

# City of Rolling Hills Estates California

## Comprehensive Annual Financial Report

*Rolling Hills Estates*  
CITY HALL

Year Ended  
June 30, 2012



Prepared by  
Administrative Services Department





*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2012*

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

**CITY OF ROLLING HILLS ESTATES**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2012**

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## **INTRODUCTORY SECTION**

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SUSAN SEAMANS  
*Mayor*

FRANK V. ZERUNYAN  
*Mayor Pro Tem*

JUDY MITCHELL  
*Council Member*

JOHN C. ADDLEMAN  
*Council Member*

STEVEN ZUCKERMAN  
*Council Member*

DOUGLAS R. PRICHARD  
*City Manager*



City of

# ROLLING HILLS ESTATES

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

310-377-1577 • FAX 310-377-4468

[www.ci.Rolling-Hills-Estates.ca.us](http://www.ci.Rolling-Hills-Estates.ca.us)

December 6, 2012

## Honorable Mayor and City Council

The Comprehensive Annual Financial Report (CAFR) of the City of Rolling Hills Estates for the fiscal year ended June 30, 2012, is hereby submitted as mandated by local ordinances. These ordinances and statutes require that the City of Rolling Hills Estates issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of Rolling Hills Estates. In addition, to the best of our knowledge, there are no untrue statements of material fact within the financial statements or omissions of material fact to cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Rolling Hills Estates as legally defined), as well as its component unit, the Peppertree Foundation. A component unit is a legally separate entity for which the primary government is financially accountable. The City provides a broad range of services, including police protection, solid waste collection, construction and maintenance of highways, streets, and infrastructure, planning and zoning activities, recreational activities, cultural events, and general administrative services. The City of Rolling Hills Estates 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 of Rolling Hills Estates 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. The City currently has a land area of 4.18 square miles and a population of 8,097. The City is a "bedroom" community with a commercial center. Rolling Hills Estates is home to the Promenade

on the Peninsula mall, Peninsula Center Shopping Center, and several other businesses in the City's commercial district.

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

Though the City's overall fund balance increased during the fiscal year ended June 30, 2012, 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, 2012 presents the expectation of a positive net operating result. Management continues to practice conservative fiscal policies as directed by Council.

## **MAJOR INITIATIVES**

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

### **Planning, Building, and Code Enforcement**

- The Planning Commission and City Council approved amendments to the Municipal Code for the storage of large vehicles and to the Horse Overlay Zone for the keeping of horses.
- The City Continued to implement the Housing Element of the General Plan.
- The City continued to monitor the development of the Butcher Ranch project and the 627 Deep Valley Drive project for a new 58 unit mixed use project.
- The Planning Commission approved construction of a new Chase Bank located in the Commercial District at 872 Silver Spur Road.
- The City continues to process plans for the Brickwalk project to repair the Indian Peak Landside project.
- The City continues to process plans for the Peter Weber Equestrian Center.
- 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.



## **Public Works**

- Completed the final engineering design phase and prepared construction drawings to solicit bids for the Palos Verdes Drive North Bike Lane & Improvement Project. This project is funded by a combination of Federal and State grants totaling \$2,081,000 and \$544,580, respectively. The project includes the construction of an on-street bike path on both sides of PVDN between Crenshaw Boulevard and the west City limits, as well as new medians and street resurfacing, drainage, and intersection improvements. Construction is expected to commence in spring 2013.
- Completed the engineering design of the Underground Utility District that will remove 12 utility poles and related utility lines on Palos Verdes Drive North adjacent to the intersection of Palos Verdes Drive East. This project, with an estimated cost of \$1,525,000, is funded entirely with Southern California Edison Rule 20A funds at no cost to the City. Construction is anticipated to start by summer 2013.
- Completed the Hawthorne Boulevard resurfacing and rehabilitation project between Indian Peak and Silver Spur Road and Palos Verdes Drive North and the Torrance boundary through a combination of Proposition C and Measure R funds and a Highway-Through-Cities grant from Fourth District Supervisor Don Knabe.
- The total estimated replacement cost for all City roadways is \$31,210,000. About 53% of all City streets qualify for major maintenance at an estimated cost of \$7,010,000. As indicated in the 2011 Pavement Management System (PMS) report, a recommended annual budget of \$550,000 would result in a gradual improvement in the condition of City streets over a 15-year period to a “Good” level. A variety of funding sources are available for street maintenance, including Measure R, Proposition C, Gas Tax, and Highway-Through-Cities discretionary funds.

## **Community Services**

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

## **Administration**

- The City Council engaged in extensive lobbying efforts on behalf of local government, particularly pertaining to protection of local revenues, and regional representation due in large part to active roles Council Members took in League of California Cities and the California Contract Cities Association (CCCA) and South Bay Cities Council of Governments (COG) leadership and policy committees.

## **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 judgements by management.

**Single Audit.** As a recipient of federal, state, and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. In years when over \$500,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. For the year ended June 30, 2012, less than \$500,000 was expended on Federal financial assistance programs; and therefore, a single audit was not required.

**Budgeting Controls.** The City of Rolling Hills Estates maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the City Council. Activities of the General fund, Special Revenue funds, and Proprietary funds are included in the annual appropriated budgets of the government units. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the program level. Formal budgetary integration is employed as a management control device. Additionally, unexpected capital project account balances are carried over to the following year's budget appropriations with Council approval.

**Fiduciary Operations.** The City of Rolling Hills Estates has one fiduciary fund that is used to account for assets (cash) held by the City in a trustee capacity or as an agent for other governmental units, private organizations or individuals. The Peninsula Parking Agency fund is restricted as to its use and is not available to fund the operating activities of the City, and as such, is offset by a liability equal to the carrying amount of the assets.

## **OTHER INFORMATION**

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

**GFOA Certificate of Achievement Award.** The Government Finance Officer's 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, 2011. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**CSMFO Certificate of Award for Outstanding Financial Reporting.** The California Society of Municipal Finance Officers (CSMFO) is a state organization, which sponsors extensive training and emphasizes high standards in all aspects of municipal finance operations, including financial reporting. However, CSMFO decided to decrease duplication of awards from CSMFO and GFOA, and as such, the City can only participate in CSMFO's program if the City did not receive the GFOA CAFR award the previous year. Therefore, the City is not eligible to participate in CSMFO's award program.

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

**Respectfully submitted,**



**Douglas R. Prichard**  
City Manager



**Michael C. Whitehead**  
Administrative Services Director

**CITY OF ROLLING HILLS ESTATES**  
**Directory of City Officials**  
**June 30, 2012**

SUSAN SEAMANS  
MAYOR

FRANK V. ZERUNYAN  
MAYOR PRO TEMPORE

JUDY MITCHELL  
COUNCIL MEMBER

STEVEN ZUCKERMAN  
COUNCIL MEMBER

JOHN C. ADDLEMAN  
COUNCIL MEMBER

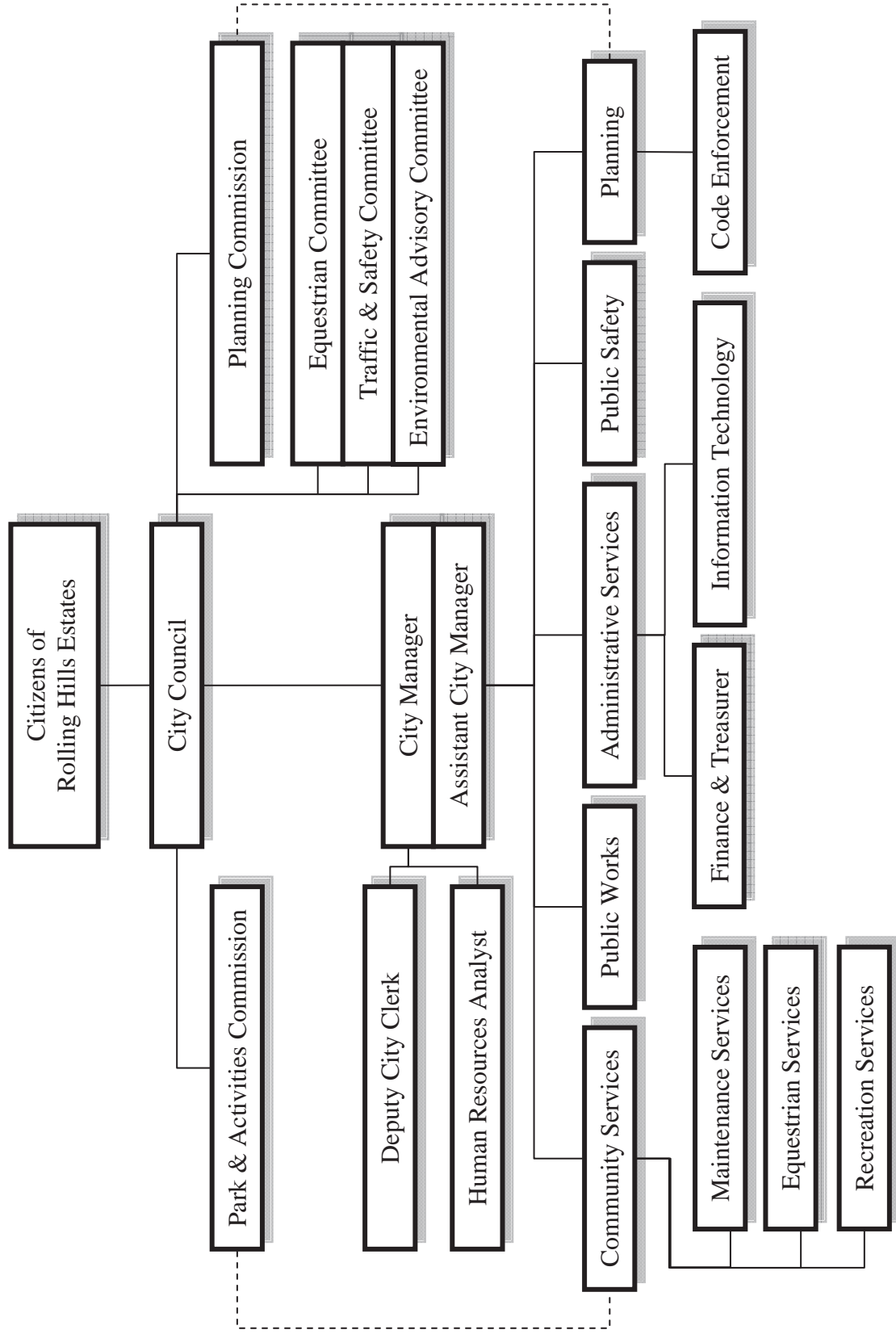
City Manager  
Douglas R. Prichard

Assistant City Manager  
Gregory Grammer

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

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

# Rolling Hills Estates City Government



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rolling Hills Estates  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director



**FINANCIAL SECTION**

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Sacramento

Walnut Creek

Oakland

Newport Beach

San Diego

Seattle

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Rolling Hills Estates, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rolling Hills Estates, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Macias Jini & O'Connell LLP*

Los Angeles, California  
December 6, 2012



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis

As management of the City of Rolling Hills Estates, we offer readers of the City of Rolling Hills Estates' financial statements this narrative overview and analysis of the financial activities of the City of Rolling Hills Estates for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

#### Financial Highlights

- The assets of the City of Rolling Hills Estates exceed its liabilities, at the close of the fiscal year by \$11,167,600 (*net assets*). Of this amount, \$1,673,796 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$836,477 from the prior fiscal year.
- The City's governmental funds reported combined ending fund balances of \$3,588,808, an increase of \$438,769 in comparison with the prior year. Approximately \$1,799,557 (*unassigned fund balance*) is available for spending at the government's discretion.
- The unassigned fund balance for the General Fund was \$2,101,763 or 35%, of total General Fund current operating expenditures. Out of the General Fund balance, \$173,333 has been assigned for capital projects, \$50,000 for insurance claims, \$100,000 for equipment, and \$327,890 for capital asset replacement. The unassigned fund balance is \$2,101,763 bringing the total of assigned and unassigned fund balance to \$2,800,564.
- The City had no bonded debt or certificates of participation debt as of June 30, 2012.

#### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

Both the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include its general government, public safety, public works, community services, and public health programs. The business-type activities of the City include its equestrian and tennis operations.



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rolling Hills Estates, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rolling Hills Estates maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal STIP, Proposition A Parks, and Quimby Fees which are considered to be major funds. Data from the other 17 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 of Rolling Hills Estates 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 basic governmental fund financial statements are listed in the table of contents.

**Proprietary funds.** The City of Rolling Hills Estates maintains two *proprietary funds*.

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

Individual proprietary fund financial statements are included as part of the government-wide financial statements on pages 20-23 of this report.





