ 120,347	\$ 144,389	\$ 134,851	\$ 69,953	\$ 113,436

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023**

	Special Revenue Funds				Capital Projects Funds	
	Prop A 4th District	Measure W	COVID CDBG	SB 2 Planning	Local Transportation	CDBG Grant
Assets:						
Cash and investments	\$ -	\$ 99,474	\$ -	\$ 35,872	\$ -	\$ -
Accounts receivable	-	784	-	204	636	21,022
Total assets	<u>\$ -</u>	<u>\$ 100,258</u>	<u>\$ -</u>	<u>\$ 36,076</u>	<u>\$ 636</u>	<u>\$ 21,022</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 20,110	\$ -	\$ -	\$ -	\$ 11,050
Due to other funds	-	-	-	-	1,771	9,934
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>20,110</u>	<u>-</u>	<u>-</u>	<u>1,771</u>	<u>20,984</u>
Fund Balances:						
Restricted for:						
Transportation	-	80,148	-	-	-	-
Capital projects	-	-	-	36,076	-	-
Park improvements	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,135)	38
Total fund balances (deficits)	<u>-</u>	<u>80,148</u>	<u>-</u>	<u>36,076</u>	<u>(1,135)</u>	<u>38</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 100,258</u>	<u>\$ -</u>	<u>\$ 36,076</u>	<u>\$ 636</u>	<u>\$ 21,022</u>

CITY OF ROLLING HILLS ESTATES

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	<u>Capital Projects Funds</u>				Total Nonmajor Governmental Funds
	<u>PEG Fees</u>	<u>Prop C</u>	<u>Measure R</u>	<u>Measure M</u>	
Assets:					
Cash and investments	\$ 110,640	\$ 148,339	\$ 81,962	\$ 11,344	\$ 1,029,496
Accounts receivable	6,637	2,105	1,098	36	74,389
Total assets	\$ 117,277	\$ 150,444	\$ 83,060	\$ 11,380	\$ 1,103,885
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 74,069	\$ 113,768
Due to other funds	-	-	-	-	22,660
Unearned revenue	-	-	-	-	1,000
Total liabilities	-	-	-	74,069	137,428
Fund Balances:					
Restricted for:					
Transportation	-	150,444	83,060	-	706,283
Capital projects	117,277	-	-	-	266,789
Park improvements	-	-	-	-	67,370
Unassigned	-	-	-	(62,689)	(73,985)
Total fund balances (deficits)	117,277	150,444	83,060	(62,689)	966,457
Total liabilities and fund balances	\$ 117,277	\$ 150,444	\$ 83,060	\$ 11,380	\$ 1,103,885

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Special Revenue Funds					
	Traffic Safety	Prop A Transit Tax	Air Quality Improvement	Highway Users Tax	Pepper Tree Foundation	HUTA SB1 RMRA
Revenues:						
Fines and forfeitures	\$ 14,101	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	11	1,702	2,653	2,360	1,199	2,515
Charges for services	-	-	-	-	54,967	-
Revenue from other agencies	-	212,853	20,942	212,932	-	183,022
Total revenues	<u>14,112</u>	<u>214,555</u>	<u>23,595</u>	<u>215,292</u>	<u>56,166</u>	<u>185,537</u>
Expenditures:						
Current:						
General government	-	-	10,000	-	-	-
Public safety	20,000	-	-	-	-	-
Public works	-	167,935	-	168,148	11,847	-
Community services	-	-	-	-	17,152	-
Capital outlay	-	-	-	-	12,730	270,000
Total expenditures	<u>20,000</u>	<u>167,935</u>	<u>10,000</u>	<u>168,148</u>	<u>41,729</u>	<u>270,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,888)</u>	<u>46,620</u>	<u>13,595</u>	<u>47,144</u>	<u>14,437</u>	<u>(84,463)</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	(5,888)	46,620	13,595	47,144	14,437	(84,463)
Fund balances (deficits), beginning of year	(4,311)	73,247	130,794	81,231	52,933	197,899
Fund balances (deficits), end of year	<u>\$ (10,199)</u>	<u>\$ 119,867</u>	<u>\$ 144,389</u>	<u>\$ 128,375</u>	<u>\$ 67,370</u>	<u>\$ 113,436</u>

CITY OF ROLLING HILLS ESTATES

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				Capital Projects Funds	
	Prop A 4th District	Measure W	COVID CDBG	SB 2 Planning	Local Transportation	CDBG Grant
Revenues:						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	3,150	-	231	-	-
Charges for services	-	-	-	-	-	-
Revenue from other agencies	-	173,140	7,883	43,666	13,552	21,022
Total revenues	-	176,290	7,883	43,897	13,552	21,022
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	7,714	-	-	-
Public works	-	223,967	-	-	-	-
Community services	-	18,609	-	-	-	-
Capital outlay	-	-	-	-	13,632	18,555
Total expenditures	-	242,576	7,714	-	13,632	18,555
Excess (deficiency) of revenues over (under) expenditures	-	(66,286)	169	43,897	(80)	2,467
Other Financing Sources (Uses):						
Transfers in	44,528	-	-	-	-	-
Total other financing sources (uses)	44,528	-	-	-	-	-
Net change in fund balances	44,528	(66,286)	169	43,897	(80)	2,467
Fund balances (deficits), beginning of year	(44,528)	146,434	(169)	(7,821)	(1,055)	(2,429)
Fund balances (deficits), end of year	\$ -	\$ 80,148	\$ -	\$ 36,076	\$ (1,135)	\$ 38

CITY OF ROLLING HILLS ESTATES

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Capital Projects Funds				Total Nonmajor Governmental Funds
	PEG Fees	Prop C	Measure R	Measure M	
Revenues:					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 14,101
Use of money and property	2,009	6,803	3,827	1,246	27,706
Charges for services	-	-	-	-	54,967
Revenue from other agencies	25,040	176,556	132,379	229,548	1,452,535
Total revenues	27,049	183,359	136,206	230,794	1,549,309
Expenditures:					
Current:					
General government	-	-	-	-	10,000
Public safety	-	-	-	-	27,714
Public works	-	-	-	-	571,897
Community services	-	-	-	-	35,761
Capital outlay	1,626	298,987	224,240	400,953	1,240,723
Total expenditures	1,626	298,987	224,240	400,953	1,886,095
Excess (deficiency) of revenues over (under) expenditures	25,423	(115,628)	(88,034)	(170,159)	(336,786)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	44,528
Total other financing sources (uses)	-	-	-	-	44,528
Net change in fund balances	25,423	(115,628)	(88,034)	(170,159)	(292,258)
Fund balances (deficits), beginning of year	91,854	266,072	171,094	107,470	1,258,715
Fund balances (deficits), end of year	\$ 117,277	\$ 150,444	\$ 83,060	\$ (62,689)	\$ 966,457