# CITY OF ROLLING HILLS ESTATES, CALIFORNIA

## Management's Discussion and Analysis

**Fiduciary fund.** The City of Rolling Hills Estates maintains one *fiduciary fund*, the Peninsula Parking Agency Fund. The balance sheets present the assets and liabilities (no net assets are associated with fiduciary funds).

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Rolling Hills Estates, assets exceeded liabilities by \$11,167,600 in FY 2011-12 an increase from 2010-11 when assets exceeded liabilities by \$10,331,123. The largest portion of the City's total net assets (75 percent in 2011-12, and 76 percent in 2010-11) reflects its investment in capital assets (e.g. land, building, facilities, vehicles, equipment and infrastructure). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's total net assets (\$1,097,622 or 10 percent in 2011-12, and \$1,200,294 or 8 percent in 2010-11) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted total net assets (\$1,673,796 or 15 percent in 2011-12, and \$1,260,978 or 15 percent in 2010-11) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Rolling Hills Estates Net Assets	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>
Current and Other Assets	\$ 4,297,867	\$ 3,663,410	\$ (378,046)	\$ (122,826)	\$ 3,919,821	\$ 3,540,584
Capital Assets	8,353,841	7,823,648	42,341	46,203	8,396,182	7,869,851
<b>Total Assets</b>	<b>12,651,708</b>	<b>11,487,058</b>	<b>(335,705)</b>	<b>(76,623)</b>	<b>12,316,003</b>	<b>11,410,435</b>
Long-Term Liabilities	407,786	391,532	-	64,691	407,786	456,223
Other Liabilities	739,059	543,369	1,558	79,720	740,617	623,089
<b>Total Liabilities</b>	<b>1,146,845</b>	<b>934,901</b>	<b>1,558</b>	<b>144,411</b>	<b>1,148,403</b>	<b>1,079,312</b>
Invested in Capital Assets	8,353,841	7,823,648	42,341	46,203	8,396,182	7,869,851
Restricted	1,097,622	1,200,294	-	-	1,097,622	1,200,294
Unrestricted	2,053,400	1,528,215	(379,604)	(267,237)	1,673,796	1,260,978
<b>Total Net Assets (Deficit)</b>	<b>\$ 11,504,863</b>	<b>\$ 10,552,157</b>	<b>\$ (337,263)</b>	<b>\$ (221,034)</b>	<b>\$ 11,167,600</b>	<b>\$ 10,331,123</b>



# CITY OF ROLLING HILLS ESTATES, CALIFORNIA

## Management's Discussion and Analysis

**Governmental activities.** Governmental activities increased the City's net assets by \$952,706 in 2011-12, and increased by \$329,649 in 2010-11.

City of Rolling Hills Estates Changes in Net Assets	Governmental Activities		Business-Type Activities		Total Activities	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
<b>Program Revenues:</b>						
Charges for services	\$ 1,978,335	\$ 1,287,430	\$ 393,955	\$ 745,038	\$ 2,372,290	\$ 2,032,468
Operating grants and contributions	885,398	1,295,997	-	-	885,398	1,295,997
Capital grants and contributions	356,336	758,259	-	-	356,336	758,259
<b>General Revenues:</b>						
Property taxes	2,492,529	2,494,828	-	-	2,492,529	2,494,828
Local sales taxes	871,060	917,016	-	-	871,060	917,016
Other taxes	857,217	899,681	-	-	857,217	899,681
Other general revenues	130,347	59,233	310	477	130,657	59,710
<b>Total Revenues</b>	<b>7,571,222</b>	<b>7,712,444</b>	<b>394,265</b>	<b>745,515</b>	<b>7,965,487</b>	<b>8,457,959</b>
<b>Expenses:</b>						
General government	2,881,374	3,075,846	-	-	2,881,374	3,075,846
Public safety	1,588,967	1,830,016	-	-	1,588,967	1,830,016
Public works	846,106	1,114,138	-	-	846,106	1,114,138
Community Services	1,285,501	1,341,466	-	-	1,285,501	1,341,466
Public health	16,568	21,329	-	-	16,568	21,329
Equestrian	-	-	431,121	760,759	431,121	760,759
Tennis	-	-	79,373	75,132	79,373	75,132
<b>Total Expenses</b>	<b>6,618,516</b>	<b>7,382,795</b>	<b>510,494</b>	<b>835,891</b>	<b>7,129,010</b>	<b>8,218,686</b>
<b>Increase (Decrease) in Net Assets</b>	<b>952,706</b>	<b>329,649</b>	<b>(116,229)</b>	<b>(90,376)</b>	<b>836,477</b>	<b>239,273</b>
<b>Net Assets (Deficit), beginning of year</b>	<b>10,552,157</b>	<b>10,222,508</b>	<b>(221,034)</b>	<b>(130,658)</b>	<b>10,331,123</b>	<b>10,091,850</b>
<b>Net Assets (Deficit), end of year</b>	<b>\$ 11,504,863</b>	<b>\$ 10,552,157</b>	<b>\$ (337,263)</b>	<b>\$ (221,034)</b>	<b>\$ 11,167,600</b>	<b>\$ 10,331,123</b>

**Business-type activities.** Business-type activities decreased the City's net assets by \$116,229 compared to 2010-11, which decreased \$90,376.

Key elements of the \$836,477 increase in total net assets from all activities are as follows:

- Charges for services increased from prior year as the economy strengthens.
- Decrease in General Government expenses due to less staff positions.
- Scaled back public works projects.
- Overall trimming expenses and holding projects until fiscal health of the economy improves.

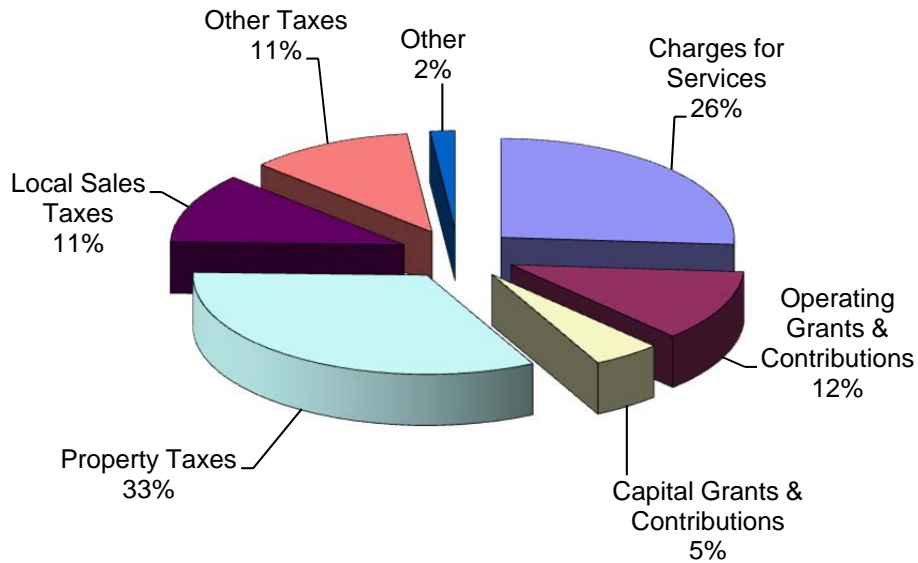


# CITY OF ROLLING HILLS ESTATES, CALIFORNIA

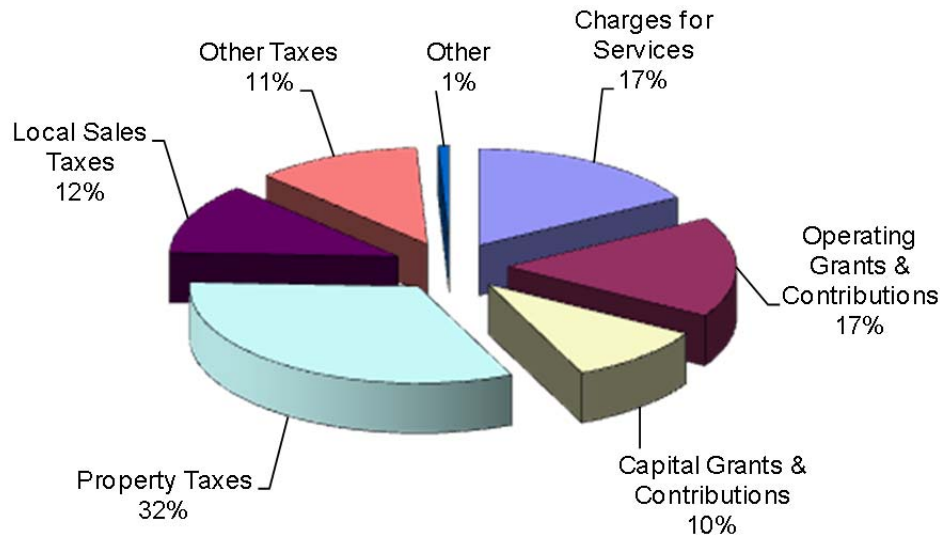
## Management's Discussion and Analysis

### Revenues by Source – Governmental Activities

#### Revenue 2011-2012



#### Revenue 2010-2011





## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,558,808, increase of \$438,769 in comparison with the prior year, which ending fund balance was \$3,120,041. Approximately 51 percent of the combined ending fund balances (\$1,799,557) constitute unassigned fund balance, which is available for spending at the City's discretion. This is an increase from 43 percent reported for 2010-11. The remainder of the combined ending fund balances is restricted to indicate that it is not available for new spending because it has already been restricted for: 1) the unspent portion of the CLEEP grant (\$27,172) and 2) to the maintenance of Hawthorne Canyon (\$10,000), 3) transportation (\$962,549), 4) capital projects (\$97,901); and Non-spendable are inventories (\$10,406).

The General Fund is the chief operating fund of the City of Rolling Hills Estates. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,101,763, an increase from the prior year unreserved fund balance by \$334,970.

During the current fiscal year, the fund balance of the City's General Fund increased by \$407,595. The key factor in this increase is as follows:

- Revenues from other agencies for streets and infrastructure projects.

*Special revenue fund highlights.* The special revenue funds, Federal STIP, Proposition A (Parks), and Quimby Fees, are reported as major funds on the balance sheet. The Federal STIP fund is used to account for grant monies received from the State Transportation Improvement Program (STIP) for transportation projects. The Proposition A Parks Grant fund is to account for grant monies received from Los Angeles County for maintenance and development of parks. The Quimby Fees fund is 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.

*Proprietary funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The major proprietary fund is the Equestrian Operation, and the non-major proprietary fund is the Tennis Operations. The total decrease in proprietary fund net assets was \$116,539 compared to a prior year's decrease of \$90,376. This was primarily due to the transfer of the horse stables management and operations to a concessionaire on December 1, 2011.

### General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a net increase in fund balance of \$1,061,373; and can be briefly summarized as follows:

- The budget increased due to Licenses and permits rebounding positively and revenue from other agencies as stated prior.

Additionally, General Fund non-spendable and restricted fund balances are \$47,578 (restricted for CLEEP grant and Hawthorne Canyon, and non-spendable inventories). The General Fund assigned fund balances are \$651,223 for capital improvements projects, insurance claims, equipment revolving, and capital asset replacement. Lastly, there is \$2,101,763 in the General Fund's unassigned fund balance including \$650,000 for future operating expenses.



# CITY OF ROLLING HILLS ESTATES, CALIFORNIA

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$8,353,841 (net of accumulated depreciation). The business-type activities investment is \$42,341. These investments in capital assets include land, buildings and improvements, facilities and improvements, vehicles and equipment, furniture and fixtures, and infrastructure. During the current fiscal year, the City's investment in capital assets increased by 6.7 percent primarily due to land and infrastructure upgrades.

City of Rolling Hills Estates Capital Assets (Net Depreciation)	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>
	Land	\$ 3,864,943	\$ 3,864,943	\$ -	\$ -	\$ 3,864,943
Construction in Progress	368,329	-	-	-	368,329	-
Buildings & Improvements	601,482	592,375	38,406	40,531	639,888	632,906
Facilities & Improvements	642,682	564,948	3,935	5,672	646,617	570,620
Vehicles & Equipment	145,311	182,371	-	-	145,311	182,371
Furniture & Fixtures	6,274	1	-	-	6,274	1
Infrastructure	2,724,820	2,619,010	-	-	2,724,820	2,619,010
<b>Total</b>	<b>\$ 8,353,841</b>	<b>\$ 7,823,648</b>	<b>\$ 42,341</b>	<b>\$ 46,203</b>	<b>\$ 8,396,182</b>	<b>\$ 7,869,851</b>

Additional information regarding the City's capital assets can be found in Note 1(e)4 on pages 30-31, and Note 3(b) on pages 38-39.

**Long-term liabilities.** At the end of the current fiscal year, the City of Rolling Hills Estates had total long-term liabilities of \$407,786 down slightly from the previous year, which was \$456,223 due to staff reductions. The City had no bonded debt or certificates of participation debt as of June 30 2012.

City of Rolling Hills Estates Long Term Liabilities As of June 30, 2011	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2010-2011</u>
	Employee Compensated Absences	\$ 407,786	\$ 391,532	\$ -	\$ 64,691	\$ 407,786
<b>Total</b>	<b>\$ 407,786</b>	<b>\$ 391,532</b>	<b>\$ -</b>	<b>\$ 64,691</b>	<b>\$ 407,786</b>	<b>\$ 456,223</b>

The City's total long-term liabilities decreased by \$48,437 (-10.6 percent) during the current fiscal year, due to employee retirements and paying out compensated absences to terminated employees.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City of Rolling Hills Estates is \$364,557,136. With no general obligation debt, 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 3(e) on pages 40-41 of this report.



## CITY OF ROLLING HILLS ESTATES, CALIFORNIA

### Management's Discussion and Analysis

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

- Local property values remain modest, and account for approximately 31 percent of General Fund revenues. Los Angeles County Net Local Roll of Assessed Property Valuations is forecasted to increase by 1.14%.
- Sales tax revenues remain affected by the "Triple Flip" mechanism, which reduces one-quarter of local sales tax revenue and supplements the loss with a new State subvention called "Property Tax in lieu of Sales Tax – State" under the Revenues from Other Agencies category. Sales tax revenue for FY 2011-12 remained flat at \$871,060, a slight decrease from \$917,016 in FY 2010-11.
- Revenues from other agencies have eliminated the Motor Vehicle License Fees (VLF) for FY 2011-2012, and Property Tax in lieu of Sales Tax is anticipated to remain flat. As mentioned above, the "Triple Flip" increases State subventions to supplement the lost one-quarter of local sales tax revenues, however, the City receives back less than one-quarter after administration fees. The VLF backfill has been eliminated, replaced by a "Property Tax in lieu of VLF – State" account – which has a slight increase in revenue for FY 2011-2012.

All three of these factors were considered in preparing the City's budget for FY 2011-2012. The uncertainty of the economy and declining revenues has made the City's budgeting process more complex.

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

#### Requests for Information

This financial report is designed to provide a general overview of the financial position of the City of Rolling Hills Estates for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 4045 Palos Verdes Drive North, Rolling Hills Estates, CA 90274. Also refer to the City's website [www.ci.Rolling-Hills-Estates.ca.us](http://www.ci.Rolling-Hills-Estates.ca.us) for additional financial information (Click "City Departments and Services" and then click "Administrative Services Department").





**CITY OF ROLLING HILLS ESTATES**  
**Statement of Net Assets**  
**June 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and investments	\$ 2,681,163	\$ 94,545	\$ 2,775,708
Accounts receivable	1,116,786	16,921	1,133,707
Internal balances	489,512	(489,512)	-
Inventories	10,406	-	10,406
Capital assets:			
Not being depreciated	4,233,272	-	4,233,272
Being depreciated (net of accumulated depreciation)	4,120,569	42,341	4,162,910
<b>Total assets</b>	<u>12,651,708</u>	<u>(335,705)</u>	<u>12,316,003</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	584,335	1,558	585,893
Deposits payable	152,224	-	152,224
Unearned revenue	2,500	-	2,500
Non-current liabilities:			
Due within one year	40,779	-	40,779
Due in more than one year	367,007	-	367,007
<b>Total liabilities</b>	<u>1,146,845</u>	<u>1,558</u>	<u>1,148,403</u>
<b>Net assets (deficit):</b>			
Invested in capital assets	8,353,841	42,341	8,396,182
Restricted for:			
Cleop grant	27,172	-	27,172
Maintenance of Hawthorne Canyon	10,000	-	10,000
Transportation	962,549	-	962,549
Capital projects	97,901	-	97,901
Unrestricted	2,053,400	(379,604)	1,673,796
<b>Total net assets (deficit)</b>	<u>\$ 11,504,863</u>	<u>\$ (337,263)</u>	<u>\$ 11,167,600</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Activities**  
**Year Ended June 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 2,881,374	\$ 1,213,944	\$ 53,731	\$ -
Public safety	1,588,967	123,578	100,000	-
Public works	846,106	579,149	528,443	-
Community services	1,285,501	61,664	186,853	356,336
Public health	16,568	-	16,371	-
Total governmental activities	<u>6,618,516</u>	<u>1,978,335</u>	<u>885,398</u>	<u>356,336</u>
<b>Business-type activities:</b>				
Equestrian	431,121	333,106	-	-
Tennis	79,373	60,849	-	-
Total business-type activities	<u>510,494</u>	<u>393,955</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,129,010</u>	<u>\$ 2,372,290</u>	<u>\$ 885,398</u>	<u>\$ 356,336</u>

General revenues:  
Intergovernmental:  
Property taxes  
Sales taxes  
Taxes:  
Business license taxes  
Franchise taxes  
Other taxes  
Use of money and property  
Miscellaneous  
  
Total general revenues  
  
Change in net assets  
  
Net assets (deficit), beginning  
  
Net assets (deficit), ending

See Accompanying Notes to Financial Statements.

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,613,699)	\$ -	\$ (1,613,699)
(1,365,389)	-	(1,365,389)
261,486	-	261,486
(680,648)	-	(680,648)
(197)	-	(197)
(3,398,447)	-	(3,398,447)
-	(98,015)	(98,015)
-	(18,524)	(18,524)
-	(116,539)	(116,539)
(3,398,447)	(116,539)	(3,514,986)
2,492,529	-	2,492,529
871,060	-	871,060
236,334	-	236,334
551,059	-	551,059
69,824	-	69,824
8,706	310	9,016
121,641	-	121,641
4,351,153	310	4,351,463
952,706	(116,229)	836,477
10,552,157	(221,034)	10,331,123
\$ 11,504,863	\$ (337,263)	\$ 11,167,600

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<u>General</u>	<u>Federal STIP</u>	<u>Proposition A - Parks</u>
<b>Assets:</b>			
Cash and investments	\$ 1,273,339	\$ -	\$ -
Accounts receivable	903,747	123,790	-
Due from other funds	1,262,708	-	-
Inventories	10,406	-	-
Total assets	<u>\$ 3,450,200</u>	<u>\$ 123,790</u>	<u>\$ -</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 497,412	\$ 11,785	\$ 54
Due to other funds	-	176,234	368,429
Deposits payable	152,224	-	-
Deferred revenue	-	-	-
Total liabilities	<u>649,636</u>	<u>188,019</u>	<u>368,483</u>
<b>Fund balances (deficit):</b>			
Nonspendable:			
Inventories	10,406	-	-
Restricted for:			
Cleop grant	27,172	-	-
Maintenance of Hawthorne Canyon	10,000	-	-
Transportation	-	-	-
Capital projects	-	-	-
Assigned to:			
Equipment	100,000	-	-
Capital asset replacement	327,890	-	-
Capital projects	173,333	-	-
Insurance claims	50,000	-	-
Unassigned	2,101,763	(64,229)	(368,483)
Total fund balances (deficit)	<u>2,800,564</u>	<u>(64,229)</u>	<u>(368,483)</u>
Total liabilities and fund balance	<u>\$ 3,450,200</u>	<u>\$ 123,790</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements.

<u>Quimby Fees</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 617,688	\$ 790,136	\$ 2,681,163
417	88,832	1,116,786
-	-	1,262,708
-	-	10,406
<u>\$ 618,105</u>	<u>\$ 878,968</u>	<u>\$ 5,071,063</u>
\$ 4,125	\$ 70,959	\$ 584,335
-	228,533	773,196
-	-	152,224
-	2,500	2,500
<u>4,125</u>	<u>301,992</u>	<u>1,512,255</u>
-	-	10,406
-	-	27,172
-	-	10,000
613,980	348,569	962,549
-	97,901	97,901
-	-	100,000
-	-	327,890
-	-	173,333
-	-	50,000
-	130,506	1,799,557
<u>613,980</u>	<u>576,976</u>	<u>3,558,808</u>
<u>\$ 618,105</u>	<u>\$ 878,968</u>	<u>\$ 5,071,063</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2012**

Total fund balances, governmental funds	\$ 3,558,808
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	8,353,841
Long-term liabilities, such as compensated absences, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(407,786)</u>
Net assets of governmental activities	<u>\$ 11,504,863</u>

See Accompanying Notes to Financial Statements.



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**CITY OF ROLLING HILLS ESTATES**  
**Statement of Revenues, Expenditures and Change in Fund Balances**  
**Year Ended June 30, 2012**

	<u>General</u>	<u>Federal STIP</u>	<u>Proposition A - Parks</u>
<b>Revenues:</b>			
Sales and use taxes	\$ 871,060	\$ -	\$ -
Business license taxes	236,334	-	-
Property taxes	2,492,529	-	-
Other taxes	620,883	-	-
Licenses and permits	1,345,463	-	-
Fines and forfeitures	71,657	-	-
Use of money and property	22,352	-	-
Charges for services	294,792	-	-
Revenues from other agencies	372,278	231,064	17,453
Other revenues	39,642	-	-
Total revenues	<u>6,366,990</u>	<u>231,064</u>	<u>17,453</u>
<b>Expenditures:</b>			
Current:			
General government	2,814,832	-	-
Public safety	1,533,663	-	-
Public works	235,675	-	-
Community services	1,142,035	-	17,453
Public health	16,568	-	-
Capital outlay	223,701	268,921	65,567
Total expenditures	<u>5,966,474</u>	<u>268,921</u>	<u>83,020</u>
Excess (deficiency of revenues over expenditures)	<u>400,516</u>	<u>(37,857)</u>	<u>(65,567)</u>
<b>Other financing sources:</b>			
Transfers in	7,079	-	-
Transfers out	-	-	-
Donations	-	-	-
Total other financing sources (uses)	<u>7,079</u>	<u>-</u>	<u>-</u>
Net change in fund balances	407,595	(37,857)	(65,567)
Fund balances (deficit), beginning	<u>2,392,970</u>	<u>(26,372)</u>	<u>(302,915)</u>
Fund balances (deficit), ending	<u>\$ 2,800,565</u>	<u>\$ (64,229)</u>	<u>\$ (368,482)</u>

Net change in fund balances

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay  
Depreciation expense

Some 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.

Change in net assets of governmental activities

See Accompanying Notes to Financial Statements.

<u>Quimby Fees</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ -	\$ -	\$ 871,060
-	-	236,334
-	-	2,492,529
-	-	620,883
-	-	1,345,463
-	51,642	123,299
1,966	2,023	26,341
-	41,545	336,337
47,540	711,002	1,379,337
-	-	39,642
49,506	806,212	7,471,225
-	6,685	2,821,517
-	55,304	1,588,967
-	310,322	545,997
-	29,138	1,188,626
-	-	16,568
92,605	319,987	970,781
92,605	721,436	7,132,456
(43,099)	84,776	338,769
-	6,316	13,395
-	(13,395)	(13,395)
-	100,000	100,000
-	92,921	100,000
(43,099)	177,697	438,769
657,079	399,279	3,120,041
\$ 613,980	\$ 576,976	\$ 3,558,810
		\$ 438,769
		809,394
		(279,201)
		(16,254)
		\$ 952,708

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Equestrian Operations</u>	<u>Nonmajor Tennis Operations</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ -	\$ 94,545	\$ 94,545
Accounts receivable	9,588	7,333	16,921
	<u>9,588</u>	<u>101,878</u>	<u>111,466</u>
Total current assets	9,588	101,878	111,466
Capital assets			
being depreciated, net	33,123	9,218	42,341
	<u>33,123</u>	<u>9,218</u>	<u>42,341</u>
Total assets	<u>42,711</u>	<u>111,096</u>	<u>153,807</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	1,558	1,558
Due to other funds	489,512	-	489,512
	<u>489,512</u>	<u>-</u>	<u>489,512</u>
Total liabilities	<u>489,512</u>	<u>1,558</u>	<u>491,070</u>
<b>Net assets (deficit):</b>			
Invested in capital assets	33,123	9,218	42,341
Unrestricted	(479,924)	100,320	(379,604)
	<u>(446,801)</u>	<u>109,538</u>	<u>(337,263)</u>
Total net assets (deficit)	<u>\$ (446,801)</u>	<u>\$ 109,538</u>	<u>\$ (337,263)</u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2012**

	<u>Equestrian Operations</u>	<u>Nonmajor Tennis Operations</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 333,106	\$ 60,849	\$ 393,955
<b>Operating expenses:</b>			
Personnel	280,947	53,319	334,266
Administrative	15,417	12,000	27,417
Materials and supplies	133,955	10,994	144,949
Depreciation	802	3,060	3,862
Total operating expenses	<u>431,121</u>	<u>79,373</u>	<u>510,494</u>
Operating loss	(98,015)	(18,524)	(116,539)
<b>Nonoperating revenues:</b>			
Interest income	<u>-</u>	<u>310</u>	<u>310</u>
Change in net assets	(98,015)	(18,214)	(116,229)
Total net assets (deficit), beginning	<u>(348,786)</u>	<u>127,752</u>	<u>(221,034)</u>
Total net assets (deficit), ending	<u><u>\$ (446,801)</u></u>	<u><u>\$ 109,538</u></u>	<u><u>\$ (337,263)</u></u>

See Accompanying Notes to Financial Statements.