CITY OF ROLLING HILLS ESTATES

**Park Facilities Fees Capital Project Fund – Major Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 6,000	\$ 26,806	\$ 24,981	\$ (1,825)
Revenue from other agencies	419,364	419,364	308,659	(110,705)
Total revenues	425,364	446,170	333,640	(112,530)
Expenditures:				
Capital outlay	723,364	1,056,733	758,677	298,056
Total expenditures	723,364	1,056,733	758,677	298,056
Excess (deficiency) of revenues over (under) expenditures	(298,000)	(610,563)	(425,037)	185,526
Other Financing Sources (Uses):				
Transfers out	-	(44,528)	(44,528)	-
Total other financing sources (uses)	-	(44,528)	(44,528)	-
Net change in fund balance	(298,000)	(655,091)	(469,565)	185,526
Fund balance, beginning of year	1,457,128	1,457,128	1,457,128	-
Fund balance, end of year	<u>\$ 1,159,128</u>	<u>\$ 802,037</u>	<u>\$ 987,563</u>	<u>\$ 185,526</u>

CITY OF ROLLING HILLS ESTATES

**Prop A Parks Capital Project Fund – Major Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from other agencies	\$ 249,000	\$ 249,000	\$ -	\$ (249,000)
Total revenues	249,000	249,000	-	(249,000)
Expenditures:				
Capital outlay	221,680	249,460	250,830	(1,370)
Total expenditures	221,680	249,460	250,830	(1,370)
Net change in fund balance	27,320	(460)	(250,830)	(250,370)
Fund balance, beginning of year	(6,357)	(6,357)	(6,357)	-
Fund balance (deficit), end of year	\$ 20,963	\$ (6,817)	\$ (257,187)	\$ (250,370)

CITY OF ROLLING HILLS ESTATES

**Traffic Safety Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 14,101	\$ (5,899)
Use of money and property	-	-	11	11
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>14,112</u>	<u>(5,888)</u>
Expenditures:				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,888)	(5,888)
Fund balance (deficit), beginning of year	<u>(4,311)</u>	<u>(4,311)</u>	<u>(4,311)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (4,311)</u>	<u>\$ (4,311)</u>	<u>\$ (10,199)</u>	<u>\$ (5,888)</u>

CITY OF ROLLING HILLS ESTATES

**Prop A Transit Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 50	\$ 1,315	\$ 1,702	\$ 387
Revenue from other agencies	<u>197,565</u>	<u>197,565</u>	<u>212,853</u>	<u>15,288</u>
Total revenues	<u>197,615</u>	<u>198,880</u>	<u>214,555</u>	<u>15,675</u>
Expenditures:				
Public works	<u>166,485</u>	<u>167,201</u>	<u>167,935</u>	<u>(734)</u>
Total expenditures	<u>166,485</u>	<u>167,201</u>	<u>167,935</u>	<u>(734)</u>
Excess (deficiency) of revenues over (under) expenditures	31,130	31,679	46,620	14,941
Fund balance, beginning of year	<u>73,247</u>	<u>73,247</u>	<u>73,247</u>	<u>-</u>
Fund balance, end of year	<u>\$ 104,377</u>	<u>\$ 104,926</u>	<u>\$ 119,867</u>	<u>\$ 14,941</u>

CITY OF ROLLING HILLS ESTATES

**Air Quality Improvement Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 300	\$ 2,535	\$ 2,653	\$ 118
Revenue from other agencies	9,100	9,100	20,942	11,842
Total revenues	9,400	11,635	23,595	11,960
Expenditures:				
General government	-	10,000	10,000	-
Total expenditures	-	10,000	10,000	-
Excess of revenues over expenditures	9,400	1,635	13,595	11,960
Fund balance, beginning of year	130,794	130,794	130,794	-
Fund balance, end of year	<u>\$ 140,194</u>	<u>\$ 132,429</u>	<u>\$ 144,389</u>	<u>\$ 11,960</u>

CITY OF ROLLING HILLS ESTATES

**Highway Users Tax Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 220	\$ 2,297	\$ 2,360	\$ 63
Revenue from other agencies	226,892	226,892	212,932	(13,960)
Total revenues	<u>227,112</u>	<u>229,189</u>	<u>215,292</u>	<u>(13,897)</u>
Expenditures:				
Public works	<u>200,000</u>	<u>200,000</u>	<u>168,148</u>	<u>31,852</u>
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>168,148</u>	<u>31,852</u>
Excess (deficiency) of revenues over (under) expenditures	27,112	29,189	47,144	17,955
Fund balance, beginning of year	<u>81,231</u>	<u>81,231</u>	<u>81,231</u>	<u>-</u>
Fund balance, end of year	<u>\$ 108,343</u>	<u>\$ 110,420</u>	<u>\$ 128,375</u>	<u>\$ 17,955</u>

CITY OF ROLLING HILLS ESTATES

**Pepper Tree Foundation Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 150	\$ 1,150	\$ 1,199	\$ 49
Charges for services	30,000	40,000	54,967	14,967
Total revenues	30,150	41,150	56,166	15,016
Expenditures:				
Public works	18,000	14,000	11,847	2,153
Community services	12,000	19,625	17,152	2,473
Capital outlay	35,000	35,000	12,730	22,270
Total expenditures	65,000	68,625	41,729	26,896
Excess (deficiency) of revenues over (under) expenditures	(34,850)	(27,475)	14,437	41,912
Fund balance, beginning of year	52,933	52,933	52,933	-
Fund balance, end of year	\$ 18,083	\$ 25,458	\$ 67,370	\$ 41,912

CITY OF ROLLING HILLS ESTATES

**HUTA SB1 RMRA Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 150	\$ 2,185	\$ 2,515	\$ 330
Revenue from other agencies	179,323	179,323	183,022	3,699
Total revenues	179,473	181,508	185,537	4,029
Expenditures:				
Capital outlay	270,000	270,000	270,000	-
Total expenditures	270,000	270,000	270,000	-
Excess (deficiency) of revenues over (under) expenditures	(90,527)	(88,492)	(84,463)	4,029
Fund balance, beginning of year	197,899	197,899	197,899	-
Fund balance, end of year	<u>\$ 107,372</u>	<u>\$ 109,407</u>	<u>\$ 113,436</u>	<u>\$ 4,029</u>