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2012**

	<u>Equestrian Operations</u>	<u>Nonmajor Tennis Operations</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 303,863	\$ 57,453	\$ 361,316
Cash paid to suppliers of goods and services	(166,939)	(23,210)	(190,149)
Cash paid to employees	<u>(345,638)</u>	<u>(53,319)</u>	<u>(398,957)</u>
Net cash used for operating activities	(208,714)	(19,076)	(227,790)
<b>Cash flows from noncapital financing activities:</b>			
Cash received from other funds	208,714	-	208,714
<b>Cash flows from investing activities:</b>			
Interest on investments	<u>-</u>	<u>310</u>	<u>310</u>
Net decrease in cash and cash equivalents	-	(18,766)	(18,766)
Cash and cash equivalents, beginning	<u>-</u>	<u>113,311</u>	<u>113,311</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 94,545</u>	<u>\$ 94,545</u>

See Accompanying Notes to Financial Statements

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2012**

	<u>Equestrian Operations</u>	<u>Nonmajor Tennis Operations</u>	<u>Total</u>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>			
Operating loss	\$ (98,015)	\$ (18,524)	\$ (116,539)
 Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation expense	802	3,060	3,862
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	18,106	(3,396)	14,710
Decrease in inventory	13,030	-	13,030
(Decrease) in accounts payable and accrued liabilities	(30,597)	(216)	(30,813)
(Decrease) in unearned revenue	(13,600)	-	(13,600)
(Decrease) in deposits	(33,749)	-	(33,749)
(Decrease) in compensated absences	(64,691)	-	(64,691)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
 Net cash used for operating activities	 <u>\$ (208,714)</u>	 <u>\$ (19,076)</u>	 <u>\$ (227,790)</u>

See Accompanying Notes to Financial Statements

**CITY OF ROLLING HILLS ESTATES**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2012**

	<u>Peninsula Parking</u>
<b>Assets:</b>	
Cash and investments	\$           810
<b>Liabilities:</b>	
Accounts payable	\$           810



**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**(a) Reporting Entity**

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

***Peppertree Foundation (the Foundation)***

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

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

***Joint Ventures***

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

The Palos Verdes Peninsula Transit Authority's fiscal year ended on June 30. As of June 30, 2011 (most recent information available), audited financial statements indicated the following:

Total assets	\$ 2,270,922
	<u>                    </u>
Total liabilities	\$ 155,019
	<u>                    </u>
Total equity	\$ 2,115,903
	<u>                    </u>
Charges for services	\$ 382,955
JPA member contributions and other income	248,275
	<u>                    </u>
Total operating revenues	631,230
Total operating expenses	(2,269,835)
Total non-operating revenues	1,664,087
	<u>                    </u>
Net income	\$ 25,482
	<u>                    </u>

Separate financial statements are available at:

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

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

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

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

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

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

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

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

Property taxes, motor vehicle in lieu taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State of California (State) at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirement have been met. Grant funds received before the revenue recognition criteria have been met are reported as deferred revenues.

The City reports the following major governmental funds:

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

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

The Proposition A - Parks Special Revenue Fund is used to account for grant monies received from Los Angeles County for the maintenance and development of parks.

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

The Quimby Fees Special Revenue 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 reports one major proprietary fund:

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

Additionally, the City reports the following fund types:

***Governmental Funds:***

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

***Proprietary Funds:***

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

***Fiduciary Funds:***

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the business-type activities in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

charges between the government's enterprise function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Equestrian Operations Enterprise Fund and the Tennis Operations Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**(d)     *Property Taxes***

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

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

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

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

**1. Cash and Investments**

Investments are reported in the accompanying statement of net assets at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's cash management pool is also considered to be cash equivalents.

**2. Receivables and Payables**

Activity 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The amounts recorded as a receivable due from other governments include amounts collected or provided by Federal, State and County governments and not remitted to the City as of June 30, 2012. The County of Los Angeles assesses, bills, and collects taxes for the City.

**3. Inventories**

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

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As a phase 3 government under GASB Statement 34, the City has elected to report only major general infrastructure assets acquired subsequent to June 30, 2003. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

not capitalized. The City utilizes a capitalization threshold of \$5,000.

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

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

**5. *Compensated Absences***

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

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

**6. *Fund Equity***

Fund balance for governmental funds is classified as follows:

- Nonspendable – includes amounts that are (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority,

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

- Assigned – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or Administrative Service Director.
- Unassigned – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

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

*General Fund reserve requirements* - Appropriation for contingencies are maintained at approximately two months of operating expenditures. Unassigned fund balance is eligible for use at the discretion of the City Council at a time of an unforeseen fiscal crisis. Such determinations are made by the City Council on a case-by-case basis. The unassigned fund balance of the General Fund must not be less than \$1.2 million at any time. At June 30, 2012, \$200,000 of unassigned fund balance has been identified for PERS rate stabilization, which is for any unforeseen change in the City's PERS rates.



**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

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

**(a) Budgetary Data**

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

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

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

**(b) Excess of Expenditures over Appropriations**

The following individual funds exceeded the expenditures budget:

<u>Fund</u>	<u>Amounts Over Budget</u>
General Fund- General government	\$ 88,138
General Fund- Community services	31,820
General Fund- Public health	16,568
Federal STIP	12,921
Special revenue funds:	
Local Transportation- Capital outlay	500
Traffic Safety - Public safety	9,131
Transit Improvement Tax - Public works	248
State Park Grant - Capital outlay	54,296
PEG Fees - Capital outlay	3,074
Peppertree Foundation - Capital outlay	177
State Gas Tax - Public works	42,926
ARRA EECBG - Capital outlay	43,662

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**(c) Deficit Fund Equity**

The following funds have an accumulated deficit at June 30, 2012:

Proprietary:	
Equestrian Operations	\$ 446,801
Special Revenue:	
Federal STIP	64,229
Proposition A Parks	368,483
Traffic Safety	17,514
Peppertree Foundation	21,385
Proposition 40 Parks Grant	53,442
State SR2S	13,076
ARRA EECBG	12,121
Prop A 4th District	39,117

These deficits will be funded with future grant revenues or transfers from other funds.

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

**(a) Cash and Investments**

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

<b>Statement of net assets:</b>	
Cash and investments	\$ 2,775,708
<b>Fiduciary funds:</b>	
Cash and investments	810
	<u>2,776,518</u>
	<u><u>\$ 2,776,518</u></u>

Cash and investments were comprised of the following as of June 30, 2012:

Cash on hand	\$ 685
Deposits with financial institution	1,046,648
Investments	1,729,185
	<u>1,729,185</u>
Total cash and investments	<u><u>\$ 2,776,518</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

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

The City of Rolling Hills Estates' Statement of Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and the investment types authorized are more restrictive than the investment vehicles authorized by Section 53601 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

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

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

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

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

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

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

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

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:

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

<b>Investment Types</b>	<b>Remaining Maturity (in Months)</b>
	<b>12 Months Or Less</b>
LAIF	\$ 1,527,240
Negotiable certificates of deposit	201,945
Total	<u>\$ 1,729,185</u>

***Disclosures Relating to Credit Risk***

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

<b>Investment Type</b>	<b>Total Investment</b>	<b>Minimum Legal Rating</b>	<b>Not Rated</b>
LAIF	\$ 1,527,240	N/A	\$ 1,527,240
Negotiable certificates of deposit	<u>201,945</u>	N/A	<u>201,945</u>
Total	<u>\$ 1,729,185</u>		<u>\$ 1,729,185</u>

***Concentration of Credit Risk***

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

<b>Issuer</b>	<b>Investment Type</b>	<b>Reported Amount</b>	<b>% of Portfolio</b>
Malaga Bank	Negotiable certificate of deposit	\$ 201,945	11.7%

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

***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 investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

***Investment in State Investment Pool***

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

The total amount invested by all public agencies in LAIF as of June 30, 2012 was \$21.9 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2012 had a balance of \$60.5 billion. Of that amount 3.47% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 270 days as of June 30, 2012. LAIF is unrated as to credit quality.

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**(b) Capital Assets**

A summary of changes in capital asset activity for the City's governmental and business-type activities for the year ended June 30, 2012 is as follows:

<u>Governmental activities</u>	<u>Balance at July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2012</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 3,864,943	\$ -	\$ -	\$ 3,864,943
Construction in progress	-	368,329	-	368,329
Total capital assets, not being depreciated	<u>3,864,943</u>	<u>368,329</u>	<u>-</u>	<u>4,233,272</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,444,516	51,343	-	1,495,859
Facilities and improvements	1,626,512	138,809	-	1,765,321
Vehicles and equipment	852,255	-	-	852,255
Furniture and fixtures	86,064	6,380	-	92,444
Infrastructure	3,221,723	244,533	-	3,466,256
Total capital assets, being depreciated	<u>7,231,070</u>	<u>441,065</u>	<u>-</u>	<u>7,672,135</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(852,141)	(42,236)	-	(894,377)
Facilities and improvements	(1,061,564)	(61,075)	-	(1,122,639)
Vehicles and equipment	(669,884)	(37,060)	-	(706,944)
Furniture and fixtures	(86,063)	(107)	-	(86,170)
Infrastructure	(602,713)	(138,723)	-	(741,436)
Total accumulated depreciation	<u>(3,272,365)</u>	<u>(279,201)</u>	<u>-</u>	<u>(3,551,566)</u>
Total capital assets, being depreciated, net	<u>3,958,705</u>	<u>161,864</u>	<u>-</u>	<u>4,120,569</u>
Governmental activities capital assets, net	<u>\$ 7,823,648</u>	<u>\$ 530,193</u>	<u>\$ -</u>	<u>\$ 8,353,841</u>

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

	<b>Balance at July 1, 2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2012</b>
<b><u>Business-type activities</u></b>				
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	\$ 287,570	\$ -	\$ -	\$ 287,570
Facilities and improvements	237,951	-	-	237,951
Vehicles and equipment	41,055	-	-	41,055
Furniture and fixtures	21,033	-	-	21,033
Total capital assets, being depreciated	587,609	-	-	587,609
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	(247,702)	(1,462)	-	(249,164)
Facilities and improvements	(231,616)	(2,400)	-	(234,016)
Vehicles and equipment	(41,055)	-	-	(41,055)
Furniture and fixtures	(21,033)	-	-	(21,033)
Total accumulated depreciation	(541,406)	(3,862)	-	(545,268)
Business-type activities capital assets, net	\$ 46,203	\$ (3,862)	\$ -	\$ 42,341

Depreciation expense of \$283,063 was charged to the following functions:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General government	\$ 43,604	\$ -
Community services	96,875	-
Public works	138,722	-
Equestrian operations	-	802
Tennis operations	-	3,060
Total	\$ 279,201	\$ 3,862

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**(c) Interfund Receivable and Payable**

Due to/from other funds:

<b>Due to other funds</b>	<b>Due from other funds</b>
	<b>General Fund</b>
Federal STIP	\$ 176,234
Proposition A- Parks Special Revenue Fund	368,429
Nonmajor Governmental Funds	228,533
Equestrian Operations Enterprise Fund	489,512
	\$ 1,262,708

These 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.

**(d) Interfund Transfers**

<b>Transfer Out</b>	<b>Transfer In</b>	
	<b>General Fund</b>	<b>Federal ARRA Special Revenue Fund</b>
Traffic Signal Grant Special Revenue Fund	\$ 7,079	\$
Local Transportation Special Revenue Fund		6,316

The amount of \$7,079 represents reimbursement from the Traffic Signal Grant Special Revenue Fund to the General Fund for the street resurfacing project.

The Federal ARRA Special Revenue Fund received \$6,316 from the Local Transportation Special Revenue Fund to close out the fund due to completion of projects.

**(e) Long-Term Liabilities**

**Governmental Activities:**

**Compensated Absences Payable**

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

\$ 407,786



**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

Summary of Changes in Long-term Liabilities for Governmental Activities:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>	<u>Due within one year</u>
Compensated Absences Payable	\$ 391,532	\$ 31,983	\$ (15,729)	\$ 407,786	\$ 40,779

*Business-type Activities:*

*Compensated Absences Payable*

Summary of Changes in Long-term Liabilities for Business-type Activities:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2012</u>	<u>Due within one year</u>
Compensated Absences Payable	\$ 64,691	\$ -	\$ (64,691)	\$ -	\$ -

**(4) OTHER INFORMATION**

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

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

The City of Rolling Hills Estates is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 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.

*2. Self-Insurance Programs of the Authority*

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

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

Liability – In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

Workers' Compensation – The City of Rolling Hills Estates also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**3. *Purchased Insurance***

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

Property Insurance – The City of Rolling Hills Estates participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Rolling Hills Estates property is currently insured according to a schedule of covered property submitted by the City of Rolling Hills Estates to the Authority. City of Rolling Hills Estates property currently has all-risk property insurance protection in the amount of \$5,356,629. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance – The City of Rolling Hills Estates purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Rolling Hills Estates property currently has earthquake protection in the amount of \$5,182,125. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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

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

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**4. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

**(b) City Employees Retirement Plans**

**1. Defined Benefit Pension Plan**

Plan Description: The City of Rolling Hills Estates contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, CA 95814.

Funding Policy: Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 20.50% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pensions Cost: For 2012, the City's annual pension cost of \$380,203 for PERS was equal to the City's required and actual contributions.

**Three-Year Trend Information for PERS**

<b>Schedule of Employer Contributions (\$ Amount in Thousands)</b>			
<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/10	\$ 401	100%	\$ -
6/30/11	391	100%	-
6/30/12	380	100%	-

**CITY OF ROLLING HILLS ESTATES**  
**Notes to Financial Statements (Continued)**  
**June 30, 2012**

**2. *Defined Contribution Retirement System***

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Benefit provisions and all other requirements are established by state statute and city ordinance.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The City of Rolling Hills Estates has adopted this tax qualified governmental defined contribution plan for the benefit of its eligible employees (full-time employee) to provide supplemental retirement benefits to eligible employees in addition to the benefits employees will receive from the Public Employees' Retirement System (Note (4)(b)1).

The City contributes a percentage of gross earnings based on the number of years of service.

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

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

**(c) *Subsequent Event***

In August 2012, the City issued \$1,807,000 of 2012 Taxable Pension Obligation Bonds to refinance the outstanding "side fund" obligations to the CalPERS retirement system. The bonds will mature on June 30, 2021, at an interest rate of 3.62% per year

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF ROLLING HILLS ESTATES**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Sales and use taxes	\$ 949,903	\$ 898,723	\$ 871,060	\$ (27,663)
Business license taxes	240,000	240,000	236,334	(3,666)
Property taxes	2,662,923	2,662,923	2,492,529	(170,394)
Other taxes	548,000	515,000	620,883	105,883
Licenses and permits	897,000	1,307,000	1,345,463	38,463
Fines and forfeitures	69,000	69,000	71,657	2,657
Use of money and property	45,000	24,000	22,352	(1,648)
Charges for services	271,000	271,000	294,792	23,792
Revenues from other agencies	198,341	701,807	372,278	(329,529)
Other revenues	70,000	103,421	39,642	(63,779)
	<u>5,951,167</u>	<u>6,792,874</u>	<u>6,366,990</u>	<u>(425,884)</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
Current:				
General government	2,901,360	2,726,694	2,814,832	(88,138)
Public safety	1,573,297	1,566,297	1,533,663	32,634
Public works	241,075	241,075	235,675	5,400
Community services	1,077,215	1,110,215	1,142,035	(31,820)
Public health	-	-	16,568	(16,568)
Capital outlay	350,000	279,000	223,701	55,299
	<u>6,142,947</u>	<u>5,923,281</u>	<u>5,966,474</u>	<u>(43,193)</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over expenditures	(191,780)	869,593	400,516	(382,691)
<b>Other financing sources:</b>				
Transfers in	-	-	7,079	7,079
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(191,780)	869,593	407,595	(469,077)
Fund balance, beginning	<u>2,392,970</u>	<u>2,392,970</u>	<u>2,392,970</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,201,190</u>	<u>\$ 3,262,563</u>	<u>\$ 2,800,565</u>	<u>\$ (469,077)</u>

See Accompanying Note to Required Supplementary Information.

**CITY OF ROLLING HILLS ESTATES**  
**Federal STIP Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Revenue from other agencies	\$ 256,000	\$ 256,000	\$ 231,064	\$ (24,936)
<b>Expenditures:</b>				
Capital outlay	<u>256,000</u>	<u>256,000</u>	<u>268,921</u>	<u>(12,921)</u>
Net change in fund balance	-	-	(37,857)	(12,015)
Fund balance (deficit), beginning	<u>(26,372)</u>	<u>(26,372)</u>	<u>(26,372)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (26,372)</u></u>	<u><u>\$ (26,372)</u></u>	<u><u>\$ (64,229)</u></u>	<u><u>\$ (12,015)</u></u>

See Accompanying Note to Required Supplementary Information.

**CITY OF ROLLING HILLS ESTATES**  
**Proposition A - Parks Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Revenues from other agencies	\$ 969,000	\$ 969,000	\$ 17,453	\$ (951,547)
<b>Expenditures:</b>				
Current:				
Community services	19,000	19,000	17,453	1,547
Capital outlay	655,000	655,000	65,567	589,433
Total expenditures	674,000	674,000	83,020	590,980
Net change in fund balance	295,000	295,000	(65,567)	(360,567)
Fund balance (deficit), beginning	(302,915)	(302,915)	(302,915)	-
Fund balance (deficit), ending	<u>\$ (7,915)</u>	<u>\$ (7,915)</u>	<u>\$ (368,482)</u>	<u>\$ (360,567)</u>

See Accompanying Notes to Require Supplementary Information.

**CITY OF ROLLING HILLS ESTATES**  
**Quimby Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,966	\$ 966
Revenues from other agencies	<u>342,500</u>	<u>47,540</u>	<u>47,540</u>	<u>-</u>
Total revenues	343,500	48,540	49,506	966
<b>Expenditures:</b>				
Capital outlay	<u>235,750</u>	<u>236,750</u>	<u>92,605</u>	<u>144,145</u>
Net change in fund balance	107,750	(188,210)	(43,099)	(143,179)
Fund balance, beginning	<u>657,079</u>	<u>657,079</u>	<u>657,079</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,344,079</u>	<u>\$ 754,159</u>	<u>\$ 613,980</u>	<u>\$ 1,932</u>

See Accompanying Notes to Required Supplementary Information.

**CITY OF ROLLING HILLS ESTATES**  
**Note to Required Supplementary Information**  
**June 30, 2012**

**(1) Budgetary Data**

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

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

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

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**SUPPLEMENTARY INFORMATION**

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## DESCRIPTION OF NONMAJOR FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative regulation for specified purposes. Special Revenue Funds include the following:

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

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

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

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

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.

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

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

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

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

Traffic Signal Fund - To account for grant monies received for the upgrade of traffic signals city-wide that included the installation of UPS (Uninterruptible Power Source) units and energy efficient LED modules.

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

State Gas Tax Fund - To account for State gasoline taxes received by the City. Revenue received is used for street maintenance, construction, and/or right of way acquisition.

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

Federal ARRA Fund - To account for grant monies received from the American Recovery and Reinvestments Act (ARRA) for the street name sign, traffic signal modification and street resurfacing projects.

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

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

Chandler Equestrian Fund - To account for donations received from developers and advances from the City's Quimby Fees for future park and equestrian improvements within the City.

### **AGENCY FUND**

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

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

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**CITY OF ROLLING HILLS ESTATES**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	<b>Local Transportation</b>	<b>Traffic Safety</b>	<b>Transit Improvement Tax</b>	<b>Proposition C</b>	<b>Air Quality Improvement</b>
<b>Assets:</b>					
Cash and investments	\$ 12,525	\$ -	\$ 58,572	\$ 283,928	\$ 21,103
Accounts receivable	3	3,515	33	186	2,520
Due from other funds	-	-	-	-	-
	-	-	-	-	-
Total assets	\$ 12,528	\$ 3,515	\$ 58,605	\$ 284,114	\$ 23,623
<b>Liabilities and fund balances (deficits):</b>					
Accounts payable and accrued liabilities	\$ 10,500	\$ 448	\$ 687	\$ 19,114	\$ -
Due to other funds	-	20,581	-	-	-
Deferred Revenue	-	-	-	-	-
	-	-	-	-	-
Total liabilities	10,500	21,029	687	19,114	-
Fund balances (deficits):					
Restricted for:					
Transportation	2,028	-	57,918	265,000	23,623
Capital projects	-	-	-	-	-
Unassigned	-	(17,514)	-	-	-
	-	(17,514)	-	-	-
Total fund balances (deficits)	2,028	(17,514)	57,918	265,000	23,623
Total liabilities and fund balances (deficits)	\$ 12,528	\$ 3,515	\$ 58,605	\$ 284,114	\$ 23,623

(Continued)

<u>State Park Grant</u>	<u>PEG Fees</u>	<u>Peppertree Foundation</u>	<u>Proposition 40 Parks Grant</u>	<u>Traffic Signal</u>	<u>Measure R</u>	<u>State Gas Tax</u>	<u>State SR2S</u>
\$ 62,030	\$ 29,209	\$ -	\$ -	\$ -	\$ 69,293	\$ 153,249	\$ -
40	6,622	-	-	-	40	1,449	-
-	-	-	-	-	-	-	-
<u>\$ 62,070</u>	<u>\$ 35,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,333</u>	<u>\$ 154,698</u>	<u>\$ -</u>
\$ -	\$ -	\$ 103	\$ -	\$ -	\$ 7,620	\$ 29,541	\$ 2,946
-	-	18,782	53,442	-	-	-	10,130
-	-	2,500	-	-	-	-	-
-	-	21,385	53,442	-	7,620	29,541	13,076
-	-	-	-	-	-	-	-
62,070	35,831	-	-	-	-	-	-
-	-	(21,385)	(53,442)	-	61,713	125,157	(13,076)
62,070	35,831	(21,385)	(53,442)	-	61,713	125,157	(13,076)
<u>\$ 62,070</u>	<u>\$ 35,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,333</u>	<u>\$ 154,698</u>	<u>\$ -</u>

(Continued)

**CITY OF ROLLING HILLS ESTATES**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	<u>Federal ARRA</u>	<u>ARRA EECBG</u>	<u>Prop A 4th District</u>	<u>Chandler Equestrian</u>	<u>Total Nonmajor Governmental</u>
<b>Assets:</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ 100,227	\$ 790,136
Accounts receivable	-	43,580	30,780	64	88,832
Due from other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 43,580</u>	<u>\$ 30,780</u>	<u>\$ 100,291</u>	<u>\$ 878,968</u>
<b>Liabilities and fund balances (deficits):</b>					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 70,959
Due to other funds	-	55,701	69,897	-	228,533
Deferred Revenue	-	-	-	-	2,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Total liabilities	<u>-</u>	<u>55,701</u>	<u>69,897</u>	<u>-</u>	<u>301,992</u>
<b>Fund balances (deficits):</b>					
Restricted for:					
Transportation	-	-	-	-	348,569
Capital projects	-	-	-	-	97,901
Unassigned	<u>-</u>	<u>(12,121)</u>	<u>(39,117)</u>	<u>100,291</u>	<u>130,506</u>
Total fund balances (deficits)	<u>-</u>	<u>(12,121)</u>	<u>(39,117)</u>	<u>100,291</u>	<u>576,976</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ 43,580</u>	<u>\$ 30,780</u>	<u>\$ 100,291</u>	<u>\$ 878,968</u>

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**CITY OF ROLLING HILLS ESTATES**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2012**

	<u>Local Transportation</u>	<u>Traffic Safety</u>	<u>Transit Improvement Tax</u>	<u>Proposition C</u>	<u>Air Quality Improvement</u>
<b>Revenues:</b>					
Fines and forfeitures	\$ -	\$ 51,642	\$ -	\$ -	\$ -
Use of money and property	30	-	149	816	47
Charges for services	-	-	-	-	-
Revenues from other agencies	7,320	-	119,198	99,097	10,151
Total revenues	<u>7,350</u>	<u>51,642</u>	<u>119,347</u>	<u>99,913</u>	<u>10,198</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	6,685
Public safety	-	55,304	-	-	-
Public works	-	-	133,396	-	-
Community services	-	-	-	-	-
Capital outlay	10,500	-	-	79,928	-
Total expenditures	<u>10,500</u>	<u>55,304</u>	<u>133,396</u>	<u>79,928</u>	<u>6,685</u>
Excess (deficiency) of revenues over expenditures	(3,150)	(3,662)	(14,049)	19,985	3,513
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	-
Transfers out	(6,316)	-	-	-	-
Donations	-	-	-	-	-
Total other financing sources (uses)	<u>(6,316)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,466)	(3,662)	(14,049)	19,985	3,513
Fund balances (deficits), beginning	<u>11,494</u>	<u>(13,852)</u>	<u>71,967</u>	<u>245,015</u>	<u>20,110</u>
Fund balances (deficits), ending	<u>\$ 2,028</u>	<u>\$ (17,514)</u>	<u>\$ 57,918</u>	<u>\$ 265,000</u>	<u>\$ 23,623</u>