CITY OF ROLLING HILLS ESTATES

**Prop A 4th District Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenues from other agencies	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in	-	44,528	44,528	-
Total other financing sources (uses)	-	44,528	44,528	-
Net change in fund balance	-	44,528	44,528	-
Fund balance (deficit), beginning of year	(44,528)	(44,528)	(44,528)	-
Fund balance (deficit), end of year	<u>\$ (44,528)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROLLING HILLS ESTATES

**Measure W Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 100	\$ 3,244	\$ 3,150	\$ (94)
Revenue from other agencies	165,000	165,000	173,140	8,140
Total revenues	<u>165,100</u>	<u>168,244</u>	<u>176,290</u>	<u>8,046</u>
Expenditures:				
Public works	225,000	225,000	223,967	1,033
Community services	18,613	18,613	18,609	4
Total expenditures	<u>243,613</u>	<u>243,613</u>	<u>242,576</u>	<u>1,037</u>
Excess (deficiency) of revenues over (under) expenditures	(78,513)	(75,369)	(66,286)	9,083
Fund balance, beginning of year	<u>146,434</u>	<u>146,434</u>	<u>146,434</u>	<u>-</u>
Fund balance, end of year	<u>\$ 67,921</u>	<u>\$ 71,065</u>	<u>\$ 80,148</u>	<u>\$ 9,083</u>

CITY OF ROLLING HILLS ESTATES

**COVID CDBG Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenues from other agencies	\$ 8,173	\$ 8,173	\$ 7,883	\$ (290)
Total revenues	8,173	8,173	7,883	(290)
Expenditures:				
Public safety	8,800	8,800	7,714	1,086
Total expenditures	8,800	8,800	7,714	1,086
Excess (deficiency) of revenues over (under) expenditures	(627)	(627)	169	796
Fund balance, beginning of year	(169)	(169)	(169)	-
Fund balance (deficit), end of year	\$ (796)	\$ (796)	\$ -	\$ 796

CITY OF ROLLING HILLS ESTATES

**SB 2 Planning Special Revenue Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 231	\$ 231
Revenue from other agencies	-	33,277	43,666	10,389
Total revenues	-	33,277	43,897	10,620
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	33,277	43,897	10,620
Fund balance (deficit), beginning of year	(7,821)	(7,821)	(7,821)	-
Fund balance (deficit), end of year	<u>\$ (7,821)</u>	<u>\$ 25,456</u>	<u>\$ 36,076</u>	<u>\$ 10,620</u>

CITY OF ROLLING HILLS ESTATES

**Local Transportation Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from other agencies	\$ 13,552	\$ 13,552	\$ 13,552	\$ -
Total revenues	<u>13,552</u>	<u>13,552</u>	<u>13,552</u>	<u>-</u>
Expenditures:				
Capital outlay	<u>13,632</u>	<u>13,632</u>	<u>13,632</u>	<u>-</u>
Total expenditures	<u>13,632</u>	<u>13,632</u>	<u>13,632</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(80)	(80)	(80)	-
Fund balance (deficit), beginning of year	<u>(1,055)</u>	<u>(1,055)</u>	<u>(1,055)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,135)</u>	<u>\$ (1,135)</u>	<u>\$ (1,135)</u>	<u>\$ -</u>

CITY OF ROLLING HILLS ESTATES

**CDBG Grant Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from other agencies	\$ 20,562	\$ 20,562	\$ 21,022	\$ 460
Total revenues	20,562	20,562	21,022	460
Expenditures:				
Capital outlay	20,562	20,562	18,555	2,007
Total expenditures	20,562	20,562	18,555	2,007
Excess (deficiency) of revenues over (under) expenditures	-	-	2,467	2,467
Fund balance (deficit), beginning of year	(2,429)	(2,429)	(2,429)	-
Fund balance (deficit), end of year	\$ (2,429)	\$ (2,429)	\$ 38	\$ 2,467

CITY OF ROLLING HILLS ESTATES

**PEG Fees Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 250	\$ 1,900	\$ 2,009	\$ 109
Revenue from other agencies	30,000	30,000	25,040	(4,960)
Total revenues	30,250	31,900	27,049	(4,851)
Expenditures:				
Capital outlay	30,000	30,000	1,626	28,374
Total expenditures	30,000	30,000	1,626	28,374
Excess (deficiency) of revenues over (under) expenditures	250	1,900	25,423	23,523
Fund balance, beginning of year	91,854	91,854	91,854	-
Fund balance, end of year	<u>\$ 92,104</u>	<u>\$ 93,754</u>	<u>\$ 117,277</u>	<u>\$ 23,523</u>

CITY OF ROLLING HILLS ESTATES

**Prop C Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 300	\$ 6,864	\$ 6,803	\$ (61)
Revenue from other agencies	163,875	163,875	176,556	12,681
Total revenues	164,175	170,739	183,359	12,620
Expenditures:				
Capital outlay	298,987	298,987	298,987	-
Total expenditures	298,987	298,987	298,987	-
Excess (deficiency) of revenues over (under) expenditures	(134,812)	(128,248)	(115,628)	12,620
Fund balance, beginning of year	266,072	266,072	266,072	-
Fund balance, end of year	<u>\$ 131,260</u>	<u>\$ 137,824</u>	<u>\$ 150,444</u>	<u>\$ 12,620</u>

CITY OF ROLLING HILLS ESTATES

**Measure R Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 200	\$ 3,710	\$ 3,827	\$ 117
Revenue from other agencies	122,906	122,906	132,379	9,473
Total revenues	123,106	126,616	136,206	9,590
Expenditures:				
Capital outlay	224,240	224,240	224,240	-
Total expenditures	224,240	224,240	224,240	-
Excess (deficiency) of revenues over (under) expenditures	(101,134)	(97,624)	(88,034)	9,590
Fund balance, beginning of year	171,094	171,094	171,094	-
Fund balance, end of year	<u>\$ 69,960</u>	<u>\$ 73,470</u>	<u>\$ 83,060</u>	<u>\$ 9,590</u>

CITY OF ROLLING HILLS ESTATES

**Measure M Capital Project Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ 2,009	\$ 1,246	\$ (763)
Revenue from other agencies	1,439,294	1,439,294	229,548	(1,209,746)
Total revenues	1,439,294	1,441,303	230,794	(1,210,509)
Expenditures:				
Capital outlay	1,404,239	324,139	400,953	(76,814)
Total expenditures	1,404,239	324,139	400,953	(76,814)
Excess (deficiency) of revenues over (under) expenditures	35,055	1,117,164	(170,159)	(1,287,323)
Fund balance (deficit), beginning of year	107,470	107,470	107,470	-
Fund balance (deficit), end of year	<u>\$ 142,525</u>	<u>\$ 1,224,634</u>	<u>\$ (62,689)</u>	<u>\$ (1,287,323)</u>