(Continued)



State Park Grant	PEG Fees	Peppertree Foundation	Proposition 40 Parks Grant	Traffic Signal	Measure R	State Gas Tax	State SR2S
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
154	58	-	-	20	98	360	-
-	-	41,545	-	-	-	-	-
54,296	26,018	-	-	-	73,674	226,070	20,818
54,450	26,076	41,545	-	20	73,772	226,430	20,818
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	176,926	-
-	-	29,138	-	-	-	-	-
54,296	3,074	5,077	-	-	7,620	-	33,894
54,296	3,074	34,215	-	-	7,620	176,926	33,894
154	23,002	7,330	-	20	66,152	49,504	(13,076)
-	-	-	-	-	-	-	-
-	-	-	-	(7,079)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(7,079)	-	-	-
154	23,002	7,330	-	(7,059)	66,152	49,504	(13,076)
61,916	12,829	(28,715)	(53,442)	7,059	(4,439)	75,653	-
\$ 62,070	\$ 35,831	\$ (21,385)	\$ (53,442)	\$ -	\$ 61,713	\$ 125,157	\$ (13,076)

(Continued)

**CITY OF ROLLING HILLS ESTATES**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2012**

	Federal ARRA	ARRA EECBG	Prop A 4th District	Chandler Equestrian	Total Nonmajor Governmental
<b>Revenues:</b>					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 51,642
Use of money and property	-	-	-	291	2,023
Charges for services	-	-	-	-	41,545
Revenues from other agencies	-	43,580	30,780	-	711,002
Total revenues	-	43,580	30,780	291	806,212
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	6,685
Public safety	-	-	-	-	55,304
Public works	-	-	-	-	310,322
Community services	-	-	-	-	29,138
Capital outlay	-	55,701	69,897	-	319,987
Total expenditures	-	55,701	69,897	-	721,436
Excess (deficiency) of revenues over expenditures	-	(12,121)	(39,117)	291	84,776
<b>Other financing sources:</b>					
Transfers in	6,316	-	-	-	6,316
Transfers out	-	-	-	-	(13,395)
Donations	-	-	-	100,000	100,000
Total other financing sources (uses)	6,316	-	-	100,000	92,921
Net change in fund balances	6,316	(12,121)	(39,117)	100,291	177,697
Fund balances (deficits), beginning	(6,316)	-	-	-	399,279
Fund balances (deficits), ending	\$ -	\$ (12,121)	\$ (39,117)	\$ 100,291	\$ 576,976

**CITY OF ROLLING HILLS ESTATES**  
**Local Transportation Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ 1	\$ 30	\$ 29
Revenues from other agencies	<u>5,000</u>	<u>7,320</u>	<u>2,320</u>
 Total revenues	 5,001	 7,350	 2,349
<b>Expenditures:</b>			
Capital outlay	<u>10,000</u>	<u>10,500</u>	<u>(500)</u>
 Excess (deficiency) of revenues over expenditures	 (4,999)	 (3,150)	 2,849
<b>Other Financing Uses:</b>			
Transfers out	<u>-</u>	<u>(6,316)</u>	<u>(6,316)</u>
 Net change in fund balance	 (4,999)	 (9,466)	 (3,467)
Fund balance, beginning	<u>11,494</u>	<u>11,494</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 6,495</u></u>	<u><u>\$ 2,028</u></u>	<u><u>\$ (3,467)</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Traffic Safety Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Fines and forfeitures	\$ 42,000	\$ 51,642	\$ 9,642
Use of money and property	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	42,200	51,642	9,442
<b>Expenditures:</b>			
Current:			
Public safety	<u>46,173</u>	<u>55,304</u>	<u>(9,131)</u>
Net change in fund balance	(3,973)	(3,662)	311
Fund balance (deficit), beginning	<u>(13,852)</u>	<u>(13,852)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (17,825)</u></u>	<u><u>\$ (17,514)</u></u>	<u><u>\$ 311</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Transit Improvement Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ 400	\$ 149	\$ (251)
Revenues from other agencies	<u>127,000</u>	<u>119,198</u>	<u>(7,802)</u>
Total revenues	127,400	119,347	(8,053)
<b>Expenditures:</b>			
Current:			
Public works	<u>133,148</u>	<u>133,396</u>	<u>(248)</u>
Net change in fund balance	(5,748)	(14,049)	(8,301)
Fund balance, beginning	<u>71,967</u>	<u>71,967</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 66,219</u></u>	<u><u>\$ 57,918</u></u>	<u><u>\$ (8,301)</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Proposition C Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Use of money and property	\$ 750	\$ 816	\$ 66
Revenues from other agencies	108,000	99,097	(8,903)
Total revenues	108,750	99,913	(8,837)
<b>Expenditures:</b>			
Capital outlay	105,000	79,928	25,072
Net change in fund balance	3,750	19,985	16,235
Fund balance, beginning	245,015	245,015	-
Fund balance, ending	<u>\$ 248,765</u>	<u>\$ 265,000</u>	<u>\$ 16,235</u>

**CITY OF ROLLING HILLS ESTATES**  
**Air Quality Improvement Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ 800	\$ 47	\$ (753)
Revenues from other agencies	<u>9,100</u>	<u>10,151</u>	<u>1,051</u>
Total revenues	9,900	10,198	298
<b>Expenditures:</b>			
Current:			
General government	<u>7,435</u>	<u>6,685</u>	<u>750</u>
Net change in fund balance	2,465	3,513	1,048
Fund balance, beginning	<u>20,110</u>	<u>20,110</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 22,575</u></u>	<u><u>\$ 23,623</u></u>	<u><u>\$ 1,048</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**State Park Grant Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 154	\$ 154
Revenues from other agencies	<u>54,296</u>	<u>54,296</u>	<u>-</u>
Total revenues	54,296	54,450	154
<b>Expenditures:</b>			
Capital outlay	<u>-</u>	<u>54,296</u>	<u>(54,296)</u>
Net change in fund balance	54,296	154	154
Fund balance, beginning	<u>61,916</u>	<u>61,916</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 116,212</u></u>	<u><u>\$ 62,070</u></u>	<u><u>\$ 154</u></u>



**CITY OF ROLLING HILLS ESTATES**  
**PEG Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ 100	\$ 58	\$ (42)
Revenues from other agencies	<u>24,000</u>	<u>26,018</u>	<u>2,018</u>
Total revenues	24,100	26,076	1,976
<b>Expenditures:</b>			
Capital outlay	<u>-</u>	<u>3,074</u>	<u>(3,074)</u>
Net change in fund balance	24,000	23,002	1,976
Fund balance, beginning	<u>12,829</u>	<u>12,829</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 36,829</u></u>	<u><u>\$ 35,831</u></u>	<u><u>\$ 1,976</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Peppertree Foundation Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Charges for services	\$ 44,000	\$ 41,545	\$ (2,455)
<b>Expenditures:</b>			
Current:			
Community services	37,950	29,138	8,812
Capital outlay	<u>4,900</u>	<u>5,077</u>	<u>(177)</u>
Total expenditures	<u>42,850</u>	<u>34,215</u>	<u>8,635</u>
Net change in fund balance	1,150	7,330	6,180
Fund balance (deficit), beginning	<u>(28,715)</u>	<u>(28,715)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (27,565)</u>	<u>\$ (21,385)</u>	<u>\$ 6,180</u>

**CITY OF ROLLING HILLS ESTATES**  
**Proposition 40 - Parks Grant Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Revenue from other agencies	\$ -	\$ -	\$ -
 <b>Expenditures:</b>			
Capital outlay	-	-	-
Net change in fund balance	-	-	-
Fund balance (deficit), beginning	(53,442)	(53,442)	-
Fund balance (deficit), ending	\$ (53,442)	\$ (53,442)	\$ -

**CITY OF ROLLING HILLS ESTATES**  
**Traffic Signal Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$       20	\$       20	\$       -
<b>Other Financing Uses:</b>			
Transfers out	<u>          -</u>	<u>(7,079)</u>	<u>(7,079)</u>
Net change in fund balance	20	(7,059)	(7,079)
Fund balance, beginning	<u>7,059</u>	<u>7,059</u>	<u>          -</u>
Fund balance, ending	<u><u>\$     7,079</u></u>	<u><u>\$           -</u></u>	<u><u>\$    (7,079)</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Measure R Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Use of money and property	\$ 175	\$ 98	\$ (77)
Revenues from other agencies	<u>80,000</u>	<u>73,674</u>	<u>(6,326)</u>
Total revenues	80,175	73,772	(6,403)
<b>Expenditures:</b>			
Capital outlay	<u>80,000</u>	<u>7,620</u>	<u>72,380</u>
Net change in fund balance	175	66,152	65,977
Fund balance (deficit), beginning	<u>(4,439)</u>	<u>(4,439)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (4,264)</u></u>	<u><u>\$ 61,713</u></u>	<u><u>\$ 65,977</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**State Gas Tax Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Use of money and property	\$ 150	\$ 360	\$ 210
Revenues from other agencies	210,200	226,070	15,870
Total revenues	210,350	226,430	16,080
<b>Expenditures:</b>			
Current:			
Public works	134,000	176,926	(42,926)
Net change in fund balance	76,350	49,504	(26,846)
Fund balance, beginning	75,653	75,653	-
Fund balance, ending	\$ 152,003	\$ 125,157	\$ (26,846)

**CITY OF ROLLING HILLS ESTATES**  
**State SR2S Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Revenue from other agencies	\$ 496,980	\$ 20,818	\$ (476,162)
<b>Expenditures:</b>			
Capital outlay	57,600	33,894	23,706
Net change in fund balance	439,380	(13,076)	(499,868)
Fund balance, beginning	-	-	-
Fund balance (deficit), ending	\$ 439,380	\$ (13,076)	\$ (499,868)

**CITY OF ROLLING HILLS ESTATES**  
**Federal ARRA Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ -	\$ -	\$ -
<b>Other Financing Uses:</b>			
Transfers in	<u>6,316</u>	<u>6,316</u>	<u>-</u>
Net change in fund balance	(6,316)	6,316	-
Fund balance (deficit), beginning	<u>(6,316)</u>	<u>(6,316)</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ (12,632)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF ROLLING HILLS ESTATES**  
**ARRA EECBG Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ 12,039	\$ 43,580	\$ 31,541
<b>Expenditures:</b>			
Capital outlay	<u>12,039</u>	<u>55,701</u>	<u>(43,662)</u>
Net change in fund balance	-	(12,121)	(12,121)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ -</u>	<u>\$ (12,121)</u>	<u>\$ (12,121)</u>

**CITY OF ROLLING HILLS ESTATES**  
**Prop A 4th District Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<u>Final Budget Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Revenues from other agencies	\$ 75,000	\$ 30,780	\$ (44,220)
<b>Expenditures:</b>			
Capital outlay	<u>75,000</u>	<u>69,897</u>	<u>5,103</u>
Net change in fund balance	-	(39,117)	(39,117)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u><u>\$ -</u></u>	<u><u>\$ (39,117)</u></u>	<u><u>\$ (39,117)</u></u>

**CITY OF ROLLING HILLS ESTATES**  
**Chandler Equestrian Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended June 30, 2012**

	<b>Final Budget Amounts</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 291	\$ 291
<b>Other Financing Uses:</b>			
Donations	100,000	100,000	-
Net change in fund balance	100,000	100,291	291
Fund balance, beginning	-	-	-
Fund balance, ending	\$ 100,000	\$ 100,291	\$ 291

**CITY OF ROLLING HILLS ESTATES**  
**State of Changes in Assets and Liabilities**  
**Agency Fund**  
**Year Ended June 30, 2012**

<u>Peninsula Parking</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Assets:</b>				
Cash and investments	\$ 2,318	\$ 27,716	\$ 29,224	\$ 810
<b>Liabilities:</b>				
Accounts payable	\$ 2,318	\$ 27,716	\$ 29,224	\$ 810

## **STATISTICAL INFORMATION**

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**CITY OF ROLLING HILLS ESTATES  
Comprehensive Annual Financial Report  
Year Ended June 30, 2012**

**STATISTICAL SECTION**

This part of the City of Rolling Hills Estates comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

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<b>Revenue Capacity</b>	
<i>These schedules contain trend information to help the reader assess the government’s most significant current local revenue source, the property tax. ....</i>	<i>92</i>
<b>Debt Capacity</b>	
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**CITY OF ROLLING HILLS ESTATES**  
**Net Assets by Component**  
**Last Nine Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental activities:</b>				
Invested in capital assets	\$ 5,251,555	\$ 5,341,886	\$ 5,987,248	\$ 7,494,508
Restricted	179,635	215,475	529,600	144,809
Unrestricted	4,687,641	5,031,669	4,342,205	5,102,324
	<u>10,118,831</u>	<u>10,589,030</u>	<u>10,859,053</u>	<u>12,741,641</u>
Total governmental activities net assets	<u>\$ 10,118,831</u>	<u>\$ 10,589,030</u>	<u>\$ 10,859,053</u>	<u>\$ 12,741,641</u>
<b>Business-type activities:</b>				
Invested in capital assets	\$ 77,958	\$ 70,600	\$ 65,512	\$ 61,650
Unrestricted	172,296	167,105	111,250	60,942
	<u>250,254</u>	<u>237,705</u>	<u>176,762</u>	<u>122,592</u>
Total business-type activities net assets	<u>\$ 250,254</u>	<u>\$ 237,705</u>	<u>\$ 176,762</u>	<u>\$ 122,592</u>
<b>Primary government:</b>				
Invested in capital assets	\$ 5,329,513	\$ 5,412,486	\$ 6,052,760	\$ 7,556,158
Restricted	179,635	215,475	529,600	144,809
Unrestricted	4,859,937	5,198,774	4,453,455	5,163,266
	<u>10,369,085</u>	<u>10,826,735</u>	<u>11,035,815</u>	<u>12,864,233</u>
Total primary government net assets	<u>\$ 10,369,085</u>	<u>\$ 10,826,735</u>	<u>\$ 11,035,815</u>	<u>\$ 12,864,233</u>

*The City of Rolling Hills Estates implemented GASB 34 for the fiscal year ended June 30, 2004. Therefore, the City only shows nine years of data for this schedule.*

Source: City Administrative Services Department.



<b>Fiscal Year</b>				
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 7,507,337	\$ 7,522,061	\$ 7,437,235	\$ 7,823,648	\$ 8,353,841
378,721	533,470	963,108	1,200,294	1,097,622
4,451,803	2,733,165	1,822,165	1,528,215	2,053,400
<u>\$ 12,337,861</u>	<u>\$ 10,788,696</u>	<u>\$ 10,222,508</u>	<u>\$ 10,552,157</u>	<u>\$ 11,504,863</u>
\$ 57,789	\$ 53,927	\$ 50,065	\$ 46,203	\$ 42,341
20,132	(127,910)	(180,723)	(267,237)	(379,604)
<u>\$ 77,921</u>	<u>\$ (73,983)</u>	<u>\$ (130,658)</u>	<u>\$ (221,034)</u>	<u>\$ (337,263)</u>
\$ 7,565,126	\$ 7,575,988	\$ 7,487,300	\$ 7,869,851	\$ 8,396,182
378,721	533,470	963,108	1,200,294	1,097,622
4,471,935	2,605,255	1,641,442	1,260,978	1,673,796
<u>\$ 12,415,782</u>	<u>\$ 10,714,713</u>	<u>\$ 10,091,850</u>	<u>\$ 10,331,123</u>	<u>\$ 11,167,600</u>

**CITY OF ROLLING HILLS ESTATES**

**Changes in Net Assets**

**Last Nine Fiscal Years**

**(Accrual Basis of Accounting)**

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses:</b>				
Governmental activities:				
General government	\$ 2,280,561	\$ 2,254,568	\$ 2,973,724	\$ 3,221,350
Public safety	1,666,584	1,666,787	1,705,592	1,878,066
Public works	493,892	765,218	606,608	711,452
Community services	1,352,068	1,408,536	1,531,124	1,712,418
Public health	31,600	34,968	37,026	44,290
Total governmental activities expenses	<u>5,824,705</u>	<u>6,130,077</u>	<u>6,854,074</u>	<u>7,567,576</u>
Business-type activities:				
Equestrian	596,933	627,980	704,009	716,304
Tennis	62,512	53,302	43,402	48,595
Total business-type activities expenses	<u>659,445</u>	<u>681,282</u>	<u>747,411</u>	<u>764,899</u>
Total primary government expenses	<u>6,484,150</u>	<u>6,811,359</u>	<u>7,601,485</u>	<u>8,332,475</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
General government	809,092	1,063,064	1,187,773	1,683,238
Public safety	117,180	106,084	110,482	107,778
Public works	50,226	110,005	121,529	128,179
Community services	144,718	177,682	118,074	108,927
Operating grants and contributions	594,393	704,988	903,422	851,242
Capital grants and contributions	-	-	-	570,000
Total governmental activities program revenues	<u>1,715,609</u>	<u>2,161,823</u>	<u>2,441,280</u>	<u>3,449,364</u>
Business-type activities:				
Charges for services:				
Equestrian	535,648	619,158	630,146	650,405
Tennis	41,597	44,040	46,354	49,250
Capital grants and contributions	33,244.00	-	-	-
Total business-type activities	<u>610,489</u>	<u>663,198</u>	<u>676,500</u>	<u>699,655</u>
Total primary government program revenues	<u>2,326,098</u>	<u>2,825,021</u>	<u>3,117,780</u>	<u>4,149,019</u>
<b>Net revenues (expenses):</b>				
Governmental activities	(4,109,096)	(3,968,254)	(4,412,794)	(4,118,212)
Business-type activities	(48,956)	(18,084)	(70,911)	(65,244)
Total net revenues (expenses)	<u>(4,158,052)</u>	<u>(3,986,338)</u>	<u>(4,483,705)</u>	<u>(4,183,456)</u>

		<b>Fiscal Year</b>							
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>			
\$	3,747,375	\$	3,369,758	\$	3,004,041	\$	3,075,846	\$	2,881,374
	1,898,712		2,111,932		1,819,095		1,830,016		1,588,967
	831,273		1,170,470		912,695		1,114,138		846,106
	1,571,983		1,432,368		1,302,670		1,341,466		1,285,501
	24,148		28,101		34,059		21,329		16,568
	<u>8,073,491</u>		<u>8,112,629</u>		<u>7,072,560</u>		<u>7,382,795</u>		<u>6,618,516</u>
	727,488		803,244		775,686		760,759		431,121
	47,910		79,890		71,075		75,132		79,373
	<u>775,398</u>		<u>883,134</u>		<u>846,761</u>		<u>835,891</u>		<u>510,494</u>
	<u>8,848,889</u>		<u>8,995,763</u>		<u>7,919,321</u>		<u>8,218,686</u>		<u>7,129,010</u>
	1,269,611		839,830		927,498		957,765		1,213,944
	154,439		118,323		120,235		92,018		123,578
	145,452		167,659		171,782		178,088		579,149
	52,704		60,771		75,083		59,559		61,664
	1,132,788		722,578		776,625		1,295,997		885,398
	-		76,110		158,306		758,259		356,336
	<u>2,754,994</u>		<u>1,985,271</u>		<u>2,229,529</u>		<u>3,341,686</u>		<u>3,220,069</u>
	670,547		668,641		730,410		688,871		333,106
	52,838		59,804		58,923		56,167		60,849
	-		-		-		-		-
	<u>723,385</u>		<u>728,445</u>		<u>789,333</u>		<u>745,038</u>		<u>393,955</u>
	<u>3,478,379</u>		<u>2,713,716</u>		<u>3,018,862</u>		<u>4,086,724</u>		<u>3,614,024</u>
	(5,318,497)		(6,127,358)		(4,843,031)		(4,041,109)		(3,398,447)
	(52,013)		(154,689)		(57,428)		(90,853)		(116,539)
	<u>(5,370,510)</u>		<u>(6,282,047)</u>		<u>(4,900,459)</u>		<u>(4,131,962)</u>		<u>(3,514,986)</u>

(Continued)

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

	Fiscal Year			
	2004	2005	2006	2007
<b>General revenues and other changes in net assets:</b>				
<b>governmental activities:</b>				
Intergovernmental:				
Property taxes	\$ 1,175,763	\$ 2,028,224	\$ 2,189,508	\$ 2,387,652
Sales taxes	1,519,280	1,176,372	1,252,817	1,192,703
Motor vehicle in lieu taxes -general purpose	390,246	196,408	60,142	47,500
Taxes:				
Business license taxes	414,400	469,858	447,760	508,260
Franchise taxes	381,790	360,033	449,007	474,638
Other taxes	82,115	83,640	88,058	156,565
Use of money and property	46,668	84,432	183,821	334,457
Loss on sale of capital asset	-	-	-	800,000
Miscellaneous	17,875	39,486	11,704	99,025
<b>Total governmental activities</b>	<u>4,028,137</u>	<u>4,438,453</u>	<u>4,682,817</u>	<u>6,000,800</u>
Business-type activities:				
Use of money and property	2,866	5,535	9,968	11,074
<b>Total primary government</b>	<u>4,031,003</u>	<u>4,443,988</u>	<u>4,692,785</u>	<u>6,011,874</u>
<b>Changes in net assets:</b>				
Governmental activities	(80,959)	470,199	270,023	1,882,588
Business-type activities	(46,090)	(12,549)	(60,943)	(54,170)
<b>Total primary government</b>	<u>\$ (127,049)</u>	<u>\$ 457,650</u>	<u>\$ 209,080</u>	<u>\$ 1,828,418</u>

(Continued)

*The City of Rolling Hills Estates implemented GASB 34 for the fiscal year ended June 30, 2004. Therefore, the City only shows nine years of data for this schedule.*

Source: City Administrative Services Department.

		<b>Fiscal Year</b>				
		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	\$	2,492,172	\$ 2,525,072	\$ 2,369,270	\$ 2,494,828	\$ 2,492,529
		1,199,466	986,408	917,855	917,016	871,060
					41,550	-
		36,304	27,834	24,024		
		407,451	383,777	221,600	267,177	236,334
		530,806	513,902	492,746	518,175	551,059
		52,394	40,548	65,435	72,779	69,824
		206,181	91,946	30,770	18,467	8,706
		(25,560)	-	-	-	-
		15,503	8,706	155,143	40,766	121,641
		<u>4,914,717</u>	<u>4,578,193</u>	<u>4,276,843</u>	<u>4,370,758</u>	<u>4,351,153</u>
		7,342	2,785	753	477	310
		<u>4,922,059</u>	<u>4,580,978</u>	<u>4,277,596</u>	<u>4,371,235</u>	<u>4,351,463</u>
		(403,780)	(1,549,165)	(566,188)	329,649	952,706
		<u>(44,671)</u>	<u>(151,904)</u>	<u>(56,675)</u>	<u>(90,376)</u>	<u>(116,229)</u>
	\$	<u>(448,451)</u>	<u>(1,701,069)</u>	<u>(622,863)</u>	<u>239,273</u>	<u>836,477</u>

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

	Fiscal Year		
	2004	2005	2006
<b>General fund:</b>			
Reserved	\$ 143,075	\$ 142,169	\$ 151,099
Unreserved	3,748,269	4,032,898	4,513,907
Total general fund	<u>\$ 3,891,344</u>	<u>\$ 4,175,067</u>	<u>\$ 4,665,006</u>
<b>All other governmental funds:</b>			
Unreserved, reported in:			
Special revenue funds	\$ 227,795	\$ 353,650	\$ 529,600
Total all other governmental funds	<u>\$ 227,795</u>	<u>\$ 353,650</u>	<u>\$ 529,600</u>
<b>General fund:</b>	<b>2010 <sup>1</sup></b>	<b>2011</b>	<b>2012</b>
Nonspendable	\$ 247,242	\$ 86,741	\$ 10,406
Restricted	44,823	37,172	37,172
Assigned	642,800	502,264	651,223
Unassigned	1,882,122	1,766,793	2,101,763
Total general fund	<u>\$ 2,816,987</u>	<u>\$ 2,392,970</u>	<u>\$ 2,800,564</u>
<b>All other governmental funds:</b>			
Restricted	\$ 918,285	\$ 1,163,122	\$ 1,060,450
Unassigned	(494,826)	(436,051)	(302,206)
Total other governmental funds	<u>\$ 423,459</u>	<u>\$ 727,071</u>	<u>\$ 758,244</u>

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

Source: City Administrative Services Department.