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STATISTICAL INFORMATION

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CITY OF ROLLING HILLS ESTATES

Annual Comprehensive Financial Report Year Ended June 30, 2023

STATISTICAL SECTION (UNAUDITED)

This part of the City of Rolling Hills Estates annual comprehensive 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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CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2023**

City of Rolling Hills Estates

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 12,745,054	\$ 13,821,968	\$ 15,340,607	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342	\$ 17,861,218	\$ 17,253,233	\$ 18,471,559
Restricted	385,690	2,598,454	2,150,212	546,634	645,603	747,495	1,685,746	2,667,335	2,993,367	2,269,429
Unrestricted	237,854	(4,874,613)	(3,735,772)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)	(516,263)	1,974,733	810,998
Total governmental activities net position	<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>	<u>\$ 20,012,290</u>	<u>\$ 22,221,333</u>	<u>\$ 21,551,986</u>
Business-type activities:										
Net investment in capital assets	\$ 118,010	\$ 110,545	\$ 103,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(303,006)	(191,906)	(74,491)	-	-	-	-	-	-	-
Total business-type activities net position	<u>\$ (184,996)</u>	<u>\$ (81,361)</u>	<u>\$ 28,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:										
Net investment in capital assets	\$ 12,863,094	\$ 13,932,513	\$ 15,443,657	\$ 16,804,702	\$ 17,377,140	\$ 17,921,715	\$ 17,929,342	\$ 17,861,218	\$ 17,253,233	\$ 18,471,559
Restricted	385,690	2,598,454	2,150,212	546,634	645,603	747,495	1,685,746	2,667,335	2,993,367	2,269,429
Unrestricted	(65,152)	(5,066,519)	(3,810,263)	(5,396,425)	(4,090,309)	(2,931,572)	(2,150,439)	(516,263)	1,974,733	810,998
Total primary government net position	<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>	<u>\$ 20,012,290</u>	<u>\$ 22,221,333</u>	<u>\$ 21,551,986</u>

Source: City Administrative Services Department

CITY OF ROLLING HILLS ESTATES

Annual Comprehensive Financial Report Year Ended June 30, 2023

City of Rolling Hills Estates

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 2,759,181	\$ 2,944,743	\$ 3,470,235	\$ 5,653,201	\$ 3,441,459	\$ 2,205,664	\$ 2,802,991	\$ 2,738,373	\$ 1,018,752	\$ 4,003,429
Public safety	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743	2,410,444	2,507,504	2,543,611
Public works	937,914	1,144,208	1,612,353	2,127,233	1,438,526	3,197,631	3,231,200	3,640,088	3,970,939	3,917,931
Community services	1,403,739	1,364,917	1,451,622	1,688,376	2,248,864	1,705,420	1,564,474	1,666,647	1,896,793	1,941,055
Public health	26,478	25,422	19,239	17,995	24,526	23,704	27,338	112,864	52,808	22,326
Interest on bond payable	59,059	53,407	47,228	40,490	33,175	25,270	16,942	4,295	-	-
Total governmental activities expenses	<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>	<u>10,572,711</u>	<u>9,446,796</u>	<u>12,428,352</u>
Business-type activities:										
Equestrian	802	802	802	-	-	-	-	-	-	-
Tennis	75,138	77,578	91,107	-	-	-	-	-	-	-
Total business-type activities expenses	<u>75,940</u>	<u>78,380</u>	<u>91,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government expenses	<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>	<u>10,572,711</u>	<u>9,446,796</u>	<u>12,428,352</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,860,491	2,190,470	3,134,137	3,023,534	3,186,879	3,356,303	2,569,675	3,524,152	1,170,630	1,712,423
Public safety	92,028	76,791	63,027	85,708	47,762	67,805	60,477	64,821	73,471	89,535
Public works	367,966	349,482	495,338	434,045	435,296	439,022	386,212	385,190	376,203	648,401
Community services	69,922	69,240	70,142	135,372	234,609	296,793	282,673	332,042	429,494	486,418
Operating grants and contributions	767,769	2,704,107	1,205,518	1,611,349	964,680	1,128,409	2,205,873	1,987,045	2,077,414	1,556,794
Capital grants and contributions	2,511,836	403,567	865,205	446,924	260,968	238,014	376,968	565,189	765,961	607,636
Total governmental activities Program revenues	<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>	<u>6,858,439</u>	<u>4,893,173</u>	<u>5,101,207</u>
Business-type activities:										
Charges for services:										
Equestrian	65,332	101,525	104,388	127,749	80,931	-	-	-	-	-
Tennis	68,607	68,854	77,579	74,053	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>5,803,951</u>	<u>5,964,036</u>	<u>6,015,334</u>	<u>5,938,734</u>	<u>5,211,125</u>	<u>5,526,346</u>	<u>5,881,878</u>	<u>6,858,439</u>	<u>4,893,173</u>	<u>5,101,207</u>
Net revenues (expenses):										
Governmental activities	(1,423,016)	(1,609,590)	(2,781,160)	(6,148,013)	(4,384,036)	(3,849,774)	(4,115,810)	(3,714,272)	(4,553,623)	(7,327,145)
Business-type activities	57,999	91,999	90,058	201,802	80,931	-	-	-	-	-
Total net revenues (expenses)	<u>(1,365,017)</u>	<u>(1,517,591)</u>	<u>(2,691,102)</u>	<u>(5,946,211)</u>	<u>(4,303,105)</u>	<u>(3,849,774)</u>	<u>(4,115,810)</u>	<u>(3,714,272)</u>	<u>(4,553,623)</u>	<u>(7,327,145)</u>

(continued)

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2023**

City of Rolling Hills Estates

Changes in Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843	\$ 3,688,941	\$ 3,890,421	\$ 4,157,353
Sales taxes	902,838	908,399	906,872	1,171,000	1,287,221	1,257,782	1,132,919	1,229,031	1,546,267	1,615,932
Business license taxes	247,188	236,503	237,784	238,062	229,750	378,343	407,143	404,296	411,204	547,183
Franchise taxes	558,571	564,891	618,698	570,539	604,648	592,171	629,996	673,052	712,084	742,744
Other taxes	86,828	106,140	190,705	91,129	149,247	116,611	207,310	235,690	239,922	163,574
Use of money and property	2,337	3,689	13,575	10,251	26,026	33,206	57,486	23,764	(65,935)	143,982
Capital contributions	-	-	-	268,251	-	-	-	-	-	-
Miscellaneous	16,040	75,179	62,775	87,620	69,973	21,410	7,124	7,139	28,703	230,852
Transfers	-	-	-	109,490	-	-	-	-	-	-
Total governmental activities	<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>	<u>6,261,913</u>	<u>6,762,666</u>	<u>7,601,620</u>
Business-type activities:										
Use of money and property	53	18	27	-	-	-	-	-	-	-
Transfers	-	-	-	(109,490)	-	-	-	-	-	-
Total business-type activities	<u>53</u>	<u>18</u>	<u>27</u>	<u>(109,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position:										
Governmental activities	3,115,659	3,238,452	2,209,238	(800,142)	977,523	1,805,204	1,727,011	2,547,641	2,209,043	274,475
Business-type activities	58,052	92,017	90,085	92,312	80,931.00	-	-	-	-	-
Total primary government	<u>\$ 3,173,711</u>	<u>\$ 3,330,469</u>	<u>\$ 2,299,323</u>	<u>\$ (707,830)</u>	<u>\$ 1,058,454</u>	<u>\$ 1,805,204</u>	<u>\$ 1,727,011</u>	<u>\$ 2,547,641</u>	<u>\$ 2,209,043</u>	<u>\$ 274,475</u>

Source: City Administrative Services Department

CITY OF ROLLING HILLS ESTATES

**Annual Comprehensive Financial Report
Year Ended June 30, 2023**

City of Rolling Hills Estates

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund:										
Nonspendable	\$ 348,303	\$ 278,987	\$ 126,377	\$ 15,472	\$ 14,635	\$ 10,997	\$ 7,861	\$ 7,301	\$ 10,298	\$ 12,585
Restricted	15,201	15,201	15,201	10,000	10,000	10,000	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	2,255,000	2,593,165	2,651,146
Unassigned	1,578,477	2,039,428	2,378,531	1,892,936	1,976,085	2,147,214	2,057,943	1,988,655	1,726,256	1,836,772
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>	<u>\$ 4,260,956</u>	<u>\$ 4,339,719</u>	<u>\$ 4,510,503</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	2,657,335	2,983,367	2,259,429
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(740,122)	(1,912,267)	(1,639,080)	(1,053,768)	(671,330)	(598,317)	(249,062)	(265,277)	(66,670)	(331,172)
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>	<u>\$ 2,392,058</u>	<u>\$ 2,916,697</u>	<u>\$ 1,928,257</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

**Annual Comprehensive Financial Report
Year Ended June 30, 2023**

City of Rolling Hills Estates

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Property taxes	\$ 2,724,873	\$ 2,953,241	\$ 2,959,989	\$ 2,801,529	\$ 2,994,694	\$ 3,255,455	\$ 3,400,843	\$ 3,688,941	\$ 3,890,421	\$ 4,157,353
Sales and use taxes	902,838	908,399	906,872	1,171,000	1,287,221	1,257,782	1,132,919	1,229,031	1,546,267	1,615,932
Business license taxes	247,188	236,503	237,784	238,062	229,750	378,343	407,143	404,296	411,204	547,183
Other taxes	645,399	671,031	809,403	661,668	753,895	708,782	837,306	908,742	952,007	906,318
Licenses and permits	1,628,949	2,074,361	3,129,514	3,061,756	3,056,594	3,354,436	2,607,712	3,397,458	1,201,123	1,979,253
Fines and forfeitures	88,962	76,532	61,380	140,225	102,402	61,122	54,374	57,352	68,087	85,364
Use of money and property	26,586	22,569	34,323	93,365	215,385	232,911	264,598	225,049	182,843	408,207
Charges for services	416,141	363,640	398,927	301,532	652,443	354,059	315,083	484,120	436,353	474,679
Revenues from other agencies	3,700,252	3,380,710	2,311,795	2,219,369	1,190,706	1,557,025	2,697,597	2,718,226	2,938,832	2,297,687
Other revenues	9,533	38,887	8,930	18,197	8,665	21,409	7,124	7,137	28,702	230,851
Total revenues	<u>10,390,721</u>	<u>10,725,873</u>	<u>10,858,917</u>	<u>10,706,703</u>	<u>10,491,755</u>	<u>11,181,324</u>	<u>11,724,699</u>	<u>13,120,352</u>	<u>11,655,839</u>	<u>12,702,827</u>
Expenditures:										
Current:										
General government	2,700,233	2,753,752	3,346,845	5,156,455	3,599,516	3,183,366	2,939,298	2,354,520	3,116,605	2,818,876
Public safety	1,906,657	1,870,550	2,013,850	2,357,650	2,327,680	2,218,431	2,354,743	2,410,444	2,507,504	2,543,611
Public works	747,844	663,858	718,345	730,167	669,286	2,224,168	2,160,029	2,550,636	2,566,816	2,530,740
Community services	1,278,713	1,206,302	1,325,031	1,445,788	1,469,859	1,602,016	1,454,051	1,568,545	1,812,222	1,841,763
Public health	26,478	25,422	19,239	17,995	24,524	23,704	27,338	112,864	52,808	22,326
Planning and community development	-	-	-	-	-	-	-	-	996,482	-
Capital outlay	3,694,598	1,962,616	2,604,760	2,810,053	2,257,864	1,751,976	1,316,199	1,238,522	-	2,819,345
Debt Service:										
Principal	155,700	168,000	182,000	197,000	212,000	230,000	246,000	265,000	-	-
Interest	58,359	53,407	47,228	40,490	33,175	25,270	16,942	4,295	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>10,568,582</u>	<u>8,703,907</u>	<u>10,257,298</u>	<u>12,755,598</u>	<u>10,593,904</u>	<u>11,258,931</u>	<u>10,514,600</u>	<u>10,504,826</u>	<u>11,052,437</u>	<u>12,576,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,861)</u>	<u>2,021,966</u>	<u>601,619</u>	<u>(2,048,895)</u>	<u>(102,149)</u>	<u>(77,607)</u>	<u>1,210,099</u>	<u>2,615,526</u>	<u>603,402</u>	<u>126,166</u>
Other financing sources (uses):										
Transfers in	74,047	-	62,545	-	653,312	59,980	232,278	-	-	44,528
Transfers out	(74,047)	-	(62,545)	-	(653,312)	(59,980)	(232,278)	-	-	(44,528)
Bond issued	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital asset	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (177,861)</u>	<u>\$ 2,021,966</u>	<u>\$ 601,619</u>	<u>\$ (2,048,895)</u>	<u>\$ (102,149)</u>	<u>\$ (77,607)</u>	<u>\$ 1,210,099</u>	<u>\$ 2,615,526</u>	<u>\$ 603,402</u>	<u>\$ 126,166</u>
Debt service as a percentage of noncapital expenditures	3.2%	3.4%	2.9%	2.5%	2.8%	2.6%	2.8%	2.8%	0.0%	0.0%

Source: City Administrative Services Department.