Note:

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

<b>Fiscal Year</b>		
<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 833,201	\$ 664,853	\$ 502,156
<u>4,606,973</u>	<u>3,836,098</u>	<u>2,838,092</u>
<u>\$ 5,440,174</u>	<u>\$ 4,500,951</u>	<u>\$ 3,340,248</u>
\$ 144,809	\$ 729,352	\$ 361,329
<u>\$ 144,809</u>	<u>\$ 729,352</u>	<u>\$ 361,329</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Sales and use taxes	\$ 1,519,280	\$ 1,176,372	\$ 1,252,817	\$ 1,192,703
Business license taxes	404,400	469,858	447,760	508,260
Property taxes	1,175,763	2,028,224	1,252,817	2,387,652
Other taxes	463,906	443,673	1,473,756	631,202
Licenses and permits	728,509	943,695	1,012,310	968,981
Fines and forfeitures	110,207	97,555	104,315	100,602
Use of money and property	89,995	118,395	239,659	363,487
Charges for services	231,346	311,571	316,052	842,995
Revenues from other agencies	992,994	949,400	1,034,968	1,558,834
Other revenues	6,904	27,762	3,150	95,449
Total revenues	<u>5,723,304</u>	<u>6,566,505</u>	<u>7,137,604</u>	<u>8,650,165</u>
<b>Expenditures:</b>				
Current:				
General government	2,224,260	2,359,003	2,891,255	3,134,345
Public safety	1,666,584	1,666,786	1,705,599	1,878,066
Public works	445,103	678,543	428,794	589,891
Community services	1,327,666	1,365,740	1,444,252	1,617,366
Public health	31,600	34,968	37,026	44,290
Capital outlay	570,639	51,887	959,921	1,795,830
Total expenditures	<u>6,265,852</u>	<u>6,156,927</u>	<u>7,466,847</u>	<u>9,059,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(542,548)</u>	<u>409,578</u>	<u>(329,243)</u>	<u>(409,623)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	67,874	-	-
Transfers out	-	(67,874)	-	-
Gain on sale of capital asset	-	-	-	800,000
Donations	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Net change in fund balances	<u>\$ (542,548)</u>	<u>\$ 409,578</u>	<u>\$ (329,243)</u>	<u>\$ 390,377</u>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A

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

Source: City Administrative Services Department.



<b>Fiscal Year</b>				
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 1,199,467	\$ 986,408	\$ 917,855	917,016	871,060
407,452	383,777	221,600	267,177	236,334
2,492,172	2,525,072	2,369,270	2,494,828	2,492,529
583,202	554,450	558,182	590,954	620,883
733,268	491,632	674,137	681,549	945,463
150,491	114,203	123,547	103,258	123,299
221,489	107,527	49,555	34,489	26,341
630,758	442,179	345,137	345,871	336,337
1,269,099	955,535	1,099,465	2,261,985	1,779,337
7,873	2,681	147,624	15,317	39,642
<u>7,695,271</u>	<u>6,563,464</u>	<u>6,506,372</u>	<u>7,712,444</u>	<u>7,471,225</u>
3,619,451	3,257,757	2,913,496	3,040,509	2,821,517
1,898,712	2,111,932	1,819,095	1,830,016	1,588,967
551,488	533,166	591,294	545,170	545,997
1,472,495	1,347,204	1,215,844	1,300,490	1,188,626
24,148	28,101	34,059	21,329	16,568
483,657	814,030	393,715	1,095,335	970,781
<u>8,049,951</u>	<u>8,092,190</u>	<u>6,967,503</u>	<u>7,832,849</u>	<u>7,132,456</u>
<u>(354,680)</u>	<u>(1,528,726)</u>	<u>(461,131)</u>	<u>(120,405)</u>	<u>338,769</u>
48,062	-	-	-	13,395
(48,062)	-	-	-	(13,395)
-	-	-	-	-
-	-	-	-	100,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>\$ (354,680)</u>	<u>\$ (1,528,726)</u>	<u>\$ (461,131)</u>	<u>\$ (120,405)</u>	<u>\$ 438,769</u>
N/A	N/A	N/A	N/A	N/A

**CITY OF ROLLING HILLS ESTATES**

**Business Tax Rates**

**June 30, 2012**

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

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

Source: City's Administrative Services Department.

**CITY OF ROLLING HILLS ESTATES**

**Business Tax Principal Payors**

**June 30, 2012**

**2011-12 Principal Payors**

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Abercrombie & Fitch  
Ann Taylor Retail, Inc.  
Arco Am/Pm Mini Marts  
Banana Republic #8557  
Bristol Farms  
Chico's  
Coldwater Creek U.S. Inc.  
CVS/Pharmacy #9607  
Domino's Pizza  
Gap #279  
Grace & Company  
J Crew  
Marmalade, LLC  
Morgan's Jewelers  
Palos Verdes Bicycle Center  
Petco Animal Supplies Stores, Inc.  
Red Onion  
Rite Aid #5480  
Rolling Hills Country Club  
Ruby's Diner  
Stein Mart Inc #701  
T.J. Maxx Of Ca LLC  
The Vons Companies, Inc.  
Trump National Golf Club  
Williams-Sonoma #408

**2002-03 Principal Payors**

---

Ann Taylor Retail, Inc.  
Arco Am/Pm Mini Marts  
Banana Republic #8557  
Borders Book & Music  
Bristol Farms  
Chico's  
CVS/Pharmacy #9607  
Domino's Pizza  
Gap #279  
J Crew  
Marmalade, LLC  
Morgan's Jewelers  
Palos Verdes Auto Service  
Petco Animal Supplies Stores, Inc.  
Red Onion  
Restoration Hardware  
Rite Aid #5480  
Rolling Hills Country Club  
Ruby's Diner  
Saks Fifth Avenue  
Standard Concrete Products Inc  
T.J. Maxx Of Ca LLC  
The Talbots Inc  
The Vons Companies, Inc.  
Williams-Sonoma

Source: MuniServices, LLC

**CITY OF ROLLING HILLS ESTATES**  
**Direct and Overlapping Debt**  
**June 30, 2012**

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>Debt June 30, 2012</b>	<b>% Applicable <sup>(1)</sup></b>	<b>City's Share of Debt June 30, 2012</b>
Los Angeles County Flood Control District	\$ 37,195,000	0.269%	\$ 100,055
Metropolitan Water District	196,545,000	0.136%	267,301
Los Angeles Community College District	3,504,910,000	0.466%	16,332,881
Palos Verdes Peninsula Unified School District	79,376,639	13.659%	10,842,055
<b>City of Rolling Hills Estates</b>	<b>0.00</b>	<b>100%</b>	<b>0.00</b>
Palos Verdes Library District	5,575,000	12.991%	724,248
Los Angeles County Regional Park and and Open Space Assessment District	170,725,000	0.264%	450,714
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 3,994,326,639</b>		<b>\$ 28,717,254</b>
 <b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>			
Los Angeles County General Fund Obligations	\$ 1,474,122,758	0.264%	\$ 3,891,684
Los Angeles County Superintendent of Schools Certificates of Participation	11,269,678	0.264%	29,752
Los Angeles County Sanitation District No. 5 Authority	49,899,761	3.357%	1,675,135
Los Angeles County Sanitation District South Bay Cities Authority	8,501,885	0.027%	2,296
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>	<b>\$ 1,543,794,082</b>		<b>\$ 5,598,867</b>
Less: LA County Landfill Revenues	(44,083)		(44,083)
<b>TOTAL NET OVERLAPPING G.F. DEBT</b>	<b>1,543,749,999</b>		<b>\$ 5,554,784</b>
 Gross Combined Total Debt	 \$ 5,538,120,721		 \$ 34,316,120 <sup>(2)</sup>
Net Combined Total Debt	\$ 5,538,076,638		\$ 34,272,037

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

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

**Ratios to Assessed Valuation:**

Direct Debt .....	0.00%
Total Direct and Overlapping Tax and Assessment Debt .....	1.17%
Gross Combined Total Debt .....	1.40%
Net Combined Total Debt .....	1.40%

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0**

Source: MuniServices, LLC

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**CITY OF ROLLING HILLS ESTATES**  
**Legal Debt Margin Information**  
**June 30, 2012**

	<b>Fiscal Year</b>			
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Assessed valuation	\$ 1,627,324,230	\$ 1,732,493,353	\$ 1,909,388,088	\$ 1,990,314,921
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	244,098,635	259,874,003	286,408,213	298,547,238
Total net debt applicable to limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 244,098,635</u>	<u>\$ 259,874,003</u>	<u>\$ 286,408,213</u>	<u>\$ 298,547,238</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Source: MuniServices, LLC

**CITY OF ROLLING HILLS ESTATES**  
**Legal Debt Margin Information**  
**June 30, 2012**

<b>Fiscal Year</b>					
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
\$ 2,111,502,850	\$ 2,249,307,961	\$ 2,316,877,079	\$ 2,341,956,315	\$ 2,354,374,158	\$ 2,430,380,908
15%	15%	15%	15%	15%	15%
316,725,428	337,396,194	347,531,562	351,293,447	353,156,124	364,557,136
-	-	-	-	-	-
<u>\$ 316,725,428</u>	<u>\$ 337,396,194</u>	<u>\$ 347,531,562</u>	<u>\$ 351,293,447</u>	<u>\$ 353,156,124</u>	<u>\$ 364,557,136</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

<b>Calendar Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income (in millions) <sup>(2)</sup></b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>
<b>2003</b>	8,051	309,827	31,512	1.9%
<b>2004</b>	8,125	326,402	33,034	1.8%
<b>2005</b>	8,191	346,423	35,022	1.4%
<b>2006</b>	8,073	369,174	37,362	1.2%
<b>2007</b>	8,099	573,207	70,775	1.2%
<b>2008</b>	8,185	601,542	73,493	1.3%
<b>2009</b>	8,138	595,954	73,231	1.9%
<b>2010</b>	8,118	601,885	74,142	3.4%
<b>2011</b>	8,093	602,386	74,433	3.8%
<b>2012</b>	8,097	634,253	78,332	3.3%

Sources: (1) MuniSerices, LLC from the California Department of Finance Projections  
(2) MuniServices, LLC from the U.S. Census Data, 2010 American Community Survey  
Income estimates now incorporate 2010 Census counts as the benchmark.  
Therefore, 2011 and to 2006-07 have been updated to provide more accurate data.  
(3) MuniServices, LLC from the EDD's Bureau of Labor Statistics Department



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

**2012**

<b>Employer</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
Palos Verdes Peninsula Unified School District	1,970 *	50.51%
Equinox Palos Verdes	127	3.26%
US Post Office	113	2.90%
Rolling Hills Country Club	100	2.56%
Pavilions	85	2.18%
Rolling Hills Covenant Church	83	2.13%
Bristol Farms	72	1.85%
Marmalade Cafe	62	1.59%
CVS Pharmacy	55	1.41%
Abercrombie & Fitch	48	1.23%
Total Top Employers	2,715	69.62%
Total City Employment <sup>(1)</sup>	3,900	

<sup>(1)</sup> Total City Employment provided by EDD Local Force Data.

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

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

Source: MuniServices, LLC

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

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

<b>Full-Time and Part-Time Employees as of June 30,</b>					
<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General government	15	15	15	13	14
Public safety	1	1	2	2	0
Community services	10	10	7	7	7
Equestrian	7	7	7	6	0
Tennis	3	4	4	3	4
Total	36	37	35	31	25

*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				
	2008	2009	2010	2011	2012
<b>Police:</b>					
Arrests	186	184	113	80	53
Parking citations issued	783	519	635	333	214
<b>Fire:</b>					
Number of emergency calls	*	487	531	691	706
Inspections	*	4	3	263	515
<b>Public works:</b>					
Street resurfacing (miles)	2	2	<1	1.2	<1
<b>Community services:</b>					
Number of recreation classes	21	5	5	5	5
Number of facility rentals	0	10	10	10	10
<b>Equestrian:</b>					
Number of equestrian classes	48	40	40	40	20
Number of facility rentals	16	16	16	16	15
<b>Tennis:</b>					
Number of tennis classes	80	80	80	80	80

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

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

\*Data not readily available

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

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Police:</b>					
Stations	0	0	0	0	0
<b>Fire:</b>					
Fire stations	1 LA County's	1 LA County's	1 LA County's	1 LA County's	1 LA County's
<b>Public works:</b>					
Streets (miles)	28	28	28	28	28
Streetlights	0	0	0	0	0
Traffic signals	17 intersections	17 intersections	17 intersections	17 intersections	14 intersections
<b>Community services:</b>					
Parks	7	7	7	7	7
Community centers	1	1	1	1	1
<b>Equestrian:</b>					
Facilities	1	1	1	1	1
<b>Tennis:</b>					
Facilities	1	1	1	1	1

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

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

**CITY OF ROLLING HILLS ESTATES**

**Miscellaneous Statistics**

**June 30, 2012**

Date of incorporation	September 18, 1957
Population	8,093
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 with 116 stalls
Employees:	
Full-time	21
Other	4
Business licenses issued	1,300
Number of Registered Voters	5,823

Source: City Departments & Los Angeles County Registrar - Recorder