CITY OF ROLLING HILLS ESTATES

Business Tax Rates

June 30, 2023

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 Gardeners
\$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

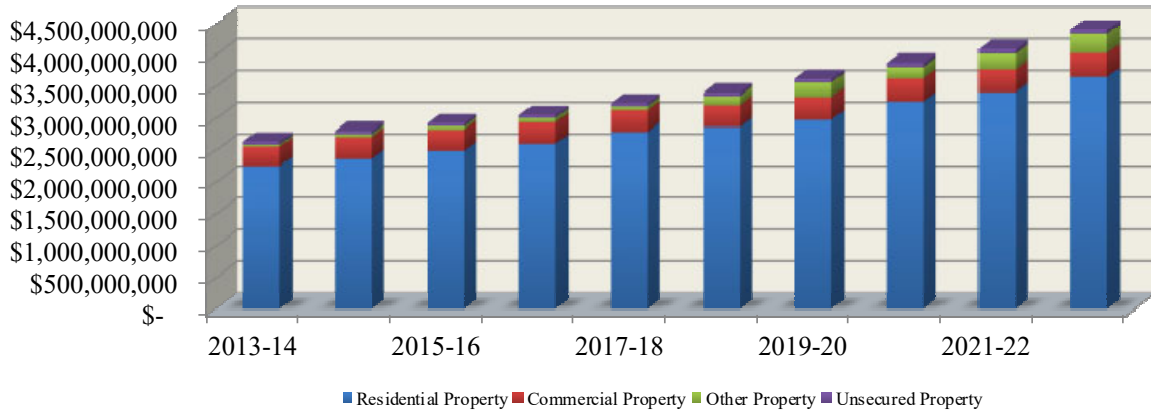
Taxpayer	2022-23			2013-14		
	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Rank	Percent of Total City Taxable Value (%)
Vestar Peninsula Retail LLC	\$ 105,458,811	1	2.39%	\$ 59,565,609	2	2.26%
Promenade LLC	98,303,848	2	2.23%			
Cox Communications California LLC	33,471,728	3	0.76%	21,148,193	3	0.80%
Rolling Hills Country Club	27,487,013	4	0.62%			
Deep Valley Day LLC	13,644,841	5	0.31%			
Merrill Gardens At Rolling Hills LP	12,487,977	6	0.28%			
Universal Master Fund LLC	12,416,291	7	0.28%			
Anastasi Development Company LLC	12,207,385	8	0.28%	11,104,526	4	0.42%
Silver Spur Shopping Center LLC	11,805,451	9	0.27%	10,173,623	7	0.39%
Silver Spur Investments LLC	11,138,033	10	0.25%			
POP AIV LLC				101,351,877	1	3.84%
Highpoint Associates III LLC				10,710,000	5	0.41%
Continental RHE Corporation				10,527,154	6	0.40%
Koll Per Peninsula Pointe LLC				9,020,000	8	0.34%
Park Rolling Hills LLC				8,028,495	9	0.30%
Longs Drug Stores Inc				7,999,838	10	0.30%
Total Top 10 Taxpayers	338,421,378		7.67%	249,629,315		9.46%
Total Taxable Value	4,408,010,460		100.00%	2,640,246,848		100.00%

Source: Los Angeles County Assessor Combined Tax Rolls, SBE Non Unitary Tax Roll, HdL Coren & Cone

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	Tax-Exempt Property	Taxable Assessed Value	% Change	Total Direct Tax Rate (1)
2013-14	\$ 2,257,458,308	\$ 303,910,169	\$ 30,192,614	\$ 48,685,757	\$ 11,011,950	\$ 2,640,246,848	4.30%	.064730
2014-15	2,364,578,456	346,851,193	48,412,516	51,430,127	11,041,865	2,811,272,292	6.48%	.064710
2015-16	2,492,070,809	334,019,396	54,622,247	47,426,915	11,041,865	2,928,139,367	4.16%	.064640
2016-17	2,606,326,127	336,276,281	68,594,955	45,361,521	11,041,865	3,056,558,884	4.39%	.064380
2017-18	2,794,099,303	340,813,037	61,120,270	46,679,793	11,041,865	3,242,712,403	6.09%	.064370
2018-19	2,872,360,977	341,625,282	145,119,903	51,187,153	11,045,974	3,410,293,315	5.17%	.064350
2019-20	2,982,853,213	357,323,772	229,262,887	55,937,006	11,045,974	3,625,376,878	6.31%	.064350
2020-21	3,271,747,274	358,449,799	183,198,854	63,331,797	11,045,974	3,876,727,724	6.93%	.064540
2021-22	3,417,137,507	358,982,357	243,715,425	72,005,030	11,045,974	4,091,840,319	5.55%	.064510
2022-23	3,657,540,846	371,080,739	311,470,685	67,918,190	11,045,974	4,408,010,460	7.73%	.064380



Source: County Assessor data, HdL Coren & Cone
 (1) Total direct tax rate is represented by TRA 007-085
 Note:

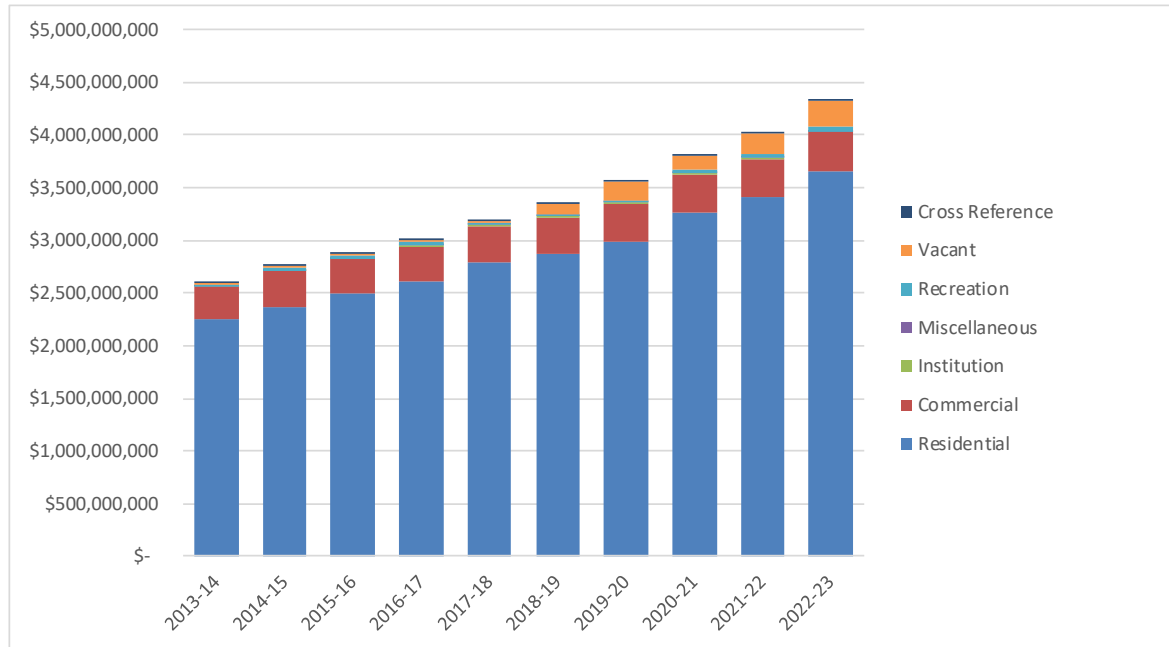
Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above

City of Rolling Hills Estates

Net Assessed Value of Property by Use Code, Citywide
Last Ten Fiscal Years

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Residential	\$2,257,458,308	\$2,364,578,456	\$2,492,070,809	\$2,606,326,127	\$2,794,099,303	\$2,872,360,977	\$2,982,853,213	\$3,271,747,274	\$3,417,137,507	\$3,657,540,846
Commercial	303,910,169	346,851,193	334,019,396	336,276,281	340,813,037	341,625,282	357,323,772	358,449,799	358,982,357	371,080,739
Institution	3,643,361	4,836,454	3,973,308	18,429,621	19,301,506	15,237,208	15,525,200	4,314,769	4,223,051	6,854,484
Miscellaneous	84,527	44,194	46,062	17,741	17,582	50,935	63,244	56,183	65,329	65,791
Recreation	9,073,354	18,847,314	18,917,305	19,350,903	19,393,287	20,648,338	24,583,473	30,629,444	37,987,516	47,534,222
Vacant	14,049,559	21,153,313	27,515,388	25,448,055	16,907,507	102,282,944	179,227,560	133,613,489	193,987,398	247,006,066
Cross Reference	3,341,813	3,531,241	4,170,184	5,348,635	5,500,388	6,900,478	9,863,410	14,584,969	7,452,131	10,010,122
Net Secured Value	2,591,561,091	2,759,842,165	2,880,712,452	3,011,197,363	3,196,032,610	3,359,106,162	3,569,439,872	3,813,395,927	4,019,835,289	4,340,092,270
Unsecured Value	48,685,757	51,430,127	47,426,915	45,361,521	46,679,793	51,187,153	55,937,006	63,331,797	72,005,030	67,918,190
Net Assessed Value	\$2,640,246,848	\$2,811,272,292	\$2,928,139,367	\$3,056,558,884	\$3,242,712,403	\$3,410,293,315	\$3,625,376,878	\$3,876,727,724	\$4,091,840,319	\$4,408,010,460



Source: Los Angeles County Assessor data, HdL Coren & Cone

City of Rolling Hills Estates

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
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	0.030025	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	0.013272	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	0.023109	0.023289	0.023433	0.023197	0.023093	0.023709	0.023589	0.023782	0.023978	0.022771
COMMNTY COLLEGE	0.044541	0.040174	0.035755	0.035956	0.045990	0.046213	0.027175	0.040162	0.043759	0.024882
PALOS VERDES LIB	0.006118	0.005854	0.005630	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
METRO WATER DIST	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500	0.003500
TOTAL OVERRIDE RATE	0.077268	0.072817	0.068318	0.062653	0.072583	0.073422	0.054264	0.067444	0.071237	0.051153
TOTAL TAX RATE	1.077268	1.072817	1.068318	1.062653	1.072583	1.073422	1.054264	1.067444	1.071237	1.051153

Source: Los Angeles County Auditor/Controller data, Avenu Insights & Analytics

CITY OF ROLLING HILLS ESTATES

Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

2022-23	2013-14
Taxpayer	Taxpayer
Arco AM/PM Mini Marts	Abercrombie & Fitch
Bath & Body Works	Ann Taylor
Bristol Farms	Arco AM/PM Mini Marts
Chicken Maison	Atlantic Coast Media Group
Chipotle Mexican Grill	Banana Republic
CVS Pharmacy	Bristol Farms
El Pollo Inka	Chicken Maison
Good Stuff Restaurant	Chico's
Inka Wasi	CVS Pharmacy
Medawar Fine Jewelers	J. Crew
Mod Pizza	Luna Rossa
Morgan's Jewelers	Marmalade Cafe
Old Navy Clothing Co.	Medawar Fine Jewelers
One Diversified	Morgan's Jewelers
Pavilions	Petco Animal Supplies
Pet Food Express	Pier 1 Imports
Petco Animal Supplies	Red Onion Restaurant
Red Onion Restaurant	Rite Aid Drug Stores
Rite Aid Drug Stores	Rolling Hills Country Club
Rolling Hills Country Club	Rubio's Baja Grill
Ruby's Diner	Ruby's Diner
Target Stores	The Gap
The Habit Burger Grill	TJ Maxx
TJ Maxx	Vons Grocery Company
Ulta	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, 2023**

2022-23 Assessed Valuation: \$4,408,010,460

	Total Debt <u>6/30/2023</u>	% Applicable (1)	City's Share of Debt <u>6/30/23</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 19,215,000	0.121%	\$ 23,250
Los Angeles Community College District	4,500,730,000	0.397	17,867,898
El Camino Community College District	463,537,057	0.106	491,349
Los Angeles Unified School District	10,704,725,000	0.002	214,095
Palos Verdes Peninsula Unified School District	41,215,076	14.132	5,824,515
Torrance Unified School District	428,706,950	0.408	1,749,124
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$16,158,129,083</u>		<u>\$26,170,231</u>
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J & H Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment			<u>4,505</u>
TOTAL NET OVERLAPPING TAN AND ASSESSMENT DEBT			<u>\$26,165,726</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 2,601,551,282	0.233%	\$ 6,061,614
Los Angeles County Superintendent of Schools Certificates of Participation	3,403,487	0.233	7,930
Los Angeles Unified School District Certificates of Participation	97,870,000	0.002	1,957
Torrance Unified School District General Fund Obligations	8,775,000	0.408	35,802
Los Angeles County Sanitation District No. 5 Authority	1,269,835	3.252	41,295
Los Angeles County Sanitation District South Bay Cities Authority	216,354	0.019	41
City of Rolling Hills Estates	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$6,148,639</u>
 TOTAL DIRECT DEBT			
			\$0
TOTAL GROSS OVERLAPPING DEBT			\$32,318,870
TOTAL NET OVERLAPPING DEBT			\$32,314,365
 GROSS COMBINED TOTAL DEBT			
			\$32,318,870 (2)
NET COMBINED TOTAL DEBT			\$32,314,365

- (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 obligati

Ratios to Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	0.59%
Total Net Overlapping Tax and Assessment Debt	0.59%
Total Direct Debt	0.00%
Gross Combined Total Debt	0.73%
Net Combined Total Debt	0.73%

Source: Avenu Insights & Analytics, California Municipal Statistics, Inc.

CITY OF ROLLING HILLS ESTATES

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year					Fiscal Year				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	\$ 2,640,246,848	\$ 2,811,272,292	\$ 2,928,139,367	\$ 3,056,558,884	\$ 3,242,712,403	\$ 3,410,293,315	\$ 3,625,376,878	\$ 3,876,727,724	\$ 4,091,840,319	\$ 4,408,010,460
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	396,037,027	421,690,844	439,220,905	458,483,833	486,406,860	511,543,997	543,806,532	581,509,159	613,776,048	661,201,569
Total net debt applicable to limit:										
General obligation bonds	<u>1,500,000.00</u>	<u>1,332,000.00</u>	<u>1,150,000.00</u>	<u>953,000.00</u>	<u>741,000.00</u>	<u>511,000.00</u>	<u>265,000.00</u>			
Legal debt margin	<u>\$ 394,537,027</u>	<u>\$ 420,358,844</u>	<u>\$ 438,070,905</u>	<u>\$ 457,530,833</u>	<u>\$ 485,665,860</u>	<u>\$ 511,032,997</u>	<u>\$ 543,541,532</u>	<u>\$ 581,509,159</u>	<u>\$ 613,776,048</u>	<u>\$ 661,201,569</u>
Total debt applicable to the limit as a percentage of debt limit	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%

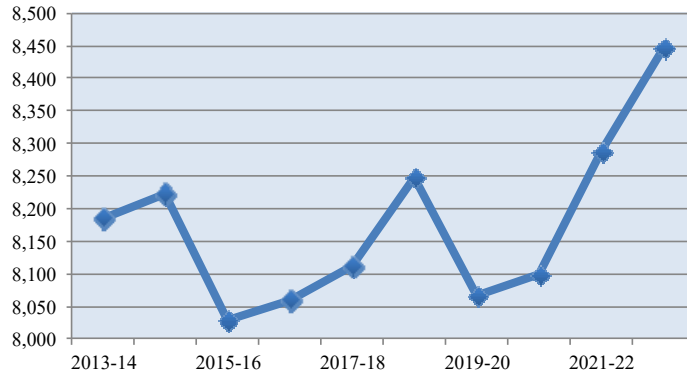
Source: HdL Coren & Cone

City of Rolling Hills Estates

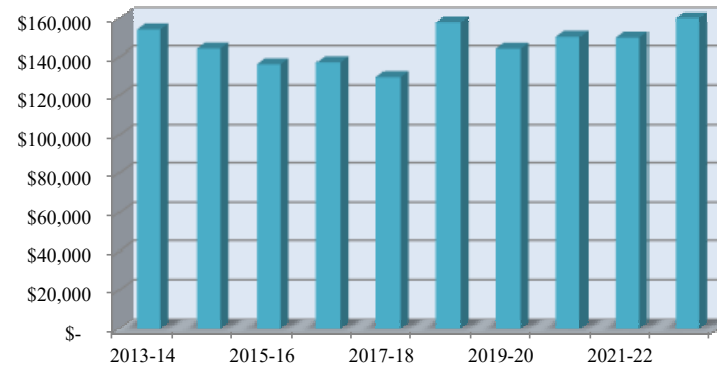
Demographic and Economic Statistics Last Ten Fiscal Years

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)
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
2020-21	8,098	744,018,326	91,877	50.1	10,503	12.8	12.1	10,044,458	2.80	99.3	150,135
2021-22	8,289	874,753,753	105,532	48.3	10,432	4.5	4.0	9,861,224	2.92	100.0	149,632
2022-23	8,446	1,039,638,664	123,092	48.1	10,457	4.8	4.9	9,761,210	3.01	98.9	160,724

Population



Median Household Income



Source: Avenu Insights & Analytics

- 1.) Population Projections are provided by California Department of Finance Projections.
 - 2.) Income Data is provided by the U.S. Census Bureau.
 - 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	2023		2014	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Palos Verdes Peninsula Unified School District*	1,376	40.47%	1,380	33.66%
Rolling Hills Country Club**	212	6.24%	100	2.44%
Von's Co/Pavilions Store #2233	140	4.12%	108	2.63%
Peninsula Center Library (Palos Verdes Library District)	87	2.56%		
Equinox Palos Verdes	86	2.53%	120	2.93%
Bristol Farms	71	2.09%	99	2.41%
Rolling Hills Covenant Church	64	1.88%	83	2.02%
Rolling Hills Country Day School	61	1.79%		
Red Onion Restaurant	47	1.38%		
Wells Fargo Advisors	43	1.26%		
US Post Office			111	2.71%
Spectrum Health Club			80	1.95%
Marmalade Café			51	1.24%
Abercrombie & Fitch			44	1.07%
Total Top Employers	2,187	64.32%	2,176	53.06%
Total City Labor Force (1)	3,400		4,100	

Source: Avenu Insights & Analytics

Source: 2014, previously published Annual Report

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	2019	2020	2021	2022	2023
General government	17	17	17	19	19
Public safety	0	0	0	0	0
Community services	12	11	10	8	10
Equestrian	0	0	0	0	0
Tennis	0	0	0	0	0
Total	29	28	27	27	29

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				
	2019	2020	2021	2022	2023
Police:					
Arrests	116	123	87	87	101
Parking citations issued	180	151	14	54	31
Fire:					
Number of emergency calls	805	2,227	791	1,082	1,051
Inspections	1,178	1,290	1,391	1,941	2,617
Public works:					
Street resurfacing (miles)	3	2	3.5	1.0	5.6
Community services:					
Number of recreation classes	5	5	5	5	12
Number of facility rentals	14	6	6	6	14
Equestrian:					
Number of equestrian classes	20	15	15	15	18
Number of facility rentals	17	14	14	14	6
Tennis:					
Number of tennis classes	80	56	80	80	72

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				
	2019	2020	2021	2022	2023
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, 2023

Date of incorporation	September 18, 1957
Population	8,446
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	19
Other	10
Business licenses issued	1,206
Number of Registered Voters	6,503

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